EMARKET SDIR CERTIFIED

LANDIRENZO GROUP

HALF-YEARLY FINANCIAL REPORT AT 30 June 2023

CONTENTS

1. GENERAL INFORMATION

1.1. CORPORATE OFFICERS AND INFORMATION

On 11 July 2023, the Board of Directors of the parent company Landi Renzo S.p.A. co-opted Annalisa Stupenengo as Chief Executive Officer in place of Cristiano Musi, also assigning her to the role of General Manager of the Landi Renzo S.p.A. Group. The Board of Directors and the Board of Statutory Auditors will remain in office until the natural expiry of their term of office upon the approval by the Shareholders' Meeting of the financial statements as at 31 December 2024.

On the date on which this Consolidated Half-Yearly Financial Report was drafted, the company officers were as follows:

Board of Directors	
Executive Chairman	Stefano Landi
Vice Chairman	Sergio Iasi
Chief Executive Officer	Annalisa Stupenengo
Director	Silvia Landi
Director	Massimo Lucchini
Director	Andrea Landi
Independent Director	Pamela Morassi
Independent Director	Sara Fornasiero (*)
Independent Director	Anna Maria Artoni
Board of Statutory Auditors	
Chairman of the Board of Statutory Auditors	Fabio Zucchetti
Statutory Auditor	Luca Aurelio Guarna
Statutory Auditor	Diana Rizzo
Alternate Auditor	Luca Zoani
Alternate Auditor	Gian Marco Amico di Meane
Control, Risks and Sustainability Committee	
Chairperson	Sara Fornasiero
Committee Member	Sergio Iasi
Committee Member	Anna Maria Artoni
Appointment and Remuneration Committee	
Chairperson	Pamela Morassi
Committee Member	Massimo Lucchini
Committee Member	Anna Maria Artoni
Committee for Transactions with Related Parties	
Committee Member	Sara Fornasiero
Committee Member	Anna Maria Artoni
Committee Member	Pamela Morassi
Supervisory Board (Italian Legislative Decree 231/01)	
Chairperson	Jean-Paule Castagno
Board Member	Domenico Sardano
Board Member	Filippo Alliney
Independent Auditing Firm	PricewaterhouseCoopers S.p.A.

Financial Reporting Manager	Paolo Cilloni

(*) The Director also holds the office of Lead Independent Director

Registered office and company details

Landi Renzo S.p.A.
Via Nobel 2/4
42025 Corte Tegge – Cavriago (RE) – Italy
Tel. +39 0522 9433
Fax +39 0522 944044
Share capital: Euro 22,500,000
Tax ID and VAT Reg. No. IT00523300358

This report is available online at:
www.landirenzogroup.com

1.2. GROUP STRUCTURE

Description	Registered Office	% stake at 30 June 2023 Direct investment	% stake at 30 June 2023 Indirect investment	Notes
Parent Company				
Landi Renzo S.p.A.	Cavriago (Italy)	Parent Company		
Companies consolidated using the line-by-line method				
Landi International B.V.	Utrecht (The Netherlands)	100.00%		
Landi Renzo Polska Sp.Zo.O.	Warsaw (Poland)		100.00%	(1)
LR Indústria e Comércio Ltda	Rio de Janeiro (Brazil)	99.99%		
Beijing Landi Renzo Autogas System Co. Ltd	Beijing (China)	100.00%		
L.R. Pak (Pvt) Limited	Karachi (Pakistan)	70.00%		
Landi Renzo Pars Private Joint Stock Company	Tehran (Iran)	99.99%		
Landi Renzo RO S.r.l.	Bucharest (Romania)	100.00%		
Landi Renzo USA Corporation	Wilmington - DE (USA)	100.00%		
AEB America S.r.l.	Buenos Aires (Argentina)	96.00%		
Officine Lovato Private Limited	Mumbai (India)	74.00%		
OOO Landi Renzo RUS	Moscow (Russia)	51.00%		
SAFE&CEC S.r.l.	San Giovanni Persiceto (Italy)	51.00%		
SAFE S.p.A.	San Giovanni Persiceto (Italy)		100.00%	(2)
Idro Meccanica S.r.l.	Modena (Italy)		100.00%	(3)
IMW Industries LTD	Chilliwak (Canada)		100.00%	(2)
IMW Industries del Perù S.A.C.	Lima (Peru)		100.00%	(4)
IMW Industries LTDA	Cartagena (Colombia)		100.00%	(4)
IMW Energy Tech LTD	Suzhou (China)		100.00%	(4)
IMW Industries LTD Shanghai	Shanghai (China)		100.00%	(4)
Metatron S.p.A.	Castel Maggiore (Italy)	100%		
Metatron Control System (Shanghai)	Shanghai (China)		86.00%	(5)
Associates and subsidiaries consolidated using the equity method				
Krishna Landi Renzo India Private Ltd Held	Gurugram - Haryana (India)	51.00%		(6)
Other minor companies				
Landi Renzo VE.CA.	Caracas (Venezuela)	100.00%		(7)
Lovato do Brasil Ind Com de Equipamentos para Gas Ltda	Curitiba (Brazil)	100.00%		(7)
EFI Avtosanoat-Landi Renzo LLC	Navoiy Region (Uzbekistan)	50.00%		(6) (7)
Metatron Technologies India Plc	Mumbai (India)		75.00%	(5) (7)

Detailed notes on investments:

(1) Held indirectly through Landi International B.V.
(2) Held indirectly through SAFE&CEC S.r.l.
(3) Held indirectly through SAFE S.p.A.
(4) Held indirectly through IMW Industries LTD
(5) Held indirectly through Metatron S.p.A.
(6) Company joint venture
(7) Not consolidated as a result of their irrelevance

1.3. LANDI RENZO GROUP FINANCIAL HIGHLIGHTS

(Thousands of Euro)

ECONOMIC INDICATORS FOR THE SECOND QUARTER	Q2 2023	Q2 2022	Change	Change %
Revenue	80,637	77,528	3,109	4.0%
Adjusted Gross Operating Profit (EBITDA) (1)	4,881	3,873	1,008	26.0%
Gross operating profit (EBITDA)	1,779	3,479	-1,700	
Net operating profit (EBIT)	-2,539	-991	-1,548	
Earnings before taxes (EBT)	-5,561	-2,956	-2,605	
Net profit (loss) for the Group and minority interests	-10,995	-3,483	-7,512	
Adjusted Gross Operating Profit (EBITDA) / Revenue	6.1%	5.0%		
Gross Operating Profit (EBITDA) / Revenue	2.2%	4.5%		
Net profit (loss) for the Group and minority interests / Revenue	-13.6%	-4.5%		

(Thousands of Euro)

ECONOMIC INDICATORS FOR THE FIRST HALF-YEAR	30/06/2023	30/06/2022	Change	Change %
Revenue	151,805	144,446	7,359	5.1%
Adjusted gross operating profit (EBITDA) (1)	3,920	6,541	-2,621	-40.1%
Gross operating profit (EBITDA)	-312	5,308	-5,620	
Net operating profit (EBIT)	-8,823	-3,416	-5,407	
Earnings before taxes	-15,618	-6,061	-9,557	
Net profit (loss) for the Group and minority interests	-20,934	-6,618	-14,316	
Adjusted gross operating profit (EBITDA) / Revenue	2.6%	4.5%		
Net operating profit (EBIT) / Revenue	-0.2%	3.7%		
Net profit (loss) for the Group and minority interests / Revenue	-13.8%	-4.6%		

(Thousands of Euro)

STATEMENT OF FINANCIAL POSITION	30/06/2023	31/12/2022	30/06/2022
Net fixed assets and other non-current assets	147,449	155,331	157,528
Operating capital (2)	56,251	54,683	67,426
Non-current liabilities (3)	-12,633	-11,807	-10,193
NET INVESTED CAPITAL	191,067	198,207	214,761
Net financial position (4)	103,884	92,323	158,735
Net Financial Position - adjusted (5)	89,706	77,242	135,644
Shareholders' equity	87,183	105,884	56,026
BORROWINGS	191,067	198,207	214,761

(Thousands of Euro)

KEY INDICATORS	30/06/2023	31/12/2022	30/06/2022
Operating capital / Turnover (rolling 12 months)	17.9%	17.9%	22.9%
Net Financial Position Adjusted (5) / Shareholders' equity	1.03	0.73	2.42
Adjusted net financial position Adjusted (5) / EBITDA (rolling 12 months)	7.10	5.06	8.43
Personnel (peak)	944	951	976

(Thousands of Euro)

CASH FLOWS	30/06/2023	31/12/2022	30/06/2022
Gross operational cash flow	-6,504	5,831	-9,762
Net cash flow for investment activities	-4,123	-39,020	-3,970

Gross Free Cash Flow	-10,627	-33,189	-13,732
Variation in the consolidation area	0	0	-23,323
Non-recurring expenditure for voluntary resignation incentives	-252	-439	0
Net Free Cash Flow	-10,879	-33,628	-37,055
Share capital increase (net of expenses incurred)	0	58,554	0
Repayment of leases (IFRS 16)	-1,898	-3,872	-1,955
Overall cash flow	-12,777	21,054	-39,010

(1) The data does not include the recognition of non-recurring costs. As EBITDA is not identified as an accounting measure under IAS/IFRS, it may be calculated in different manners. EBITDA is a measure used by the company's management to monitor and evaluate its operating performance. Management believes that EBITDA is an important parameter to measure the company's operating performance, as it is not influenced by the effects of the different criteria for determining the tax base, the amount and characteristics of invested capital and relative amortisation and depreciation policies. The company's way of calculating EBITDA may not be the same as the methods adopted by other companies/groups, and therefore its value may not be comparable with the EBITDA calculated by others.

(2) This is calculated as the difference between Trade Receivables, Inventories, Contract Work in Progress, Other Current Assets and Trade Payables, Tax liabilities, Other Current Liabilities (net of payables for the purchase of equity investments).
(3) These are calculated by totalling Deferred Tax Liabilities, Defined Benefit Plans for employees and Provisions for Risks and Charges.

(4) The net financial position is calculated in accordance with the provisions of Consob Communication DEM/6064293 of 28 July 2006 as amended (as most recently amended on 5 May 2021, to adopt the new ESMA recommendations 32-232-1138 of 4 March 2021).

(5) Not including the effects of the adoption of IFRS 16 - Leases, the fair value of derivative financial instruments and the commitment to the acquisition of equity investments.

1.4. SIGNIFICANT EVENTS DURING THE SIX MONTHS

- In January 2023, the business combination with Idro Meccanica S.r.l. was completed through the acquisition of the remaining 10% of the share capital, which was already established in the contract, for an equivalent value of Euro 640 thousand. In this regard, please recall that already in January 2022, SAFE S.p.A., a SAFE&CEC Group company controlled by Landi Renzo S.p.A., acquired 90% of the share capital of Idro Meccanica S.r.l., a company involved in the production of technologies and innovative systems for the compression of hydrogen, biomethane and natural gas which includes amongst its customers the main operators in hydrogen production and distribution, and boasts of a full range of products and applications to manage hydrogen compression up to 800 bars.

- On 2 March 2023, the Board of Directors approved the 2023 Budget, which, taking into account economic trends emerging in the course of 2022, confirms the strategic development guidelines already set forth in the strategic plan. This budget was subsequently updated as illustrated throughout this report.

- On 13 March 2023, following negotiations with the financing institutions, all credit institutions underwriting the loans issued waiver letters with respect to the financial covenants as at 31 December 2022.

- On 26 April 2023, the Shareholders' Meeting of Landi Renzo S.p.A. approved the Financial Statements as at 31 December 2022, approving the coverage of the loss for the year of Euro 15,749,826.46 by using the share premium reserve; furthermore, the same Shareholders' Meeting approved the first section of the Report on the remuneration policy drafted pursuant to Article 123-ter of the Consolidated Financial Law and Article 84-quater of the Issuers' Regulation, and voted in favour of the second section pursuant to Article 123-ter of the Consolidated Financial Law.

- In June 2023, a commercial agreement was entered into for the revision of sale prices with the main Group customer operating in the OEM channel, resulting in a significant increase in industrial margins in the second part of the half-year period.

- It should be noted that there was failure to comply with the financial covenants envisaged by certain loan contracts as of 30 June 2023, for which waiver letters were obtained from the financial institutions on 11 September 2023, as subsequently illustrated in the paragraph "Significant events after closing of the six-month period" of this document.

2. INTERIM REPORT ON OPERATING PERFORMANCE

This Consolidated Half-Yearly Financial Report at 30 June 2023 was prepared pursuant to Italian Legislative Decree 58/1998 and subsequent modifications, as well as the Issuer Regulations issued by Consob.
This Consolidated Half-Yearly Financial Report has been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union, and has been drafted in accordance with IAS 34 - Interim Financial Reporting, applying the same accounting principles as adopted in preparing the consolidated financial statements at 31 December 2022, without prejudice to the new accounting standards applicable as of this year and described in detail below in this report.
As a partial exception to the provisions of IAS 34, this report provides detailed rather than summary tables in order to provide a clearer view of the economic-equity and financial dynamics over the six-month period. All values presented below are expressed in thousands of Euro and comparisons are made with respect to data from the corresponding period of the previous year for the economic values and with respect to the data at 31 December 2022 for the financial data, unless otherwise indicated. The explanatory notes are also presented in compliance with the information required by IAS 34 with the supplements considered useful for a clearer understanding of the half-yearly financial statements.

Main Activities of the Landi Renzo Group

The Landi Renzo Group, founded in 1954 and listed since 2007 on the Italian Stock Exchange in the Euronext STAR Milan segment, is a global leader in the design and manufacture of technologies for the energy transition, with a focus on vehicles fuelled by compressed natural gas ("CNG"), liquefied natural gas ("LNG"), bio-methane, liquefied petroleum gas ("LPG") and hydrogen ("Green Transportation" or "Automotive" segment). The Landi Renzo Group also operates in the sector of infrastructure for the compression and distribution of natural gas, bio-methane and hydrogen throughout the value chain ("Clean Tech Solutions" or "Infrastructure" segment).

Present in more than 50 countries on five continents, with exports accounting for roughly 90% of consolidated turnover in 2022, the Landi Renzo Group operates in the Green Transportation segment by supplying some of the main automotive manufacturers ("OEM") with components for the passenger transport vehicles channel as well as for light and medium/heavy duty transport, with a product range that encompasses (i) pressure regulators, (ii) electronic control units, (iii) injectors and injection systems and, in general, (iv) gas and hydrogen fuelling systems.

Also in the Green Transportation segment, through the after market sales channel the Group also manufactures complete kits for conversion to natural gas and LPG fuelling which make it possible to transform vehicles into "gas-petrol bi-fuel". On the other hand, in the Clean Tech Solutions segment, through its subsidiary SAFE&CEC, the Landi Renzo Group designs and manufactures complete compression systems for natural gas, bio-methane and hydrogen, which include both compressor kits and complete systems, in addition to gas filtration and drying systems and pressure reduction systems (PRMS).

2.1. OPERATING PERFORMANCE

Reference context

In the first half of 2023, the global economy continued to grow, although at a slower pace than in 2022 and at different speeds in the various geographical areas. Although strong geopolitical tensions remain, in the course of this first half of the year there has been a progressive decline in energy prices, but inflationary pressures continue to be high, resulting in interest rate hikes.

The green revolution, the energy transition and sustainable mobility continue to be at the heart of the policies of governments all over the world, which are committed to engaging in a global effort against climate change, aimed at reducing the effects of global warming by seeking out new energy and socioeconomic models which, through a structural process, allow for the use of greener energy sources. Governments are expressing greater interest in the production of energy from renewable sources, including biomethane, and on policies for investments in hydrogen, as a means for favouring clean energy generation and storage.

Awareness is growing that to be feasible and concrete, energy decarbonisation must rely on the use of a range of technologies depending on usage and application. Bio-fuels (including biomethane) and hydrogen are emerging in particular amongst the high-potential technologies/energy sources. They are increasingly considered fundamental pieces of the energy mix of the future, also accompanied by technologies for capturing natural gas leakages and “carbon capture”. The growing importance of hydrogen, biomethane and natural gas as energy sources for the future and possible solutions that guarantee greater environmental sustainability combine well with the Group’s mission and with the role that it is able and strives to play in the energy transition.

The Landi Renzo Group’s entire product range is aimed at offering technological solutions for the infrastructure required to exploit natural gas, biomethane and hydrogen as well as technologies for transforming mobility towards more sustainable models, generally aimed at the decarbonisation of passenger and cargo transport. Indeed, all of the various forms of gas, in addition to biomethane and hydrogen, represent energy sources that reduce emissions compared to conventional sources, with different levels of penetration depending on geographical area and application type. Over the last few years, the Landi Renzo Group has laid the bases to become a strategic leader in its business segments, also thanks to the investments it has made in the Green Transportation (green mobility) segment - with the acquisition of the Metatron Group, which made it possible to strengthen the Group’s presence in the OEM (Mid & Heavy Duty) segment and in the “hydrogen” segment - as well as in the Clean Tech Solutions (infrastructure) segment, with the acquisition of Idro Meccanica S.r.l., a company involved in the production of innovative hydrogen, biomethane and natural gas compression technologies and systems. These transactions have enabled the Group to access innovative and cutting-edge product portfolios for biomethane and hydrogen solutions as well.

Performance of the first half of 2023

The performance of the Landi Group during the first half of the year, down in terms of profitability compared with the same period of last year and below the expectations set forth in the budget approved in March 2023, even against an increase in revenue, requires particular analysis, as regards its breakdown by segment and, especially, as regards the distribution over time of its results during the half; indeed, beginning from this second aspect, it is possible to note that after a particularly negative first quarter, the results of the second quarter, net of non-recurring items, show a trend reversal, allowing for a recovery in terms of operating margins and an improvement in cash flows.

The first half of the year continues to be characterised by a general situation of uncertainty still caused by the conflict between Russia and Ukraine as well as procurement difficulties caused by the shortage of electronic components, in addition to the continuation of strong inflationary pressures, resulting in interest rate hikes. At the same time, notable positive trends were observed in terms of demand in a number of geographical areas, in both the Green Transportation segment and in Clean Tech Solutions.

The economic and financial results of the main subsidiaries in the Green Transportation segment, and in part in the Clean Tech Solutions segment, had different trends depending on business area.

The consolidated net loss for the first half of 2023 amounted to Euro 20,955 thousand, after accounting for non-recurring costs of Euro 4,232 thousand, of which provisions of Euro 2,018 thousand, and after prudently writing down part of the deferred tax assets (Euro 5,860 thousand) recognised in prior years.

Overall, sales in the first half of 2023, driven by rising volumes in the "Green Transportation" segment (particularly in the OEM channel) and limited by a slight decline in sales in the "Clean Tech Solutions" segment, rose by 5.1% compared with the same period of the prior year, reaching Euro 151,805 thousand.

The "Green Transportation" segment rose overall by Euro 10,412 thousand due to the increased demand of OEM customers for passenger cars as well as Mid Heavy Duty vehicles, limited by the drop in volumes in the After Market sales channel, which continues to be impacted by geopolitical tensions in Eastern European countries and economic and financial difficulties in several emerging countries, particularly in Latin America.

More specifically, the sharp rise (+11.1%) in sales in the OEM channel, historically less remunerative than the After Market segment, was also accompanied by a significant increase in industrial margins recorded in the second part of the half-year period, as a result of the signing of a commercial agreement for the revision of sale prices with the main Group customer. Also in the OEM segment, sales of components for the Mid and Heavy Duty market improved, also in the latter part of the half, particularly due to the Chinese market recovery.

The "Clean Tech Solutions" segment recorded a slight downturn in turnover (Euro -3,053 thousand), although trends continued to remain positive thanks to growth in demand for applications for bio-methane and hydrogen, which offset the decline in volumes for CNG applications, caused for the most part by the slowdown in the North African market. Amongst the various geographical areas, constant growth was observed in the North American market as well as in the European market, driven by France and the UK. In this context, the order portfolio was also up, with additional commercial negotiations in the advanced discussion phase, especially for biomethane and hydrogen applications.

Overall, Group profitability in terms of Adjusted EBITDA declined by Euro 2,621 thousand compared with the same period of 2022, reaching Euro 3,920 thousand. The main reason for this reduction is the sales mix in the Green Transportation segment, which was unfavourable on the whole, offset only in part by the improvement in operating margins in the Clean Tech Solutions segment, as well as growth in fixed and overhead costs necessary to reinforce the operating structure. It should be noted that in the second quarter of 2023, Adjusted EBITDA (Euro +4,881 thousand) improved significantly compared with the first quarter of the year (Euro -961 thousand) thanks to top-line growth and the agreement entered into with the main Group customer for the reimbursement of costs incurred during the period and the updating of sales price lists.

Overall, the Adjusted Net Financial Position as at 30 June 2023 was a negative Euro 89,706 thousand, marking an improvement compared with the same figure as at 31 March 2023, a negative Euro 93,429 thousand, with a recovery over the quarter of Euro 3,723 thousand. Compared with the same figure recorded as at 31 December 2022, the Adjusted Net Financial Position deteriorated overall by Euro 12,464 thousand (Euro -77,242 thousand as at 31 December 2022).

EMARKET SDIR CERTIFIED

Consolidated results as at 30 June 2023

(Thousands of Euro)	30/06/2023				30/06/2022			
	Green Transportation	*Clean Tech. Solutions*	Adjustments	Landi Renzo Consolidated	*Green Transportation*	*Clean Tech. Solutions*	Adjustments	Landi Renzo Consolidated
Net sales outside the Group	**104,260**	**47,545**		**151,805**	**93,848**	**50,598**		**144,446**
Intersegment sales	348		-348		210		-210	
Total Revenues from net sales and services	104,608	47,545	-348	151,805	94,058	50,598	-210	144,446
Other revenues and income	833	191		1,024	350	134		484
Operating costs	-105,282	-43,975	348	-148,909	-91,093	-47,506	210	-138,389
Adjusted gross operating profit	**159**	**3,761**	**0**	**3,920**	**3,315**	**3,226**	**0**	**6,541**
Non-recurring costs	-3,451	-781		-4,232	-1,123	-110		-1,233
Gross operating profit	**-3,292**	**2,980**	**0**	**-312**	**2,192**	**3,116**	**0**	**5,308**
Amortisation, depreciation and impairment	-7,071	-1,440		-8,511	-7,320	-1,404		-8,724
Net operating profit	**-10,363**	**1,540**	**0**	**-8,823**	**-5,128**	**1,712**	**0**	**-3,416**
Financial income				447				55
Financial expenses				-5,399				-3,531
Exchange gains (losses)				-1,836				826
Income (expenses) from equity investments				-27				-138
Income (expenses) from joint ventures measured using the equity method				20				143
Profit (loss) before tax				**-15,618**				**-6,061**
Taxes				-5,316				-557
Net profit (loss) for the Group and minority interests, including:				**-20,934**				**-6,618**
Minority interests				21				214
Net profit (loss) for the Group				**-20,955**				**-6,832**

Consolidated revenues for the first six months of 2023 totalled Euro 151,805 thousand, increasing by Euro 7,359 thousand (+5.1%) compared with the same period of the previous year.

Costs of raw materials, consumables and goods and changes in inventories increased overall to Euro 94,405 thousand at 30 June 2023 from Euro 87,949 thousand at 30 June 2022, influenced primarily by the increase in sales during the period and, to a more limited extent, by the price trends of certain production factors (particularly electronic components).

The costs of services and use of third-party assets, including non-recurring costs relating to strategic consultancy for Euro 1,237 thousand, amounted to Euro 28,386 thousand, up by Euro 1,550 thousand compared with the previous year.

Personnel costs rose from Euro 22,515 thousand as at 30 June 2022 to Euro 25,124 thousand as at 30 June 2023. The growth of 11.6% compared with the same period of the previous year derives from the greater recourse made to temporary labour, which was required to handle the production peaks linked to the increase in orders, in addition to the reinforcement of the management structure to meet new Group operating requirements. Furthermore, during the half-year period, the operating structure of the Chinese branch was optimised, resulting in the recognition of an extraordinary cost of Euro 252 thousand. The Group had a total of 944 employees, including 365 relating to the SAFE&CEC Group and 78 relating to the Metatron Group. In order to best support the increasing research and development performed for new products and solutions, particularly for the Heavy Duty market and hydrogen and biomethane mobility, the Group continued to invest in highly specialised resources. These expenses were capitalised insofar as they met the requirements set forth in IAS 38.

Allocations, write-downs and other operating expenses totalled Euro 5,226 thousand (Euro 2,322 thousand as at 30 June 2022), up compared with the previous year mainly due to the following events:

- the provision for bad debts (Euro 869 thousand) recognised by the management after updating its assessments concerning the recoverability of the Group's receivables due from customers on the basis of second quarter information;
- the extraordinary, non-recurring provision (Euro 1,913 thousand) for potential risks for service campaigns on OEM components for product warranties.

The adjusted Gross Operating Profit (EBITDA) was Euro 3,920 thousand as at 30 June 2023, compared with Euro 6,541 thousand in the same period of the previous year, while the Gross Operating Loss (EBITDA) was Euro 312 thousand (Euro 5,308 thousand as at 30 June 2022), inclusive of the non-recurring costs of Euro 4,232 thousand (Euro 1,233 thousand as at 30 June 2022) summarised below.

(Thousands of Euro)

NON-RECURRING COSTS	30/06/2023	30/06/2022	Change
Strategic consultancy	-1,237	-355	-882
Cyber attack consultancy	-138	0	-138
Other extraordinary costs for structural optimisation	-298	0	-298
Other extraordinary costs	-313	-105	-208
Extraordinary accruals - Ukraine and Russia	0	-450	450
Extraordinary accruals - warranties	-1,913	0	-1,913
Non-recurring expenditure for voluntary resignation incentives	-252	0	-252
Customer penalties for delivery delays	-81	-323	242
Total	**-4,232**	**-1,233**	**-2,999**

The Net Operating Profit (EBIT) for the period was negative at Euro 8,823 thousand (negative and equal to Euro 3,416 thousand at 30 June 2022), after accounting for amortisation, depreciation and impairment of Euro 8,511 thousand (Euro 8,724 thousand at 30 June 2022), of which Euro 1,710 thousand due to the application of IFRS - 16 Leases (Euro 1,757 thousand at 30 June 2022).

Total financial expenses (interest income, interest charges and exchange rate differences) amounted to Euro 6,788 thousand (Euro 2,650 thousand as at 30 June 2022) and included negative exchange effects of Euro 1,836 thousand (positive and equal to Euro 826 thousand as at 30 June 2022), of which Euro 1,022 thousand from valuation. Financial expenses alone, amounting to Euro 5,399 thousand, rose compared with the same period of the previous year (Euro

3,531 thousand), and are a direct consequence of higher interest rates and conditions on bank borrowing (compared with the year 2022 characterised by lower interest rates, which were even negative in the first part of the year).

The first six months of 2023 closed with a pre-tax loss (EBT) of Euro 15,618 thousand. The half-year period as at 30 June 2022 closed with a pre-tax loss (EBT) of Euro 6,061 thousand.

The net result of the Group and minority interests as at 30 June 2023, after a write-down of Euro 5,860 thousand recognised in the second quarter of 2023 following an assessment performed concerning the recoverability of deferred tax assets, showed a loss of Euro 20,955 thousand compared with a Group and minority interest loss of Euro 6,618 thousand as at 30 June 2022.

SEGMENT REPORTING

The management has identified two operating segments ("Cash Generating Units" or "CGUs") in which the Landi Renzo Group operates, or:

- The **Green Transportation** (formerly Automotive) segment, referring primarily to the design, manufacture and sale through the OEM and After Market channels of mechanical and electronic systems and components for the use of automotive gas (CNG - Compressed Natural Gas, LNG – Liquid Natural Gas, LPG, RNG – Renewable Natural Gas and hydrogen) as well as, to a lesser extent, anti-theft alarms. This segment mainly includes the Landi Renzo, Metatron, AEB, Lovato and Med brands.

- The **Clean Tech Solutions** segment, referring to the design and manufacture of compressors for the processing and distribution of gas (CNG, RNG and Hydrogen) as well as operations in the Oil&Gas market. The broad range of SAFE&CEC Group products makes it possible to satisfy multiple market requirements for the construction of automotive CNG, RNG and hydrogen distribution stations. Since January 2022, the Clean Tech Solutions sector also includes the results of Idro Meccanica S.r.l., a company involved in the production of technologies and innovative systems for the compression of hydrogen, biomethane and natural gas.

Breakdown of sales by business segment

Second quarter of 2023 compared with second quarter of 2022

(Thousands of Euro)

Distribution of revenues by segment	Q2 2023	% of revenues	Q2 2022	% of revenues	Changes	%
Green Transportation segment	56,206	69.7%	47,552	61.3%	8,654	18.2%
Clean Tech *Solutions*	24,431	30.3%	29,976	38.7%	-5,545	-18.5%
Total revenues	**80,637**	**100.0%**	**77,528**	**100.0%**	**3,109**	**4.0%**

First half of 2023 compared with first half of 2022

(Thousands of Euro)

Distribution of revenues by segment	30/06/2023	% of revenues	30/06/2022	% of revenues	Changes	%
Green Transportation segment	104,260	68.7%	93,848	65.0%	10,412	11.1%
Clean Tech *Solutions*	47,545	31.3%	50,598	35.0%	-3,053	-6.0%
Total revenues	**151,805**	**100.0%**	**144,446**	**100.0%**	**7,359**	**5.1%**

Overall, revenue rose by 5.1% during the first half of the year compared with the first half of last year. The Green Transportation segment increased by 11.1% while the Clean Tech Solutions segment decreased by 6.0%.
For further details, please refer to the sections commenting on the results of the Business Units.

Breakdown of sales by geographical area

Second quarter of 2023 compared with second quarter of 2022

(Thousands of Euro)

Geographical distribution of revenues	Q2 2023	% of revenues	Q2 2022	% of revenues	Changes	%
Italy	8,851	11.0%	9,563	12.3%	-712	-7.4%
Europe (excluding Italy)	42,911	53.2%	32,556	42.0%	10,355	31.8%
America	14,989	18.6%	16,100	20.8%	-1,111	-6.9%
Asia and Rest of the World	13,886	17.2%	19,309	24.9%	-5,423	-28.1%
Total	**80,637**	**100.0%**	**77,528**	**100.0%**	**3,109**	**4.0%**

First half of 2023 compared with first half of 2022

(Thousands of Euro)

Geographical distribution of revenues	At 30/06/2023	% of revenues	At 30/06/2022	% of revenues	Changes	%
Italy	15,328	10.1%	16,925	11.7%	-1,597	-9.4%
Europe (excluding Italy)	83,506	55.0%	64,337	44.5%	19,169	29.8%
America	28,976	19.1%	30,235	20.9%	-1,259	-4.2%
Asia and Rest of the World	23,995	15.8%	32,949	22.8%	-8,954	-27.2%
Total	**151,805**	**100.0%**	**144,446**	**100.0%**	**7,359**	**5.1%**

Regarding the geographical distribution of revenues, during the first six months of 2023 the Group realised 89.9% (88.3% at 30 June 2022) of its consolidated revenues abroad (65.1% in Europe and 34.9% outside Europe).

Profitability

Green Transportation operating segment performance

(Thousands of Euro)

GREEN TRANSPORTATION	30/06/2023	30/06/2022	Changes	%
Net sales outside the Group	**104,260**	**93,848**	**10,412**	**11.1%**
Intersegment sales	348	210	138	65.7%
Total Revenues from net sales and services	104,608	94,058	10,550	11.2%
Other revenues and income	833	350	483	138.0%
Operating costs	-105,282	-91,093	-14,189	15.6%
Adjusted gross operating profit (EBITDA)	**159**	**3,315**	**-3,156**	**-95.2%**
Non-recurring costs	-3,451	-1,123	-2,328	207.3%
Gross operating profit (EBITDA)	**-3,292**	**2,192**	**-5,484**	**-250.2%**
Amortisation, depreciation and impairment	-7,071	-7,320	249	-3.4%
Net operating profit	**-10,363**	**-5,128**	**-5,235**	**102.1%**
Adjusted EBITDA margin	**0.2%**	**3.5%**		
EBITDA margin	**-3.2%**	**2.3%**		

Revenues from sales in the Green Transportation segment as at 30 June 2023 amounted to Euro 104,260 thousand, up by Euro 10,412 thousand (+11.1%).

The significant OEM channel sales performance (+33.9% compared with 2022), especially with reference to a leading European customer, more than offset the downturn in sales in the After Market channel (-13.9% compared with 2022), influenced by difficulties in the reference markets, especially in the Latam area and Eastern Europe.

However, as already highlighted, the second part of the first half of 2023 represented a trend reversal in terms of margins compared with the first quarter, with an overall positive result in terms of Adjusted Gross Operating Profit (Euro +2,680 thousand), which was particularly significant considering the negative result recorded in the first quarter (Euro -2,521 thousand).

Group sales in the OEM channel amounted to Euro 65.9 million, up by Euro 16.7 million compared with 30 June 2022. Aside from consistent orders from a top OEM customer which is basing the development of its “green” product line on LPG bifuel engines, there has been an increase in sales in China for Mid&Heavy Duty components.

Sales in the After Market channel, amounting to Euro 38.4 million (down by Euro 6.2 million compared with 30 June 2022), primarily relate to orders from distributors and authorised installers, both domestic and foreign, and decreased due to the slowdown in sales in several Latam and Eastern European area markets.

A breakdown of revenues from sales in the Green Transportation segment by geographical area is provided below.

(Thousands of Euro)

GREEN TRANSPORTATION	At 30/06/2023	% of revenues	At 30/06/2022	% of revenues	Changes	%
Italy	12,232	11.7%	12,701	13.5%	-469	-3.7%
Europe (excluding Italy)	61,027	58.5%	44,432	47.3%	16,595	37.3%
America	9,997	9.6%	15,213	16.2%	-5,216	-34.3%
Asia and Rest of the World	21,004	20.1%	21,502	22.9%	-498	-2.3%
Total	**104,260**	**100.0%**	**93,848**	**100.0%**	**10,412**	**11.1%**

Italy

Group sales in the Italian market in the first half of 2023 were substantially aligned with the previous year, with a slight change of Euro 469 thousand.

Europe

The rest of Europe represents 58.5% of total sales and is up 37.3% compared with the same period of 2022 (47.3%). The increase was driven essentially by sales to a leading OEM customer.

America

Sales in the first six months of 2023 on the American continent (9.6% of total sales), amounting to Euro 9,997 thousand (Euro 15,213 thousand at 30 June 2022), marked a decrease of 34.3% thanks to the persistence of the delicate macroeconomic situation of South American countries, particularly Brazil and Argentina.

Asia and Rest of the World

The Asian and Rest of the World markets, with sales of Euro 21,004, amounting to 20.1% of total revenue, fell by 2.3%, essentially in line with the previous period.

Profitability

(Thousands of Euro)	Q2 2023	Q1 2023	30/06/2023	Q2 2022	Q1 2022	30/06/2022
Revenue	56,206	48,054	**104,260**	47,552	46,296	**93,848**
Adjusted gross operating profit (EBITDA)	2,680	-2,521	**159**	1,988	1,327	**3,315**
% of revenues	*4.8%*	*-5.2%*	***0.2%***	*4.2%*	*2.9%*	***3.5%***
Gross operating profit (EBITDA)	115	-3,407	**-3,292**	1,645	547	**2,192**
% of revenues	*0.2%*	*-7.1%*	***-3.2%***	*3.5%*	*1.2%*	***2.3%***
Net operating profit (EBIT)	-3,458	-6,905	**-10,363**	-2,076	-3,052	**-5,128**
% of revenues	*-6.2%*	*-14.4%*	***-9.9%***	*-4.4%*	*-6.6%*	***-5.5%***
Change in Revenues compared with the previous year	8,654	1,758	**10,412**			
Change %	*18.2%*	*3.8%*	***11.1%***			

In the first six months of 2023, the adjusted Gross Operating Profit (EBITDA) of the Green Transportation segment, net of non-recurring costs of Euro 3,451 thousand, was positive at Euro 159 thousand, equivalent to 0.2% of revenues, down compared with the same period of the previous year (Euro 3,315 thousand, equal to 3.5% of revenues and net of non-recurring costs of Euro 1,123 thousand).

Despite the turnover growth in the first half of 2023 compared with the same period of the previous year, overall margins declined primarily as a result of the different sales mix.
In particular, against significant growth in sales in the OEM channel, characterised by limited operating profitability, sales decreased in the more profitable After Market channel, which maintained margins aligned with the prior year; the growth in fixed costs required to strengthen the structure influenced the result for the half-year period.
It should be noted that in the second quarter of 2023, Adjusted EBITDA (Euro +2,680 thousand) improved significantly

compared with the first quarter of the year (Euro -2,521 thousand) thanks to top-line growth and the agreement entered into with the main Group customer for the recognition of costs incurred during the half-year as well as the updating of component sale price lists.

The Gross Operating Profit (EBITDA) of the Green Transportation segment, amounting to Euro -3,292 thousand, includes non-recurring costs of Euro 3,451 thousand, as commented on above.

Clean Tech Solutions operating segment performance

(Thousands of Euro)

CLEAN TECH SOLUTIONS	30/06/2023	30/06/2022	Changes	%
Net sales outside the Group	**47,545**	**50,598**	**-3,053**	**-6.0%**
Intersegment sales	0	0	0	0.0%
Total Revenues from net sales and services	47,545	50,598	-3,053	-6.0%
Other revenues and income	191	134	57	42.5%
Operating costs	-43,975	-47,506	3,531	-7.4%
Adjusted gross operating profit (EBITDA)	**3,761**	**3,226**	**535**	**16.6%**
Non-recurring costs	-781	-110	-671	610.0%
Gross operating profit (EBITDA)	**2,980**	**3,116**	**-136**	**-4.4%**
Amortisation, depreciation and impairment	-1,440	-1,404	-36	2.6%
Net operating profit (EBIT)	**1,540**	**1,712**	**-172**	**-10.0%**
Adjusted EBITDA margin	**7.9%**	**6.4%**		
EBITDA margin	**6.3%**	**6.2%**		

Sales revenues

The “Clean Tech Solutions” segment recorded a slight downturn in turnover (down by Euro 3,053 thousand compared with the previous period), although growth continued to be recorded in demand for applications for bio-methane and hydrogen, which offset the decline in volumes for CNG applications, caused for the most part by the slowdown in the North African market. Amongst the various geographical areas, constant growth was observed in the North American market as well as in the European market, driven by France and the UK. In this context, the order portfolio was also up, with additional commercial negotiations in the advanced discussion phase, especially for biomethane and hydrogen applications.

Revenue by geographical area

(Thousands of Euro)

CLEAN TECH SOLUTIONS	At 30/06/2023	% of revenues	At 30/06/2022	% of revenues	Changes	%
Italy	3,096	6.5%	4,223	8.4%	-1,127	-26.7%
Europe (excluding Italy)	22,479	47.3%	19,905	39.3%	2,574	12.9%
America	18,979	39.9%	15,022	29.7%	3,957	26.3%
Asia and Rest of the World	2,991	6.3%	11,448	22.6%	-8,457	-73.9%
Total	**47,545**	**100.0%**	**50,598**	**100.0%**	**-3,053**	**-6.0%**

Revenue by geographical area, an insignificant indicator for the Clean Tech Solutions segment, given its extreme variability depending on the projects completed during the period, recorded significant results in the American (+26.3%) and European areas, primarily due to the contracts intended for those markets, particularly for biomethane and hydrogen solutions.

Revenues from Asia and the rest of the world were down compared with last year due to the conclusion of a significant project in North Africa delivered in the course of the first half of 2022.

Profitability

(Thousands of Euro)

CLEAN TECH SOLUTIONS	30/06/2023	30/06/2022	Changes	%
Revenue	47,545	50,598	-3,053	6.0%
Adjusted gross operating profit (EBITDA)	3,761	3,226	535	16.6%
% of revenues	7.9%	6.4%		
Gross operating profit (EBITDA)	2,980	3,116	-136	-4.4%
% of revenues	6.3%	6.2%		
Net operating profit (EBIT)	1,540	1,712	-172	10.0%
% of revenues	3.2%	3.4%		

Despite the reduction in turnover, the Clean Tech Solutions segment marked a significant improvement in adjusted EBITDA, which rose by 16.6% compared with the previous year; also in terms of percentage of turnover, it rose from 6.4% at 30 June 2022 to 7.9% at 30 June 2023.

This increase derives from the improvement in margins on projects sold, which also benefitted from the update in sale price lists with respect to the contracts signed during the period.

With a view to improving the operations management of the Clean Tech Solutions segment, during the half-year a "management" consultancy agreement was signed to support and optimise the management of production and purchasing operations. The costs incurred during the period, amounting to Euro 781 thousand and included in EBITDA, have been classified as "non-recurring" costs.

Invested capital

(Thousands of Euro)

Statement of Financial Position	30/06/2023	31/12/2022	30/06/2022
Trade receivables	65,093	73,559	64,074
Inventories and contract work in progress	96,022	97,109	109,953
Trade payables	-94,554	-98,033	-88,344
Other net current assets (liabilities) (*)	-10,310	-17,952	-18,257
Net operating capital	**56,251**	**54,683**	**67,426**
Tangible fixed assets	13,411	14,015	14,376
Intangible assets	106,290	108,536	110,683
Right-of-use assets	13,305	13,618	15,105
Other non-current assets	14,443	19,162	17,364

Fixed capital	**147,449**	**155,331**	**157,528**
TFR (employee severance indemnity) and other provisions	-12,633	-11,807	-10,193
Net invested capital	**191,067**	**198,207**	**214,761**
Financed by:			
Net Financial Position (**)	103,884	92,323	158,735
Group shareholders' equity	80,646	99,917	49,496
Minority interests	6,537	5,967	6,530
Borrowings	**191,067**	**198,207**	**214,761**

Ratios	30/06/2023	31/12/2022	30/06/2022
Net operating capital	56,251	54,683	67,426
Net operating capital/Turnover (rolling)	17.9%	17.9%	22.9%
Net invested capital	191,067	198,207	214,761
Net capital employed/Turnover (rolling)	60.9%	64.7%	73.0%

(*) Net of the remaining payable for the Metatron Control System put/call options
(**) The net financial position at 30 June 2023 is inclusive of Euro 14,239 thousand for financial liabilities for rights of use deriving from the application of IFRS 16 - Leases, a positive Euro 533 thousand for derivative financial instruments and Euro 472 thousand relating to the residual payable for the Metatron Control System put/call options

Net operating capital at the end of the half-year period, of Euro 56,251 thousand, is aligned with the same figure in December 2022, marking a significant improvement compared with the figure as at 30 June 2022 (Euro 67,426 thousand). In percentage terms on rolling turnover, operating capital came to 17.9%, also down compared with the figure observed in the first quarter of 2023 (20%) by more than 2 percentage points.

Trade receivables stood at Euro 65,093 thousand, a decrease of Euro 8,466 thousand compared with 31 December 2022 due to seasonal considerations relating to turnover, which his traditionally higher in December. At 30 June 2023, derecognised receivables disposed through maturity factoring stood at Euro 18.1 million (Euro 16.1 million at 31 December 2022);

Inventories and contract work in progress, totalling Euro 96,022 thousand, decreased slightly compared with 31 December 2022 by Euro 1,087 thousand based on Group policies aimed at optimising inventory management, which also resulted in trade payables decreasing by Euro 3,479 thousand;

Other current liabilities decreased by Euro 7,642 thousand, primarily as a result of the decline in Advance payments in the Clean Tech Solutions segment deriving from the completion of contract work in progress.

Fixed Capital was down by Euro 7,882 thousand, impacted nearly entirely by the write-down on the item other non-current assets relating to deferred tax assets equal to Euro 5,860 thousand.

As at 30 June 2023, TFR (employee severance indemnity) and other provisions totalled Euro 12,633 thousand, up compared with the previous half-year (Euro 10,193 thousand) primarily as a result of higher provisions, including non-recurring, in the second quarter of 2023.

Net invested capital (Euro 191,067 thousand, equal to 60.9% of rolling turnover) is down compared with 31 December 2022 (Euro 198,207 thousand, equal to 64.7% of rolling turnover) mainly following the decrease in fixed capital due to the write-down of deferred tax assets, since operating capital is basically unchanged compared with December 2022.

In accordance with the requirements of IAS 36, the Group evaluated the possible existence of impairment indicators with reference to the consolidated financial statements closed as at 30 June 2023 in order to determine if it was necessary to perform the relative impairment test.The directors believe that the significant reduction in Green Transportation segment operating results compared with the Group's economic-financial budget for the year 2023 approved by the Landi Renzo S.p.A. Board of Directors on 2 March 2023 is to be considered a trigger event.Therefore, with the support of an independent external consultant engaged to this end, the directors tested the goodwill recognised in the Group's consolidated financial statements as at 30 June 2023 with reference to the Green Transportation CGU for impairment.
However, as concerns the Clean Tech Solutions CGU, although the results as at 30 June 2023 did not meet expectations, for the second part of 2023 growth is expected in the economic (Adjusted EBITDA) and financial results with respect to the year 2022, confirming the medium-term targets established for the CGU in question. As a result, at the date on which this half-yearly report as at 30 June 2023 was drafted, no indicators of impairment were identified that would require testing the recoverability of goodwill recognised in the financial statements with reference to the Clean Tech Solutions CGU.
For more information, please refer to section 4.4.4 "Goodwill" of the explanatory notes.

Net financial position and cash flows

(Thousands of Euro)	30/06/2023	31/03/2023	31/12/2022	30/06/2022
Cash and cash equivalents	25,034	52,104	62,968	20,694
Current financial assets and derivative instruments	25,161	289	412	0
Bank financing and borrowings	-102,051	-32,237	-103,629	-49,849
Current right-of-use liabilities	-3,140	-3,157	-3,196	-3,190
Short-term borrowings	-4,941	-3,975	-3,956	-20,298
Net short term indebtedness	**-59,937**	**13,024**	**-47,401**	**-52,643**
Non-current bank loans	-11,296	-84,965	-8,169	-59,467
Non-current right-of-use liabilities	-11,099	-10,553	-11,314	-12,775
Other non-current financial liabilities	-21,452	-24,356	-24,456	-26,724
Assets for derivative financial instruments	372	60	103	888
Liabilities for derivative financial instruments	0	-130	0	0
Net medium-long term indebtedness	**-43,475**	**-119,944**	**-43,836**	**-98,078**
commitments for the purchase of equity investments	-472	-453	-1,086	-8,014
Net Financial Position	**-103,884**	**-107,373**	**-92,323**	**-158,735**
Net Financial Position - adjusted (*)	**-89,706**	**-93,429**	**-77,242**	**-135,644**
of which Green Transportation	*-80,543*	*-78,789*	*-68,511*	*-118,504*
of which Clean Tech Solutions	*-9,163*	*-14,640*	*-8,731*	*-17,140*

(*) Not including the effects of the adoption of IFRS 16 - Leases, the fair value of derivative financial instruments and the payable for equity investment purchase commitments

The Net Financial Position as at 30 June 2023 is negative and equal to Euro 103,884 thousand (negative Euro 92,323 thousand as at 31 December 2022), of which Euro 14,239 thousand due to the application of IFRS 16 - Leases and a positive Euro 533 thousand due to the fair value of derivative financial instruments. The adjusted Financial Position net of these amounts and the payable for the put/call option relating to Metatron Control System shares, amounting to Euro

472 thousand, comes to Euro 89,706 thousand, of which Euro 80,543 thousand linked to the Green Transportation segment and Euro 9,163 thousand to the Clean Tech Solutions segment.
It should be underscored that, after a first quarter of 2023 characterised by significant cash absorption, mainly due to operations, the second quarter of 2023 went against this trend, particularly in the "Clean Tech Solutions" segment, where there was an increase in cash of Euro 5,477 thousand.

With reference to the financial covenants (NFP/EBITDA) set forth in certain agreements entered into with financial institutions, please note that: (i) the contractual financial covenants had not been respected at 30 June 2023; (ii) as a result, for presentation in these financial statements according to IAS/IFRS, the payables to credit institutions on which there are financial covenants were reclassified in full to liabilities maturing in the short term for a total value of Euro 68,187 thousand; (iii) the directors initiated negotiations with the banking sector aimed at obtaining the relative waivers; in this regard, the directors in this context, the directors shared with the financing banks the documents presenting the economic and financial performance of the Group for the year 2023 (both for the data referring to the first half of the year and for the prospective data for the second half of 2023). These forecasts were subjected to analyzes by a leading consultancy firm in order to evaluate their coherence, reasonableness and sustainability; (iv) the aforementioned documents were provided to the banking sector, which on 11 September issued related waiver letters which provided for the consent to the one-off exemption from compliance with the financial parameters (holiday period) with reference to the date of calculation of the 30 June and 31 December 2023.

As at 30 June 2023, commitments for the purchase of equity investments amounted to Euro 472 thousand.

The following table illustrates the trend in total cash flow:

(Thousands of Euro)	30/06/2023	31/03/2023	31/12/2022	30/06/2022
Gross operational cash flow	-6,504	-13,585	5,831	-9,762
Cash flow for investment activities	-4,123	-1,913	-8,337	-3,970
Gross Free Cash Flow	***-10,627***	***-15,498***	***-2,506***	***-13,732***
Variation in the consolidation area	0	0	-30,683	-23,323
Non-recurring expenditure for voluntary resignation incentives	-252	-230	-439	0
Net Free Cash Flow	***-10,879***	**-15,728**	**-33,628**	**-37,055**
Share capital increase	0	0	58,554	0
Repayment of leases (IFRS 16)	-1,898	-887	-3,872	-1,955
Overall cash flow	**-12,777**	**-16,615**	**21,054**	**-39,010**

In the first six months of the year, there was cash absorption of Euro 12,777 thousand, mainly associated with operations (Euro -6,504 thousand) and investment activities inclusive of cash outflows for leases (Euro -1,898 thousand).

It is important to underscore that in the course of the second quarter of 2023, there was a consistent improvement in operating cash flows by more than Euro 7.081 thousand thanks primarily to improved net operating capital management compared with the first quarter of 2023.

Considering what is described above and taking into account: (i) the cash and cash equivalents as at 30 June 2023 available to the Group and the terms for the repayment of the main outstanding loans; (ii) the economic and financial forecasts for the current financial year drafted by the directors; (iii) the results of the impairment testing performed as at 30 June 2023, which did not bring to light any impairment losses; (iv) the issue by the credit institutions of waivers on the contractual covenants not respected as at 30 june 2023 as well as those to be measured as at 31 December 2023, the directors have not identified circumstances that would jeopardise the Group's capacity to meet its corporate obligations and as a result have drafted the Group's condensed half-yearly consolidated financial statements as at 30 June 2023 on a going concern basis.

Investments

Investments in property, plant, machinery and other equipment totalled Euro 1,763 thousand (Euro 1,243 thousand as at 30 June 2022) and refer to the investments made by the Group in production plants and moulds connected to the launch of new products.

The increase in intangible assets amounted to Euro 2,627 thousand (Euro 2,786 thousand at 30 June 2022) and mainly referred to the capitalisation of costs of development projects relating to new products for the OEM and After Market channels, as well as for the Heavy Duty segment and for Hydrogen mobility as regards the Green Transportation segment and new hydrogen and biomethane products for the Clean Tech Solutions segment.

Performance of the Parent Company

In the first six months of 2023, Landi Renzo S.p.A. generated revenues of Euro 70,916 thousand compared with Euro 68,517 thousand in the same period of the prior year. EBITDA was negative at Euro 2,162 thousand (inclusive of Euro 2,362 thousand in non-recurring costs), compared with positive Euro 2,569 thousand as at 30 June 2022 (of which Euro 1,068 thousand in non-recurring costs), while the net financial position was Euro -79,039 thousand compared with Euro -68,453 thousand as at 31 December 2022.
At the end of the six-month period, the Parent Company's workforce numbered 282 employees, basically in line with 31 December 2022 (289).

STATEMENT OF RECONCILIATION BETWEEN THE DATA OF THE PARENT COMPANY'S FINANCIAL STATEMENTS AND THE DATA OF THE CONSOLIDATED FINANCIAL STATEMENTS

The following is a reconciliation statement between the results for the period and the capital and reserves of the Group with the corresponding values of the Parent Company.

(Thousands of Euro)

RECONCILIATION STATEMENT	Shareholders' equity at 30.06.2023	Result at 30.06.2023	Shareholders' equity at 30.06.2022	Result at 30.06.2022
Shareholder's equity and result for the year of the Parent Company	**68,124**	**-17,880**	**37,791**	**-5,443**
Difference between the carrying amount and pro rata value of the shareholders' equity of consolidated companies	20,608	130	19,204	0
Results achieved by investees	0	-4,247	0	-1,263
Elimination of the effects of intra-group commercial transactions	-1,041	-36	-602	32
Exchange gains and losses from the measurement of intra-group loans	0	0	0	0
Elimination of impairment loss on investments	0	1,138	0	0
Elimination of the effects of intra-group assets	-471	-22	-397	-2
Capital gain from combination	0	0	0	0
Other minor effects	-37	-17	30	58
Shareholders' equity and result for the year from Consolidated Financial Statements	**87,183**	**-20,934**	**56,026**	**-6,618**
Shareholders' equity and result for the year of minority interests	6,537	21	6,530	214
Shareholders' equity and result for the year of the Group	**80,646**	**-20,955**	**49,496**	**-6,832**

2.2. INNOVATION, RESEARCH AND DEVELOPMENT

Research and development activities during the first half of 2023 saw the continuation of new projects focusing in particular on systems and components for gas, biomethane and hydrogen, alternatives to fossil fuels that offer significant benefits and advantages, aside from new systems for the OEM - Mid & Heavy Duty channel.

2.3. SHAREHOLDERS AND FINANCIAL MARKETS

The Landi Renzo Group maintains a constant dialogue with its Shareholders through a responsible and transparent activity of communication carried out by the Investor Relations office, with the aim of providing a clear explanation of the company's evolution. The Investor Relations office is also assigned the task of organizing presentations, events and "Road shows" that enable a direct relationship between the financial community and the Group's Top management. For further information and to consult the economic-financial data, corporate presentations, periodic publications, official communications and real time updates on the share price, visit the Investors section of the website www.landirenzogroup.com.

The following table summarises the main share and stock market data for the six-month period.

Price at 02 January 2023	0.5610
Price at 30 June 2023	0.5470
Maximum price 2023 (02 January 2023 - 30 June 2023)	0.6540
Minimum price 2023 (02 January 2023 - 30 June 2023)	0.4945
Market Capitalisation at 30 June 2023 (thousands of Euro)	123,075
Group equity and minority interests at 30 June 2023 (thousands of Euro)	87,183
Number of shares representing the share capital	225,000,000

The share capital as at 30 June 2023 is made up of 225,000,000 shares with a nominal value of Euro 0.10 per share, for a total of Euro 22,500,000.00.

2.4. POLICY FOR ANALYSING AND MANAGING RISKS CONNECTED WITH THE ACTIVITIES OF THE GROUP

The Group is exposed to various risks associated with its activities, primarily in relation to the following types:

- External risks:
    - COVID-19 pandemic: during the half-year, there was a significant attenuation of the effects of the pandemic. The management continued to monitor the pandemic, adjusting prevention measures (sanitisation of work environments, distribution of personal protection equipment, social distancing and remote working) to the positive evolution of the situation, with a view to protecting the health of employees and associates as well as operating activities. In this regard, during the period there were no slowdowns or interruptions of activities.
    - Russia-Ukraine conflict: on the basis of available information and the fact that exposure to the Russian market is limited for the Landi Renzo Group, there are no particular critical issues to be reported, except for what is described in section 2.5 "other information – Impact of the Russia-Ukraine conflict" below, on the activities of the Landi Renzo Group. In this regard, please note that the Group will

continue to evaluate the upcoming developments of the conflict and the relative impacts, particularly on gas and energy costs.

- Strategic risks relating to the macroeconomic and sector situation and recoverability of intangible assets, particularly goodwill. Intangible assets totalling Euro 119,595 thousand are reported in the condensed half-yearly consolidated financial statements at 30 June 2023, including Euro 10,027 thousand for development expenditure, Euro 80,132 thousand for goodwill, Euro 16,131 thousand for patents and trademarks, Euro 13,305 thousand for right-of-use assets and net deferred tax assets totalling Euro 8,523 thousand.
- Commercial risks, in detail:
  a) risks relating to relations with OEM customers (in the six-month period in question, Group sales of systems and components to major OEM customers amounted to Euro 43 million);
  b) the highly competitive context in which the Group operates;
  c) product liability;
  d) the protection of intellectual property.
- Operating risks, in detail:
  a) scarcity of raw materials and parts;
  b) operational continuity of plants;
  c) availability of human and technical resources with adequate skills;
  d) continuity of information systems and telecommunications.
- Financial risks, specifically:
  a) Interest rate risk, linked to fluctuations in the interest rates applied on Group variable-rate loans;
  b) Exchange rate risk, relating both to the marketing of products in countries outside the Euro area and to the conversion of financial statements of subsidiaries not belonging to the European Monetary Union for inclusion in the consolidated financial statements;
  c) Credit risk related to non-fulfilment of contractual obligations by a customer or counterparty;
  d) Liquidity risk, related to possible difficulties in meeting obligations associated with financial liabilities.

  At the reporting date, all credit institutions underwriting the loans issued waiver letters with respect to the financial covenants as at 30 June 2023 and 31 December 2023.

The Half-Yearly Financial Report at 30 June 2023 does not include all the information on the management of the above-mentioned risks required for the annual financial statements, and should be read in conjunction with the Annual Financial Report prepared for the year ended 31 December 2022.

2.5. OTHER INFORMATION

Impact of the Russia-Ukraine conflict on the activities of the Landi Renzo Group

During the half-year, the effects of the continuation of the Russia-Ukraine crisis, with resulting geopolitical and macroeconomic risks, were carefully and continuously monitored by the management, which evaluated the impacts on current and future activities. Please note that in the first half of 2023, revenue of Euro 1,338 thousand from Russia was recognised.

The management believes that the change in the scenario triggered by the Russia-Ukraine conflict does not substantially impact the assumptions and therefore the implementation of the Group's future plans, by virtue of the diversification of the Landi Renzo Group's business in terms of its presence in international markets worldwide and the products offered and technologies developed.
In this regard, please note that already in 2022 the management prudently recognised several write-downs on receivables due from Russian or Ukrainian customers, also taking into account the specific situation of each of them.

Transactions with related parties

The Landi Renzo Group deals with related parties at conditions considered to be arm's length on the markets in question, taking account of the characteristics of the goods and the services supplied.

Transactions with related parties include:

- the service contracts between Gireimm S.r.l. and Landi Renzo S.p.A. for rent of the property used as the operational headquarters of the Parent Company located in the town of Corte Tegge – Cavriago (RE);
- the service contracts between Gestimm S.r.l., a company in which a stake is held through the parent company Girefin S.p.A., and the company Landi Renzo S.p.A. for rent of the production plant on Via dell'Industria in Cavriago (RE);
- the service contracts between Gireimm S.r.l. and SAFE S.p.A. for rent of the property used as the operational headquarters of the company located in San Giovanni in Persiceto;
- the service contracts between Reggio Properties LLC, a company in which a stake is held through the parent company Girefin S.p.A., for the rents on properties used by the US company;
- supply of goods to the joint venture Krishna Landi Renzo India Private Ltd Held and to the joint venture EFI Avtosanoat-Landi Renzo LLC;
- the loan granted by Landi Renzo S.p.A. and Krishna Landi Renzo India Private Ltd Held;
- the receivables from Autofuels deriving from the supply of goods;
- the relationships for the supply of goods with the companies Clean Energy Fueling Services Corp, Clean Energy US, Wyoming Northstar Inc DBA and NG Advantage LLC.

In accordance with Consob Regulation 17221/2010, and pursuant to Article 2391-bis of the Italian Civil Code, the Board of Directors has adopted the specific procedure for transactions with related parties. The new procedures, adapted to Consob resolution no. 21624 of 10/12/2020, are published on the Company's website.

Positions or transactions deriving from atypical and/or unusual transactions

Pursuant to Consob communication no. 6064293 of 28 July 2006, note that during the period no atypical and/or unusual transactions occurred outside the normal operation of the company that could give rise to doubts regarding the correctness and completeness of the information in the financial statements, conflicts of interest, protection of company assets and safeguarding of minority shareholders.

Treasury shares and shares of parent companies

In compliance with the provisions of Article 2428 of the Italian Civil Code, it is confirmed that during 2022 and the first half of 2023, the Parent Company did not negotiate any treasury shares or shares of parent companies and does not at present hold any treasury shares or shares of parent companies.

Sub-offices

No sub-offices were established.

2.6. SIGNIFICANT EVENTS AFTER CLOSING OF THE SIX-MONTH PERIOD AND FORECAST FOR OPERATIONS

Significant events after closing of the six-month period

- On 11 July 2023, the Board of Directors of Landi Renzo S.p.A. co-opted Annalisa Stupenengo as Chief Executive Officer of the Landi Renzo Group, also assigning her to the role of General Manager. Annalisa Stupenengo has nearly thirty years of experience in the mobility industry, gained internationally with roles of increasing responsibility at the Iveco Group, CNH Industrial and FCA, and is currently a member of the Board of Directors and the Remuneration and Appointments Committee of Prysmian. The same Board of Directors appointed Paolo Cilloni as Group CFO, as well as Investor Relator and Financial Reporting Officer.
- on 11 September 2023, the credit institutions issued waiver letters which provided for consent to the one-off exemption from compliance with the financial parameters (holiday period) with reference to the calculation date of 30 June and 31 December 2023.

Likely future developments

The visibility of market performance in 2023 remains limited due to the uncertainties linked to macroeconomic developments, within a context of still high inflation and interest rates which continue to rise.
On the basis of the results of the first half and the visibility of the existing order portfolio, for the current year revenue is expected to increase in the Green Transportation segment, driven in particular by higher sales in the OEM channel, while Clean Tech Solutions segment revenue is expected to be aligned with last year.
In terms of profitability (Adjusted EBITDA), in the Green Transportation segment, due in particular to the different sales mix, the results are expected to be lower than the entire year 2022, although improving compared with what was recorded in the first half of the year.
As regards the Clean Tech Solutions segment, profitability (Adjusted EBITDA) is expected to improve compared with last year, in line with what was expected in the first half of the year.

Chief Executive Officer
Annalisa Stupenengo

EMARKET SDIR CERTIFIED

3. CONDENSED HALF-YEARLY CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 June 2023

3.1. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Thousands of Euro)

ASSETS	Notes	30/06/2023	31/12/2022
Non-current assets			
Land, property, plant, machinery and other equipment	2	13,411	14,015
Development costs	3	10,027	11,141
Goodwill	4	80,132	80,132
Other intangible assets with finite useful lives	5	16,131	17,263
Right-of-use assets	6	13,305	13,618
Equity investments measured using the equity method	7	2,487	2,496
Other non-current financial assets	8	1,027	847
Other non-current assets	9	1,710	1,710
Deferred tax assets	10	9,219	14,109
Assets for derivative financial instruments	11	372	103
Total non-current assets		**147,821**	**155,434**
Current assets			
Trade receivables	12	65,093	73,559
Inventories	13	81,056	76,680
Contract work in progress	14	14,966	20,429
Other receivables and current assets	15	17,292	17,148
Current financial assets	16	25,161	412
Cash and cash equivalents	17	25,034	62,968
Total current assets		**228,602**	**251,196**
TOTAL ASSETS		**376,423**	**406,630**

(Thousands of Euro)

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	30/06/2023	31/12/2022
Shareholders' equity			
Share capital		22,500	22,500
Other reserves		79,101	91,698
Profit (loss) for the period		-20,955	-14,281
Total Shareholders' equity of the Group		**80,646**	**99,917**
Minority interests		6,537	5,967
TOTAL SHAREHOLDERS' EQUITY	18	**87,183**	**105,884**
Non-current liabilities			
Non-current bank loans	19	11,296	8,169
Other non-current financial liabilities	20	21,452	24,456
Non-current liabilities for rights of use	21	11,099	11,314
Provisions for risks and charges	22	6,607	5,484
Defined benefit plans for employees	23	3,095	3,413
Deferred tax liabilities	24	2,931	2,910
Liabilities for derivative financial instruments		0	0
Total non-current liabilities		**56,480**	**55,746**
Current liabilities			
Bank financing and short-term loans	25	102,051	103,629
Other current financial liabilities	26	4,941	3,956
Current liabilities for rights of use	27	3,140	3,196
Trade payables	28	94,554	98,033
Tax liabilities	29	2,386	3,697
Other current liabilities	30	25,688	32,489
Total current liabilities		**232,760**	**245,000**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**376,423**	**406,630**

3.2. CONSOLIDATED INCOME STATEMENT

(Thousands of Euro)

CONSOLIDATED INCOME STATEMENT	Notes	30/06/2023	30/06/2022
Revenues from sales and services	31	**151,805**	**144,446**
Other revenues and income	32	1,024	484
Cost of raw materials, consumables and goods and change in inventories	33	-94,405	-87,949
Costs for services and use of third-party assets	34	-28,386	-26,836
Personnel costs	35	-25,124	-22,515
Allocations, write-downs and other operating expenses	36	-5,226	-2,322
Gross operating profit		**-312**	**5,308**
Amortisation, depreciation and impairment	37	-8,511	-8,724
Net operating profit		**-8,823**	**-3,416**
Financial income	38	447	55
Financial expenses	39	-5,399	-3,531
Exchange gains (losses)	40	-1,836	826
Income (expenses) from equity investments	41	-27	-138
Income (expenses) from joint ventures measured using the equity method	42	20	143
Profit (loss) before tax		**-15,618**	**-6,061**
Taxes	43	-5,316	-557
Net profit (loss) for the Group and minority interests, including:		**-20,934**	**-6,618**
Minority interests		21	214
Net profit (loss) for the Group		-20,955	-6,832
Basic earnings (loss) per share (calculated on 225,000,000 shares)	44	-0.0931	-0.0607
Diluted earnings (loss) per share	44	-0.0931	-0.0607

3.3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Thousands of Euro)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Notes	30/06/2023	30/06/2022
Net profit (loss) for the Group and minority interests:		**-20,934**	**-6,618**
Profits (Losses) that will not be subsequently reclassified in the Income Statement			
Remeasurement of employee defined benefit plans (IAS 19)	23	79	222
Total Profits (Losses) that will not be subsequently reclassified in the income statement		**79**	**222**
Profits (Losses) that could be subsequently reclassified in the income statement			
Measurement of investments with the equity method	7	-29	0
Fair value of derivatives, change for the period	11	36	760
Exchange rate differences from the translation of foreign operations	17	2,147	988
Total profits/losses that could subsequently be reclassified on the Income Statement		**2,154**	**1,748**
Profits (Losses) recorded directly in Shareholders' Equity after tax effects		**2,233**	**1,970**
Total Consolidated Income Statement for the period		**-18,701**	**-4,648**
Profit (Loss) for Shareholders of the Parent Company		-19,271	-5,349
Minority interests		570	701

3.4. CONSOLIDATED CASH FLOW STATEMENT

(Thousands of Euro)

CONSOLIDATED CASH FLOW STATEMENT	30/06/2023	30/06/2022
Cash flows from operations		
Pre-tax profit (loss) for the period	-15,618	-6,061
Adjustments for:		
Depreciation of property, plant and machinery	2,105	2,131
Amortisation of intangible assets	4,696	4,836
Depreciation of right-of-use assets	1,710	1,757
Loss (Profit) from disposal of tangible and intangible assets	-338	53
Share-based incentive plans	0	0
Impairment loss on receivables	869	563
Net financial charges	6,788	2,650
Net expenses (income) from equity investments measured using the equity method	-20	-143
Profit (loss) attributable to interests	27	138
	219	**5,924**
Changes in:		
Inventories and contract work in progress	1,086	-22,569
Trade receivables and other receivables	7,341	3,031
Trade payables and other payables	-12,458	5,867
Provisions and employee benefits	903	-166
Cash generated from operations	**-2,909**	**-7,913**
Interest paid	-3,520	-1,435
Interest received	93	26
Taxes paid	-420	-440
Net cash generated from operating activities	**-6,756**	**-9,762**
Cash flows from investments		
Proceeds from the sale of property, plant and machinery	267	59
Purchase of property, plant and machinery	-1,763	-1,243
Purchase of intangible assets	-211	-135
Short-term financial investments	0	0
Development costs	-2,416	-2,651
Variation in the consolidation area	0	-23,323
Net cash absorbed by investment activities	**-4,123**	**-27,293**
Free Cash Flow	**-10,879**	**-37,055**
Cash flows from financing activities		
Disbursements (reimbursements) of medium/long-term loans	-252	10,714
Disbursements (reimbursements) of loans from parent company	0	18,062
Change in short-term bank debts	-218	1,072
Repayment of leases (IFRS 16)	-1,898	-1,955
Net cash generated (absorbed) by financing activities	**-2,368**	**27,893**
Net increase (decrease) in cash and cash equivalents	**-13,247**	**-9,162**
Cash and cash equivalents at 1 January	62,968	28,039
Net decrease/(increase) in short-term deposits (*)	-25,000	0
Effect of exchange rate fluctuation on cash and cash equivalents	313	1,817
Closing cash and cash equivalents (*)	**25,034**	**20,694**

(*) Monetary time deposit loan granted

3.5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Thousands of Euro)

	Share capital	Statutory reserve	Extraordinary and other reserves	Share premium reserve	Future share capital increase contributions	Profit (loss) for the year	Group shareholders' equity	Profit (Loss) attributable to minority interests	Capital and reserves attributable to minority interests	Total shareholders' equity
Balance at 31/12/2021	**11,250**	**2,250**	**4,552**	**28,946**	**8,867**	**-1,020**	**54,845**	**1,522**	**4,216**	**60,583**
Profit (loss) for the year						-6,832	-6,832	214		-6,618
Actuarial gains/losses (IAS 19)			222				222			222
Translation difference			501				501		487	988
Measurement of investments using the equity method			0				0			0
Change in the cash flow hedge reserve			760				760			760
Total overall profits/losses	**0**	**0**	**1,483**	**0**	**0**	**-6,832**	**-5,349**	**214**	**487**	**-4,648**
Variation in the consolidation area							0		91	91
Allocation of profit			8,111	-9,131		1,020	0	-1,522	1,522	0
Balance at 30/06/2022	**11,250**	**2,250**	**14,146**	**19,815**	**8,867**	**-6,832**	**49,496**	**214**	**6,316**	**56,026**
Balance at 31/12/2022	**22,500**	**2,250**	**13,462**	**67,119**	**8,867**	**-14,281**	**99,917**	**14**	**5,953**	**105,884**
Profit (loss) for the year						-20,955	-20,955	21		**-20,934**
Actuarial gains/losses (IAS 19)			79				79			79
Translation difference			1,598				1,598		549	2,147
Valuation of investments using equity method			-29				-29			-29
Valuation of cash flow hedge reserve			36				36			36
Total overall profits/losses	**0**	**0**	**1,684**	**0**	**0**	**-20,955**	**-19,271**	**21**	**549**	**-18,701**
Variation in the consolidation area							0		0	0
Allocation of profit			0	-14,281		14,281	0	-14	14	0
Balance at 30/06/2023	**22,500**	**2,250**	**15,146**	**52,838**	**8,867**	**-20,955**	**80,646**	**21**	**6,516**	**87,183**

4. EXPLANATORY NOTES TO THE CONDENSED HALF-YEARLY CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 June 2023

4.1. GENERAL INFORMATION

The Landi Renzo Group has been active for more than 60 years in the natural gas, biomethane and hydrogen sustainable mobility and infrastructure segments. The Group has a widespread presence at global level in over 50 countries, with roughly 90% of its sales generated abroad.

The Parent Company of the Landi Renzo Group is Landi Renzo S.p.A. with registered office in Cavriago (RE), Italy, listed in the FTSE Italia STAR segment of the Milan Stock Exchange.

These Condensed Half-Yearly Consolidated Financial Statements are subject to limited auditing by PricewaterhouseCoopers S.p.A.

4.2. GENERAL ACCOUNTING STANDARDS AND CONSOLIDATION PRINCIPLES

4.2.1. Introduction

The condensed half-yearly consolidated financial statements at 30 June 2023 have been prepared pursuant to Article 154-ter of Italian Legislative Decree 58/1998 "Consolidated Financial Law (*Testo Unico della Finanza*)", in accordance with the provisions of international accounting standards (IAS/IFRS) adopted by the European Union, and, in particular, those of IAS 34 "Interim Financial Reporting". As a partial exception to the provisions of IAS 34, this report provides detailed rather than summary tables in order to provide a clearer view of the economic-equity and financial dynamics over the six-month period. The explanatory notes are also presented in compliance with the information required by IAS 34 with the supplements considered useful for a clearer understanding of the half-yearly financial statements.

The Condensed Half-Yearly Consolidated Financial Statements at 30 June 2023, approved by the Board of Directors on 11 September 2023, must be read in conjunction with the Consolidated Annual Financial Statements at 31 December 2022.

The consolidation method for the financial statements of the Group companies is specified below in these notes.

The valuation criteria used for the preparation of the consolidated financial statements for the six months ending 30 June 2023 are consistent with those used for the consolidated financial statements at 31 December 2022.
In addition to the interim values of the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income at 30 June 2023, the balance sheet figures for the year ending 31 December 2022 and the income statement figures at 30 June 2022 are included in the tables below for purposes of comparison.

The functional and reporting currency is the Euro. Figures in the statements and tables in these condensed half-yearly consolidated financial statements are in thousands of Euro, unless specified otherwise.

Going Concern

In the current market context overshadowed by the continuation of the risks correlated with the Russia-Ukraine crisis as well as the shortage of raw materials and the resulting price increases, the management has performed accurate analyses concerning expected trends for the second half of 2023, reconsidering estimates regarding the expected performance of the segment within the current context, in order to also consider the expected benefits of the initiatives put into place to develop the business.

In accordance with the requirements of IAS 36, the Group evaluated the possible existence of impairment indicators with reference to the consolidated financial statements closed as at 30 June 2023 in order to determine if it was necessary to perform the relative impairment test.The directors believe that the significant reduction in Green Transportation segment operating results compared with the Group's economic-financial budget for the year 2023 approved by the Landi Renzo S.p.A. Board of Directors on 2 March 2023 is to be considered a trigger event.Therefore, with the support of an independent external consultant engaged to this end, the directors tested the goodwill recognised in the Group's consolidated financial statements as at 30 June 2023 with reference to the Green Transportation CGU for impairment. However, as concerns the Clean Tech Solutions CGU, although the results as at 30 June 2023 did not meet expectations, for the second part of 2023 growth is expected in the economic (Adjusted EBITDA) and financial results with respect to the year 2022, confirming the medium-term targets established for the CGU in question.

As a result, at the date on which this half-yearly report as at 30 June 2023 was drafted, no indicators of impairment were identified that would require testing the recoverability of goodwill recognised in the financial statements with reference to the Clean Tech Solutions CGU.

For more information, please refer to section 4.4.4 “Goodwill” of the explanatory notes.

With reference to the financial covenants (NFP/EBITDA) set forth in certain agreements entered into with financial institutions, please note that: (i) the contractual financial covenants had not been respected at 30 June 2023; (ii) as a result, for presentation in these financial statements according to IAS/IFRS, the payables to credit institutions on which there are financial covenants were reclassified in full to liabilities maturing in the short term for a total value of Euro 68,187 thousand; (iii) the directors initiated negotiations with the banking sector aimed at obtaining the relative waivers; in this regard, the directors in this context, the directors shared with the financing banks the documents presenting the economic and financial performance of the Group for the year 2023 (both for the data referring to the first half of the year and for the prospective data for the second half of 2023). These forecasts were subjected to analyzes by a leading consultancy firm in order to evaluate their coherence, reasonableness and sustainability; (iv) the aforementioned documents were provided to the banking sector, which on 11 September issued related waiver letters which provided for the consent to the one-off exemption from compliance with the financial parameters (holiday period) with reference to the date of calculation of the 30 June and 31 December 2023.

Considering what is described above and taking into account: (i) the cash and cash equivalents as at 30 June 2023 available to the Group and the terms for the repayment of the main outstanding loans; (ii) the economic and financial forecasts for the current financial year drafted by the directors; (iii) the results of the impairment testing performed as at 30 June 2023, which did not bring to light any impairment losses; (iv) the issue by the credit institutions of waivers on the contractual covenants not respected as well as those to be measured as at 31 December 2023, the directors have not identified circumstances that would jeopardise the Group's capacity to meet its corporate obligations and as a result have drafted the Group's condensed half-yearly consolidated financial statements as at 30 June 2023 on a going concern basis.

Use of estimates

The drafting of the condensed half-yearly consolidated financial statements requires estimates and assumptions to be developed based on the best assessments of the management. These estimates and assumptions are revised regularly.

Should such estimates and assumptions differ from actual circumstances in the future, they will be changed.

Please note that the situation caused by the current economic and financial scenario has resulted in the necessity to continue to make assumptions on future performance that are characterised by significant uncertainty, also due to the continuation of the Russia-Ukraine conflict. Therefore, it cannot be excluded that results different to those estimated may be realised in the coming years. Such results could therefore require adjustments, that may even be considerable, which cannot obviously be either estimated or predicted at this stage, to the carrying amount of the relative items.
The items on the financial statements that most require greater subjectivity on the part of the directors in producing the estimates and for which a change in the conditions underlying the assumptions used can have a significant impact on the financial statements are listed below:

- Valuation of fixed assets including investments in joint ventures and goodwill;
- Recoverability of development expenditure;
- Valuation of deferred tax assets;
- Valuation of provisions for bad debts and obsolete inventories;
- Valuation of employee benefits;
- Valuation of provisions for risks and charges.

The estimates and assumptions are reviewed periodically and the effects of each variation are immediately reflected in the Income Statement.
For an indication of the economic values of these estimates, please refer to the relative points of these notes.
The directors also evaluated the applicability of the going concern assumption in the preparation of the half-yearly financial report, and concluded that this assumption is suitable as there are no doubts as to business continuity.

Amendments and revised accounting standards applied by the Group for the first time

The accounting standards adopted in preparing the consolidated financial statements as at 30 June 2023 are consistent with those adopted for the preparation of the consolidated financial statements for the previous year.

The Group did not apply the following new and amended standards issued which are not yet in force:

EU endorsement regulation	Description
(EU) 2021/2036 23 November 2021	The IASB published IFRS 17 – Insurance Contracts, which aims to improve understanding of the exposure to risk, profitability and the financial position of insurers. IFRS 17 replaces IFRS 4.
(EU) 2022/1491 9 September 2022	The IASB published the amendment to IFRS 17 – Insurance contracts: initial application of IFRS 17 and IFRS 9 – Comparative information. The amendment is a transition option relating to comparative information on financial assets presented on the initial application of IFRS 17 and aims to help insurance companies to avoid temporary accounting misalignments between insurance contract financial assets and liabilities, and thus to improve the usefulness of comparative

	information for users of the financial statements. This amendment is not applicable to the Group.
(EU) 2022/1392 12 August 2022	The IASB published an amendment named “Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction”. The document clarifies how deferred tax liabilities need to be recognised on certain transactions that may generate assets and liabilities of equal amounts, such as leases and decommissioning obligations.
(EU) 2022/357 3 March 2022	The IASB published the amendments named “Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2” and “Definition of Accounting Estimates – Amendments to IAS 8” intended to improve the disclosure on accounting policies so as to provide more useful information to readers of the financial statements, as well as help companies distinguish between changes in accounting estimates and changes in accounting policies.

Accounting standards, amendments and interpretations not yet applicable and not adopted in advance by the Group

The IASB made amendments to several international accounting standards issued previously and published new international accounting standards, for which the approval process has not yet been completed.

Date	Description
23 January 2020	On 23 January 2020, the IASB issued three amendments to IAS 1. This amendment was meant to clarify the presentation of liabilities in company financial statements. In particular, it clarifies that: · the classification of liabilities between current and non-current should be based on rights existing at the end of the period for which the reporting is prepared, and in particular the right to defer payment by at least 12 months; · the classification is not influenced by expectations concerning the entity’s decision to exercise its right to defer payment relating to a liability; · the payment refers to the transfer to the counterparty of money, equity instruments, other assets or services. The new amendment will apply as of 1 January 2024 or subsequently, and must be applied retroactively. The Group is currently evaluating the impact that the amendments will have on the current situation.
22 September 2022	On 22 September 2022, the IASB published the document Lease Liability in a Sale and Leaseback, which amends IFRS 16 by clarifying how to account for a sale and leaseback transaction subsequent to the transaction date. The amendment will be effective for financial years that begin as of 1 January 2024, and early application is permitted.
24 April 2023	On 23 May 2023, the IASB issued an amendment to IAS 12 “Income Taxes” named “International tax reform: Pillar Two Model Rules”. The amendments clarify that IAS 12 applies to income taxes deriving from the tax law issued or enacted in implementation of the rules established by the OECD “pillar two”, which sets forth a coordinated co-system to guarantee that multinational enterprises with revenues in excess of Euro 750 million pay tax

	of at least 15% on income earned in each of the jurisdictions in which they carry on business, which is expected to enter into force in 2024. The amendments introduce: a mandatory temporary exception to the recognition of deferred tax liabilities deriving from the jurisdictional implementation of the disclosure rules and obligations to help users of financial statements to better understand the company's exposure to income taxes deriving from that legislation, before the date of its entry into force. The mandatory temporary exception applies immediately, while the other disclosure requirements apply for financial reporting periods that begin on or after 1 January 2023, but not for interim reporting periods that end by 31 December 2023.
25 May 2023	On 25 May 2023 the IASB issued an amendment to IAS 7 Statement of cash flows and IFRS 7 Financial instruments: disclosures. The amendments clarify the characteristics of supplier finance arrangements (such as reverse factoring instruments) and define the information that needs to be provided on the impact of these arrangements on the company's liabilities and cash flows (e.g., terms and conditions, carrying amount and line item in which financial payables are recognised, with an indication of those for which the finance provider has already paid off the corresponding portion of the trade payable, the range of payment due dates and comparable trade payables that are not part of a supplier finance arrangement). These amendments will be applicable to annual reporting periods beginning on or after 1 January 2024.

The Group is evaluating the effects that the adoption of such standards may have on its financial statements.

4.2.2. Consolidation procedures and valuation criteria

The preparation of the Condensed Half-Yearly Consolidated Financial Statements requires the directors to apply accounting standards and methods that are sometimes based on difficult and subjective assessments and estimates derived from past experience and based on assumptions that are considered reasonable and realistic given the circumstances. Application of these estimates and assumptions affects the amounts presented in the financial statements, such as the Consolidated Statement of Financial Position, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement, and in disclosures provided. Estimates are used in recognising goodwill, impairment of fixed assets, development costs, taxes, provisions for bad debts and inventories write-down, employee benefits and other provisions. The estimates and assumptions are reviewed periodically and the effects of each variation are immediately reflected in the Income Statement.

However, some valuation processes, especially the more complex ones such as establishing any loss in value of non-current assets, are normally carried out to a fuller extent only during the preparation of the annual financial statements, when all the necessary information is available, except for those cases in which there are impairment indicators that require an immediate assessment of possible losses in value.

The Group performs activities that do not on the whole present significant seasonal variations, although there could be increases in sale volumes in the final part of the year, primarily due to supply contracts in the OEM channel which may have planned and differing delivery schedules in the individual quarters.

4.2.3. Translation of the financial statements of foreign companies

The financial statements in the currency of the foreign subsidiaries are converted into the accounting currency, adopting the half-year end exchange rate for the consolidated Statement of Financial Position and the average exchange rate over the six months for the Consolidated Income Statement. The conversion differences deriving from the adjustment of the opening Equity according to the current exchange rates at the end of the period, and those due to the different method used for conversion of the result for the period, are recorded in the Statement of Comprehensive Income and classified among other reserves.
The following table specifies the main exchange rates used for the conversion of financial statements expressed in currencies other than the accounting currency.

Exchange rate (Currency against the Euro)	At 30/06/2023	H1 Ave. 2023	At 31/12/2022	Average 2022	At 30/06/2022	H1 Ave. 2022
Real - Brazil	5.279	5.483	5.639	5.440	5.423	5.557
Renminbi - China	7.898	7.490	7.358	7.079	6.962	7.082
Rupee - Pakistan	311.261	294.425	241.794	214.855	212.597	203.289
Zloty - Poland	4.439	4.625	4.681	4.686	4.690	4.635
Leu - Romania	4.964	4.934	4.950	4.931	4.946	4.946
Dollar - USA	1.087	1.081	1.067	1.053	1.039	1.093
Peso - Argentina	278.502	229.138	188.503	136.777	129.898	122.509
Peso - Colombia	4,546.24	4,960.430	5,172.470	4,473.280	4,279.070	4,282.190
Canadian Dollar - Canada	1.442	1.457	1.444	1.369	1.343	1.390
Nuevo Sol - Peru	3.948	4.061	4.046	4.038	3.933	4.132
Rupee - India	89.207	88.844	88.171	82.686	82.113	83.318

4.3. SCOPE OF CONSOLIDATION

The scope of consolidation includes the Parent Company Landi Renzo S.p.A. and the companies in which it holds a direct or indirect controlling stake according to IFRS.

The consolidation scope has not experienced any changes compared with 31 December 2022.

The list of equity investments included in the scope of consolidation and the relative consolidation method is provided below.

Description	Registered Office	% stake at 30 June 2023		Notes
		Direct investment	Indirect investment	
Parent Company				
Landi Renzo S.p.A.	Cavriago (Italy)	Parent Company		

Companies consolidated using the line-by-line method				
Landi International B.V.	Utrecht (The Netherlands)	100.00%		
Landi Renzo Polska Sp.Zo.O.	Warsaw (Poland)		100.00%	(1)
LR Indústria e Comércio Ltda	Rio de Janeiro (Brazil)	99.99%		
Beijing Landi Renzo Autogas System Co. Ltd	Beijing (China)	100.00%		
L.R. Pak (Pvt) Limited	Karachi (Pakistan)	70.00%		
Landi Renzo Pars Private Joint Stock Company	Tehran (Iran)	99.99%		
Landi Renzo RO S.r.l.	Bucharest (Romania)	100.00%		
Landi Renzo USA Corporation	Wilmington - DE (USA)	100.00%		
AEB America S.r.l.	Buenos Aires (Argentina)	96.00%		
Officine Lovato Private Limited	Mumbai (India)	74.00%		
OOO Landi Renzo RUS	Moscow (Russia)	51.00%		
SAFE&CEC S.r.l.	San Giovanni Persiceto (Italy)	51.00%		
SAFE S.p.A.	San Giovanni Persiceto (Italy)		100.00%	(2)
Idro Meccanica S.r.l.	Modena (Italy)		100.00%	(3)
IMW Industries LTD	Chilliwak (Canada)		100.00%	(2)
IMW Industries del Perù S.A.C.	Lima (Peru)		100.00%	(4)
IMW Industries LTDA	Cartagena (Colombia)		100.00%	(4)
IMW Energy Tech LTD	Suzhou (China)		100.00%	(4)
IMW Industries LTD Shanghai	Shanghai (China)		100.00%	(4)
Metatron S.p.A.	Castel Maggiore (Italy)	100%		
Metatron Control System (Shanghai)	Shanghai (China)		86.00%	(5)
Associates and subsidiaries consolidated using the equity method				
Krishna Landi Renzo India Private Ltd Held	Gurugram - Haryana (India)	51.00%		(6)
Other minor companies				
Landi Renzo VE.CA.	Caracas (Venezuela)	100.00%		(7)
Lovato do Brasil Ind Com de Equipamentos para Gas Ltda	Curitiba (Brazil)	100.00%		(7)
EFI Avtosanoat-Landi Renzo LLC	Navoiy Region (Uzbekistan)	50.00%		(6) (7)
Metatron Technologies India Plc	Mumbai (India)		75.00%	(5) (7)

Detailed notes on investments:

(1) Held indirectly through Landi International B.V.

(2) Held indirectly through SAFE&CEC S.r.l.

(3) Held indirectly through SAFE S.p.A.

(4) Held indirectly through IMW Industries LTD

(5) Held indirectly through Metatron S.p.A.

(6) Company joint venture

(7) Not consolidated as a result of their irrelevance

4.4. EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The changes reported hereafter have been calculated on the balances at 31 December 2022 as regards balance sheet items and on the values of the first half of 2022 as regards income statement items.

4.4.1. SEGMENT REPORTING

The management has identified two operating segments ("Cash Generating Units" or "CGUs") in which the Landi Renzo Group operates, or:

- The **Green Transportation** segment, referring primarily to the design, manufacture and sale through the OEM and After Market channels of mechanical and electronic systems and components for the use of automotive gas (CNG – Compressed Natural Gas, LNG – Liquid Natural Gas, LPG, RNG – Renewable Natural Gas and hydrogen) as well as, to a lesser extent, anti-theft alarms. This segment mainly includes the Landi Renzo, Metatron, AEB, Lovato and Med brands.
- The **Clean Tech Solutions** segment, referring to the design and manufacture of compressors for the processing and distribution of gas (CNG, RNG and Hydrogen) as well as operations in the Oil&Gas market. The broad range of SAFE&CEC Group products makes it possible to satisfy multiple market requirements for the construction of automotive CNG, RNG and hydrogen distribution stations. Since January 2022, the Clean Tech Solutions sector also includes the results of Idro Meccanica S.r.l., a company involved in the production of technologies and innovative systems for the compression of hydrogen, biomethane and natural gas.

Please see the "Segment Reporting" section of this Report for information by operating segment and by geographical area.

NON-CURRENT ASSETS

4.4.2. LAND, PROPERTY, PLANT, MACHINERY AND OTHER EQUIPMENT

The following is an analysis of changes in "Land, property, plant, machinery and other equipment" that took place during the first half of 2022:

(Thousands of Euro)

Net value	31/12/2021 restated	Idro Meccanica consolidation	Increases	Decreases	Amortisation	Other changes	30/06/2022
Land and buildings	1,575	80	144	0	-190	64	**1,673**
Plant and machinery	5,213	5	238	0	-730	416	**5,142**
Industrial and commercial equipment	5,986	6	224	-64	-966	231	**5,417**
Other tangible assets	1,346	0	127	-7	-245	95	**1,316**
Assets in progress and payments on account	857	0	510	-6	0	-533	**828**
Total	**14,977**	**91**	**1,243**	**-77**	**-2,131**	**273**	**14,376**

The following is an analysis of changes in “Land, property, plant, machinery and other equipment” that took place during the first half of 2023:

(Thousands of Euro)

Net value	31/12/2022	Increases	Decreases	Amortisation	Other changes	30/06/2023
Land and buildings	2,229	96	0	-207	13	**2,131**
Plant and machinery	4,942	298	-28	-549	104	**4,767**
Industrial and commercial equipment	5,202	853	-286	-1,050	152	**4,871**
Other tangible assets	1,067	382	47	-299	-14	**1,183**
Assets in progress and payments on account	575	134	0	0	-250	**459**
Total	**14,015**	**1,763**	**-267**	**-2,105**	**5**	**13,411**

Tangible assets showed an overall net decrease of Euro 604 thousand, from Euro 14,015 thousand at 31 December 2022 to Euro 13,411 thousand at 30 June 2023, after accounting for depreciation of Euro 2,105 thousand.

Increases for the half-year, amounting to Euro 1,763 thousand, primarily refer to the acquisition of moulds and new production lines.

The item “Assets in progress and payments on account”, totalling Euro 459 thousand as at 30 June 2023 (Euro 575 thousand as at 31 December 2022), primarily includes works for investments in the completion phase, in assets expected to be used in the production process in the coming months.

The column “Other changes” includes, aside from reclassifications of assets under construction completed during the period to the relative item, the conversion differences on assets held by companies abroad.

4.4.3. DEVELOPMENT EXPENDITURE

An analysis of changes in development expenditure during the first half of 2022 is shown in detail below:

(Thousands of Euro)

	31/12/2021 restated	Increases	Amortisation	Other changes	30/06/2022
Development costs	**12,222**	2,651	-3,510	69	**11,432**

An analysis of changes in development expenditure during the first half of 2023 is shown in detail below:

(Thousands of Euro)

	31/12/2022	Increases	Amortisation	Other changes	30/06/2023
Development costs	**11,141**	2,416	-3,203	-327	**10,027**

Development costs amounted to Euro 10,027 thousand (Euro 11,141 thousand at 31 December 2022) and include the costs incurred by the Group in relation to internal personnel and services provided by third parties, for projects meeting the requirements of IAS 38 to be capitalised.

Costs capitalised in the first half of 2023 totalled Euro 2,416 thousand (Euro 2,651 thousand at 30 June 2022).

Development expenditure in the first half of 2023 regarded: for the Green Transportation segment, the capitalisation of development costs for projects relating to new products for the OEM and After Market channels, as well as for the Heavy Duty segment; for the Clean Tech Solutions segment, hydrogen mobility and new hydrogen and biomethane products.

The analysis of the recoverability of the values recognised for development activities, which the Group attributes to specific projects, carried out by comparing the margins expected from sales of the products to which the above-mentioned costs refer, and the relative net carrying amounts at the date of 30 June 2023, did not bring to light any impairment.

4.4.4. GOODWILL

The item Goodwill totalled Euro 80,132 thousand and experienced no changes compared with 31 December 2022.

(Thousands of Euro)

CGU	30/06/2023	31/12/2022	Change
Green Transportation	47,863	47,863	0
Clean Tech Solutions	32,269	32,269	0
Total	**80,132**	**80,132**	**0**

In accordance with the requirements of IAS 36, the Group evaluated the possible existence of impairment indicators with reference to the consolidated financial statements closed as at 30 June 2023 in order to determine if it was necessary to perform the relative impairment test.The directors believe that the significant reduction in Green Transportation segment operating results compared with the Group's economic-financial budget for the year 2023 approved by the Landi Renzo S.p.A. Board of Directors on 2 March 2023 is to be considered a trigger event.Therefore, with the support of an independent external consultant engaged to this end, the directors tested the goodwill recognised in the Group's consolidated financial statements as at 30 June 2023 with reference to the Green Transportation CGU for impairment. However, as concerns the Clean Tech Solutions CGU, although the results as at 30 June 2023 did not meet expectations, for the second part of 2023 growth is expected in the economic (Adjusted EBITDA) and financial results with respect to the year 2022, confirming the medium-term targets established for the CGU in question.
As a result, at the date on which this half-yearly report as at 30 June 2023 was drafted, no indicators of impairment were identified that would require testing the recoverability of goodwill recognised in the financial statements with reference to the Clean Tech Solutions CGU.

Following up on what is set forth above, and to take into account the changed market environment, with reference to the Green Transportation CGU, the directors prepared the updated Group economic-financial budget for the second half of 2023 and the forecasts for the years 2024, 2025 and 2026.
For said impairment test, a terminal value was estimated which reflects the value of the goodwill of the Green Transportation CGU beyond the specific period, on the assumption that the companies will continue as a going concern. Expected cash flows refer to current operating conditions; therefore, they do not include cash flows linked with intervening

extraordinary events.

The recoverable value of goodwill was defined with respect to the value in use, intended as the current net value of operating cash flows, appropriately discounted according to the DCF (Discounted Cash Flow) method.

The discount rate was calculated as the weighted average cost of capital ("W.A.C.C."), net of taxes, determined as the weighted average between the cost of equity, calculated using the CAPM (Capital Asset Pricing Model) method, and the cost of debt. The rate, as required by IAS 36, was determined with reference to the operating risk of the sector and the financial structure of a sample of listed companies comparable to the Group in terms of risk profile and sector of activity.

The following aspects were taken into consideration to determine the discount rate:

- the approach which considers the country risk implicit in the risk free rate was used in determining the discount rate;
- the risk free rate was determined using as a reference the average return on 10-year US government bonds;
- the unlevered beta parameter and the market target financial structure used for the releveraging of that parameter were identified on the basis of a representative panel of comparable companies.

On the basis of the parameters set forth above, the risk-free rate is 3.62%, so the weighted average cost of capital (W.A.C.C.) relating to the Green Transportation CGU is therefore equal to 12.06% (11.77% as at 31 December 2022). The "g" growth rate is instead 3.13% (3.43% as at 31 December 2022).

The main sensitivity analyses performed, in order to provide specific indications on the changes in the basic assumptions which make the recoverable value equal to the carrying amount, are shown below.

(Millions of Euro)

	Surplus of recoverable value over the carrying amount	Break-even EBITDA	Discount rate including tax %
Green Transportation CGU	6.8	33.2	12.49%

The results, which were approved by the Board of Directors of the Parent Company on 11 September 2023, did not bring to light any impairment losses.

Furthermore, the stock market capitalisation value of Landi Renzo S.p.A. at 30 June 2023 amounted to Euro 123.1 million and taking into account share performance until 11 September 2023, which was stably higher than the value of the consolidated shareholders' equity, please note that no indicators of impairment emerged in that context.

4.4.5. OTHER INTANGIBLE ASSETS WITH FINITE USEFUL LIVES

Changes in other intangible assets with finite useful lives that occurred during the first half of 2022 are shown in detail below:

(Thousands of Euro)

	31/12/2021 restated	Idro Meccanica consolidation	Increases	Amortisation	Other changes	30/06/2022
Other intangible assets with finite useful lives	**19,543**	2	135	-1,326	190	**18,544**

Changes in other intangible assets with finite useful lives that occurred during the first half of 2023 are shown in detail below:

(Thousands of Euro)

	31/12/2022	Increases	Amortisation	Other changes	30/06/2023
Other intangible assets with finite useful lives	**17,263**	211	-1,495	152	**16,131**

Other intangible assets with finite useful lives decreased from Euro 17,263 thousand at 31 December 2022 to Euro 16,131 thousand at 30 June 2023, and include licences relating to specific applications and software supporting research and development activities, in addition to the acquisition of management programme licences and the net value of trademarks owned by the Group, such as Lovato, AEB, SAFE, Metatron and other minor ones. These trademarks are currently in use, and are entered in the consolidated accounts according to the fair value at the time of purchase according to evaluations made by independent professionals, net of the accumulated amortisation. These values are amortised over up to 20 years, the period deemed to represent the useful lifetime of the trademarks.
The decrease during the period, equal to Euro 1,132 thousand, is mainly due to amortisation during the half-year.

4.4.6. RIGHT-OF-USE ASSETS

Changes in right-of-use assets that occurred during the first half of 2022 are shown in detail below:

(Thousands of Euro)

	31/12/2021 restated	Idro Meccanica consolidation	Increases	Amortisation	Other changes	30/06/2022
Buildings	10,878	0	4,474	-1,511	242	**14,083**
Plant and machinery	598	0	0	-57	47	**588**
Motor vehicles	515	25	106	-189	-23	**434**
Total	**11,991**	**25**	**4,580**	**-1,757**	**266**	**15,105**

Changes in right-of-use assets that occurred during the first half of 2023 are shown in detail below:

(Thousands of Euro)

	31/12/2022	Increases	Amortisation	Other changes	30/06/2023
Buildings	12,741	1,093	-1,493	13	**12,354**
Plant and machinery	498	0	-50	43	**491**
Motor vehicles	379	248	-167	0	**460**
Total	**13,618**	**1,341**	**-1,710**	**56**	**13,305**

Increases are essentially represented by new contracts on the building used as a warehouse in San Polo (RE) and a new warehouse in China, as well as recurring new long-term company vehicle lease agreements.

4.4.7. EQUITY INVESTMENTS MEASURED USING THE EQUITY METHOD

This item, equal to Euro 2,487 thousand, includes the value of the equity investments measured using the equity method.

(Thousands of Euro)

Equity investments measured using the equity method	31/12/2022	Increases	Decreases	30/06/2023
Krishna Landi Renzo India Private Ltd Held	2,496	0	-9	2,487
Total	**2,496**	**0**	**-9**	**2,487**

4.4.8. OTHER NON-CURRENT FINANCIAL ASSETS

This item breaks down as follows:

(Thousands of Euro)

Other non-current financial assets	30/06/2023	31/12/2022	Change
Loan to Krishna Landi Renzo	600	600	0
Guarantee deposits	402	220	182
Other financial assets	25	27	-2
Total	**1,027**	**847**	**180**

Other non-current financial assets, amounting to Euro 1,027 thousand (Euro 847 thousand at 31 December 2022), primarily include the Euro 600 thousand loan disbursed in 2020 by the Parent Company to the joint venture KLR in order to finance current operations; this 5-year loan bears half-yearly interest at market rates.

4.4.9. OTHER NON-CURRENT ASSETS

Other non-current assets, totalling Euro 1,710 thousand (unchanged compared with 31 December 2022), include the portion beyond the financial year of the receivable from AVL Italia S.r.l. relating to the sale of the business unit regarding the part of the Technical Centre intended for laboratory management, the contract of which stipulates the receipt of 10 annual instalments and the charging of interest on the residual receivable at the end of each financial year.

4.4.10. DEFERRED TAX ASSETS

This item is shown in detail below (thousands of Euro):

(Thousands of Euro)

Offsettable deferred tax assets and liabilities	30/06/2023	31/12/2022	Change
Deferred tax assets	10,675	15,708	-5,033
Deferred tax liabilities	-1,456	-1,599	143
Total net deferred tax assets	**9,219**	**14,109**	**-4,890**

Net deferred tax assets, totalling Euro 9,219 thousand (Euro 14,109 thousand at 31 December 2022), related to both temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax values recognised, and to the losses from the national tax consolidation scheme deemed to be recoverable on the basis of the company plans, the realisation of which is subject to the intrinsic risk of non-implementation inherent in its provisions.

With reference to tax losses, the management, assisted by its tax advisors, updated the analyses aimed at verifying the recoverability of deferred tax assets, based on the update of the Group's economic and financial budget for the second half of 2023 and forecasts for the years 2024, 2025 and 2026.

These analyses highlighted that in the 2023-2026 time period, deferred tax assets are unused in relation to tax losses previously recognised for Euro 5,860 thousand and, as a result, the item was written down by the same amount.

4.4.11. ASSETS FOR DERIVATIVE FINANCIAL INSTRUMENTS

The item includes the fair value measurement of financial derivative contracts signed by the Group, recognised under hedge accounting, i.e. with a contra-entry in other comprehensive income, as they meet the requirements laid out in IFRS 9.

The Company entered into financial derivative contracts (IRSs) during the year, to cover, for a duration of 3 years, with maturity on 30 September 2023, 100% of the credit lines of the six-year Euro 21 million loan 90% backed by the SACE guarantee, with a pre-amortisation period of two years.

The Company also entered into financial derivative contracts (IRSs) to cover 70% of the main credit lines of the pool loan of Euro 52 million taken out in November 2022.

The breakdown and changes in non-current derivative financial instruments are shown below:

(Thousands of Euro)

Assets for derivative financial instruments	Fair value hierarchy	Notional	30/06/2023	31/12/2022	Change
Derivatives on interest rates					
Loans	2	37,338	372	103	269
Total			**372**	**103**	**269**

CURRENT ASSETS

4.4.12. TRADE RECEIVABLES

Trade receivables, stated net of the related write-down reserve, are shown divided by geographical area below:

(Thousands of Euro)

Trade receivables by geographical area	30/06/2023	31/12/2022	Change
Italy	12,966	12,420	546
Europe (excluding Italy)	21,612	23,219	-1,607
America	14,542	19,490	-4,948
Asia and Rest of the World	26,358	28,183	-1,825
Provision for bad debts	-10,385	-9,753	-632
Total	**65,093**	**73,559**	**-8,466**

Trade Receivables totalled Euro 65,093 thousand, net of the Provision for Bad Debts equal to Euro 10,385 thousand, compared with Euro 73,559 thousand at 31 December 2022.

Total transactions for the assignment of trade receivables through factoring without recourse, for which the corresponding receivables were derecognised, amounted to Euro 18.1 million (Euro 16.1 million at 31 December 2022).

There are no non-current trade receivables or receivables secured by collateral guarantees.

Receivables from related parties totalled Euro 9,128 thousand (Euro 6,855 thousand at 31 December 2022) and related to supplies of goods to the Joint Venture Krishna Landi Renzo India Private Ltd Held, the Joint Venture EFI Avtosanoat-

Landi Renzo LLC and the Pakistani company AutoFuels as well as the companies Clean Energy, Clean Energy Fuels, Clean Energy Fueling Services, Wyoming Northstar Inc and NG Advantage LLC. All the related transactions are carried out at arm's length conditions.

The provision for bad debts, which was calculated using analytical criteria on the basis of the data available and, in general, of the historical trend, changed as follows:

(Thousands of Euro)

Provision for bad debts	31/12/2022	Allocation	Uses	Other changes	30/06/2023
Provision for bad debts	9,753	869	-13	-224	10,385

The provisions recognised during the year, necessary in order to adjust the carrying amount of the receivables to their assumed recovery value, amounted to Euro 869 thousand (compared with Euro 563 thousand at 30 June 2022) and were allocated by the management by updating the assessments concerning the recoverability of Group receivables on the basis of information relating to the half-year.
The column “Other changes” includes translation differences.

The following table provides information on the maximum credit risk divided by past due credit classes, gross of the bad debt provision:

(Thousands of Euro)

			Past due		
	Total	Not past due	0-30 days	30-60 days	60 and beyond
Trade receivables at 30/06/2023	75,478	42,666	6,208	3,064	23,540
Trade receivables at 31/12/2022	83,312	52,124	6,623	3,084	21,481

4.4.13. INVENTORIES

This item breaks down as follows:

(Thousands of Euro)

Inventories	30/06/2023	31/12/2022	Change
Raw materials and parts	53,714	49,469	4,245
Work in progress and semi-finished products	19,145	17,867	1,278
Finished products	20,364	20,902	-538
Inventory write-down reserve	-12,167	-11,558	-609
Total	**81,056**	**76,680**	**4,376**

Closing inventories totalled Euro 81,056 thousand, net of the inventory write-down reserve of Euro 12,167 thousand, an increase of Euro 4,376 thousand compared with 31 December 2022, primarily due to purchases of electronic components and other strategic components, aimed at maintaining adequate production in light of demand within a context of procurement difficulties connected to the shortage of raw materials in the market.

The Group estimated the size of the inventory write-down reserve so as to take account of the risks of technical obsolescence of inventories and to align the book value with their assumed recovery value. At 30 June 2023, this item amounted to Euro 12,167 thousand (Euro 11,558 thousand at 31 December 2022).

4.4.14. CONTRACT WORK IN PROGRESS

The item, totalling Euro 14,966 thousand (Euro 20,429 thousand as at 31 December 2022), refers in full to Clean Tech Solutions segment contracts in progress at 30 June 2023, stated using the percentage of completion method with the cost to cost criterion. The significant decline is due to the natural completion of a number of projects which, as a result, were reclassified to sales revenues.

4.4.15. OTHER RECEIVABLES AND CURRENT ASSETS

This item breaks down as follows:

(Thousands of Euro)

Other receivables and current assets	30/06/2023	31/12/2022	Change
Tax assets	8,349	9,106	-757
Receivables from others	5,826	6,765	-939
Accruals and deferrals	3,117	1,277	1,840
Total	**17,292**	**17,148**	**144**

Tax assets consist primarily of VAT recoverable from the tax authorities for Euro 4,930 thousand and income tax credit of Euro 2,920 thousand.
The item “Receivables from others” refers to payments on account, credit notes to be received, other receivables and the short-term receivable from AVL Italia S.r.l. relating to the aforementioned sale of the company branch for a total of Euro 570 thousand, as well as the related accrued interest. This item also includes the receivable of Euro 1,025 from the Polish tax authorities for a VAT refund requested, against which an equivalent provision was recognised in the item “Provisions for risks and charges”.
Accruals and deferrals relate mainly to prepaid expenses for long-term business services, insurance premiums, leases, association fees and hardware/software maintenance fees paid in advance, in addition to costs incurred in advance on commercial projects which will have economic benefits starting from next half-year.

4.4.16. CURRENT FINANCIAL ASSETS

(Thousands of Euro)

Current financial assets	30/06/2023	31/12/2022	Change
Short-term time deposit	25,000	0	25,000
Assets for derivative financial instruments	161	412	-251
Total	**25,161**	**412**	**24,749**

On 27 April 2023, the parent company, against cash and cash equivalents in current accounts, entered into a money market transaction with a leading banking institution in the form of a short-term "time deposit", in the amount of Euro 25,000 thousand, for which specific remuneration is established.

The breakdown and changes in current derivative financial instruments are shown below:

(Thousands of Euro)

Assets for derivative financial instruments	Fair value hierarchy	Notional	30/06/2023	31/12/2022	Change
Derivatives on interest rates					
Loans	2	21,000	161	412	-251
Total			**161**	**412**	**-251**

The item includes the fair value measurement of financial derivative contracts signed by the Group, recognised under hedge accounting, i.e. with a contra-entry in other comprehensive income, as they meet the requirements laid out in IFRS 9.

The Company entered into financial derivative contracts (IRSs) during the year, to cover, for a duration of 3 years, with maturity on 30 September 2023, 100% of the credit lines of the six-year Euro 21 million loan 90% backed by the SACE guarantee, with a pre-amortisation period of two years.

The Company also entered into financial derivative contracts (IRSs) to cover 70% of the main credit lines of the pool loan of Euro 52 million taken out in November 2022.

4.4.17. CASH AND CASH EQUIVALENTS

This item, consisting of the positive balances of bank current accounts and cash in hand in both Euro and foreign currency, is shown in detail below:

(Thousands of Euro)

Cash and cash equivalents	30/06/2023	31/12/2022	Change
Bank and post office accounts	24,626	62,510	-37,884
Cash	408	458	-50
Total	**25,034**	**62,968**	**-37,934**

Cash and cash equivalents totalled Euro 25,034 thousand (Euro 62,968 thousand at 31 December 2022). For analysis of the production and absorption of cash during the half-year, please refer to the Consolidated Statement of Cash Flows. The credit risk relating to Cash and cash equivalents is therefore deemed to be limited since the deposits are split over primary national and international banking institutions.

4.4.18. SHAREHOLDERS' EQUITY

The following table provides a breakdown of shareholders' equity items:

(Thousands of Euro)

Shareholders' equity	30/06/2023	31/12/2022	Change
Share capital	22,500	22,500	0
Other reserves	79,101	91,698	-12,597
Profit (loss) for the period	-20,955	-14,281	-6,674
Total Shareholders' equity of the Group	**80,646**	**99,917**	**-19,271**
Capital and Reserves attributable to minority interests	6,516	5,953	563
Profit (loss) attributable to minority interests	21	14	7
Total minority interests	**6,537**	**5,967**	**570**
Total consolidated equity	**87,183**	**105,884**	**-18,701**

The share capital stated as at 30 June 2023 is the fully subscribed and paid-up share capital of the company Landi Renzo S.p.A. which is equal to a nominal Euro 22,500 thousand, subdivided into a total of 225,000,000 shares, with a nominal value equal to Euro 0.10.

Consolidated shareholders' equity at 30 June 2023 shows a negative variation of Euro 18,701 thousand compared with 31 December 2022, mainly due to the loss for the period. For further details on the changes compared with 31 December 2022, please refer to the Consolidated Statement of Changes in Equity.

The other reserves are shown in detail below:

(Thousands of Euro)

Other reserves	30/06/2023	31/12/2022	Change
Statutory reserve	2,250	2,250	0
Extraordinary and Other Reserves	24,013	22,329	1,684
Share Premium Reserve	52,838	67,119	-14,281
Total Other Reserves of the Group	**79,101**	**91,698**	**-12,597**

The balance of the Statutory Reserve totalled Euro 2,250 thousand and remains unchanged since it has reached one fifth of the share capital.

The Extraordinary Reserve and the other reserves refer to the results recorded by the Parent Company and by the subsidiary companies in the preceding years and increased by Euro 1,684 thousand as a result of the following changes:

- change in the translation reserve for a positive amount of Euro 1,598 thousand;
- the recognition, according to hedge accounting rules, of financial derivative contracts for a positive Euro 36 thousand;
- other changes connected with the application of IAS 19 on employee benefits for a positive total of Euro 79 thousand.
- change in shareholders' equity of equity investments for a total negative amount of Euro 29 thousand.

The Share Premium Reserve amounted to Euro 52,838 thousand and decreased following its partial use to cover the loss for the year 2022 of the Parent Company.

The minority interest represents the share of equity and result for the year attributable to minority interests of companies not owned in full by the Group.

NON-CURRENT LIABILITIES

4.4.19. NON-CURRENT BANK LOANS

This item breaks down as follows:

(Thousands of Euro)

Non-current bank loans	30/06/2023	31/12/2022	Change
Loans and financing	11,296	8,169	3,127
Total	**11,296**	**8,169**	**3,127**

With regard to the financial covenants set forth in those contracts (NFP/EBITDA), please note that there was an overrun of the contractual level of the covenants at 30 June 2023.

With reference to the financial covenants (NFP/EBITDA) set forth in certain agreements entered into with financial institutions, please note that: (i) the contractual financial covenants had not been respected at 30 June 2023; (ii) as a result, for presentation in these financial statements according to IAS/IFRS, the payables to credit institutions on which there are financial covenants were reclassified in full to liabilities maturing in the short term for a total value of Euro 68,187 thousand; (iii) the directors initiated negotiations with the banking sector aimed at obtaining the relative waivers; in this regard, the directors in this context, the directors shared with the financing banks the documents presenting the economic and financial performance of the Group for the year 2023 (both for the data referring to the first half of the year and for the prospective data for the second half of 2023). These forecasts were subjected to analyzes by a leading consultancy firm in order to evaluate their coherence, reasonableness and sustainability; (iv) the aforementioned documents were provided to the banking sector, which on 11 September issued related waiver letters which provided for the consent to the one-off exemption from compliance with the financial parameters (holiday period) with reference to the date of calculation of the 30 June and 31 December 2023.
For a full presentation of the events, please also refer to the “Significant events after the reporting period and business outlook” section of the Directors’ Report.

The amount of “non-current bank loans” at 30 June 2023, totalling Euro 11,296 thousand, therefore refers to payable positions of the SAFE&CEC Group, the Metatron Group and other subsidiaries. The increase of Euro 3,127 is essentially due to a new loan granted to the SAFE&CEC Group.

The structure of the debt is exclusively at a variable rate indexed to the Euribor and increased by a spread aligned with the normal market conditions, partially hedged by financial derivatives; the debt currency is in the Euro.
The borrowing currency is the Euro, except for the loan provided in United States dollars by the Bank of the West, totalling USD 4 million. The loans are not secured by real collateral and there are no clauses other than the early payment clauses normally envisaged by commercial practice.

The annual repayment plan for loans and financing, based on the balances at 30 June 2023, is shown below.

(Thousands of Euro)

Maturities	Loans and financing
2023 (H2)	100,829
2024 (H1)	1,897
Amortised cost	-675
Bank financing and short-term loans	**102,051**
2024 (H2)	1,437
2025	2,748
2026	1,679
2027	1,000
2028	750
2029 and beyond	3,682
Amortised cost	0
Non-current bank loans	**11,296**
Total	**113,347**

4.4.20. OTHER NON-CURRENT FINANCIAL LIABILITIES

At 30 June 2023, other non-current financial liabilities totalled Euro 21,452 thousand (Euro 24,456 thousand at 31 December 2022) and relate:

- For Euro 13,641 thousand (net of the amortised cost) to the non-current share of the loan taken out in March 2022 by Landi Renzo S.p.A. from Invitalia (Agenzia Nazionale per l'Attrazione degli Investimenti e lo sviluppo di impresa SpA) with a duration of 5 years - of which one year of pre-amortisation - at a facilitated rate, drawn on the Fund Supporting Large Companies in difficulty - art. 37 of Italian Decree-Law no. 41/2021, Italian Interministerial Decree of 5 July 2021 and Italian Executive Decree of 3 September 2021;
- for Euro 6,048 thousand (net of the amortised cost) to the bond issued on 30 December 2021 by the subsidiary SAFE S.p.A. and subscribed by Finint, for a value of Euro 7 million and intended to finance the acquisition of 100% of the share capital of Idro Meccanica S.r.l.;
- for Euro 1,050 thousand to the loans disbursed by Simest to the parent company Landi Renzo S.p.A. and the subsidiaries SAFE S.p.A. and Metatron S.p.A. during 2021;
- for Euro 713 thousand to the non-current portion of the financial payable of the subsidiary IMW Canada to the

lessor of the Canadian plant for improvements made by that lessor on the building in which the company carries on business;

The annual repayment plan of other financial liabilities, based on the balances at 30 June 2023, is shown below.

(Thousands of Euro)

Maturities	Other borrowings
H2 2023	1,943
H1 2024	2,998
Other current financial liabilities	**4,941**
H2 2024	3,048
2025	5,994
2026	5,995
2027	6,055
2028 and beyond	436
Amortised cost	-76
Other non-current financial liabilities	**21,452**
Total	**26,393**

4.4.21. NON-CURRENT LIABILITIES FOR RIGHTS OF USE

This item breaks down as follows:

(Thousands of Euro)

	31/12/2022	Increases	Repayments	Other changes	30/06/2023
Buildings	13,578	1,093	-1,226	-210	13,235
Plant and machinery	523	0	0	-3	520
Motor vehicles	409	248	-165	-8	484
Total	**14,510**	**1,341**	**-1,391**	**-221**	**14,239**
of which current	3,196				3,140
of which non-current	11,314				11,099

4.4.22. PROVISIONS FOR RISKS AND CHARGES

This item breaks down as follows:

(Thousands of Euro)

Provisions for risks and charges	31/12/2022	Allocation	Utilisation	Other changes	30/06/2023
Provision for product warranties	3,616	2,771	-1,483	14	4,918
Provision for lawsuits in progress	104	200	0	2	306
Provisions for pensions	662	0	-599	-3	60
Other provisions	1,102	186	37	-2	1,323
Total	**5,484**	**3,157**	**-2,045**	**11**	**6,607**

The item “Provision for product warranties” includes the best estimate of the costs related to the commitments that the Group companies have incurred as an effect of legal or contractual provisions, in relation to the expenses connected with providing product warranties for a fixed period of time starting from the sale thereof. This estimate was calculated with reference to the historical data of the Group, on the basis of specific contractual content. At 30 June 2023 this provision totalled Euro 4,918 thousand, after allocations of Euro 2,771 thousand. Uses of the provision for risks of the provision for product warranties, totalling Euro 1,483 thousand, are due to the coverage of warranty costs correlated with supplies provided in previous years.
As regards the Provision for product warranties recognised, please note that during the period an extraordinary allocation of Euro 1,913 thousand was made for potential risks for service campaigns on OEM components for product warranties.
The use of Euro 599 thousand from the Provisions for pensions regarded the payment of the end of service benefits established contractually in the acquisition of Idro Meccanica by SAFE.

4.4.23. DEFINED BENEFIT PLANS FOR EMPLOYEES

This item includes employee severance indemnity (TFR) funds set up in compliance with the regulations in force. The following is the overall change in defined benefit plans for employees:

(Thousands of Euro)

Defined benefit plans for employees	31/12/2022	Allocation	Utilisation	Other changes	30/06/2023
Employee post-employment benefits	3,413	790	-1,019	-89	3,095

Uses totalling Euro 1,019 thousand refer to amounts paid to employees who left their post, while the “Other Changes” column relates to adjustment of the DBO (Defined Benefit Obligation) according to IAS 19.

Actuarial assumptions used for valuations	30/06/2023
Demographic table	SIM2019 / SIF2019
Discount rate (Euro Swap)	3.60%
Probability of request for advance	1.10%
Expected % of employees who will resign before pension	6.30%
Maximum % of TFR (employee severance indemnity) requested in advance	70.00%
Annual cost of living increase rate	2.60%

4.4.24. DEFERRED TAX LIABILITIES

At 30 June 2023, deferred tax liabilities that did not meet the offsetting requirements for the purposes of IAS 12 totalled Euro 2,931 thousand (Euro 2,910 thousand at 31 December 2022), with a decrease of Euro 21 thousand.

(Thousands of Euro)

Offsettable deferred tax liabilities and assets	30/06/2023	31/12/2022	Change
Deferred tax liabilities	2,931	2,910	21
Deferred tax assets	0	0	0
Total net deferred tax liabilities	**2,931**	**2,910**	**21**

Deferred tax liabilities relate primarily to temporary differences between the carrying amounts of certain intangible assets and the values recognised for tax purposes.

CURRENT LIABILITIES

4.4.25. BANK FINANCING AND SHORT-TERM LOANS

This item breaks down as follows:

(Thousands of Euro)

Bank financing and short-term loans	30/06/2023	31/12/2022	Change
Advances, import fin. and other current bank payables	29,218	27,559	1,659
Loans and financing	73,508	76,752	-3,244
Amortised cost	-675	-682	7
Total	**102,051**	**103,629**	**-1,578**

“Bank financing and short-term loans”, totalling Euro 102,051 thousand (Euro 103,629 thousand at 31 December 2022), consists of the current portion of existing unsecured loans and financing and of the utilisation of short-term commercial credit lines.

As mentioned above, as the financial covenants had not been respected at 30 June 2023, the payables to credit institutions on which there are financial covenants were reclassified in full to liabilities maturing in the short term in these financial statements, in accordance with IAS/IFRS, for a total value of Euro 68,187 thousand.

If such letters of consent had been received by year-end close, Current loans and financing as at 30 June 2023 would have amounted to Euro 5,389 thousand.

4.4.26. OTHER CURRENT FINANCIAL LIABILITIES

This item, totalling Euro 4,941 thousand (Euro 3,956 thousand at 31 December 2022), includes primarily:

- Euro 3,891 (net of the amortised cost) for the current portion of the Invitalia loan;
- Euro 875 thousand for the current portion of the bond issued on 30 December 2021 by the subsidiary SAFE S.p.A. and subscribed by Finint, for a value of Euro 7 million and intended to finance the acquisition of 100% of the share capital of Idro Meccanica S.r.l.;
- Euro 45 thousand relating to the current portion of the financial payable of Landi Renzo S.p.A. on a loan disbursed by Simest;
- Euro 60 thousand relating to the current portion of the financial payable of Metatron S.p.A. on a loan disbursed by

Simest;

- Euro 70 thousand for the current portion of the financial payable of the subsidiary IMW Canada to the lessor of the Canadian plant for improvements made by that lessor on the building in which the company carries on business;

4.4.27. CURRENT LIABILITIES FOR RIGHTS OF USE

This item amounted to Euro 3,140 thousand (Euro 3,196 thousand at 31 December 2022) and relates to the current portion of right-of-use payables recognised in the financial statements following the application of the new international accounting standard IFRS 16 - Leases.

4.4.28. TRADE PAYABLES

Trade payables can be analysed by geographical segment as follows:

(Thousands of Euro)

Trade payables by geographical area	30/06/2023	31/12/2022	Change
Italy	71,617	72,966	-1,349
Europe (excluding Italy)	13,736	14,825	-1,089
America	4,789	6,511	-1,722
Asia and Rest of the World	4,412	3,731	681
Total	**94,554**	**98,033**	**-3,479**

Trade payables totalled Euro 94,554 thousand, with a decrease of Euro 3,479 thousand compared with 31 December 2022.
Trade payables to related parties are Euro 1,109 thousand and mainly refer to relations with the companies Gireimm S.r.l. and Gestimm S.r.l. for property lease payments and with Krishna Landi Renzo Priv. Ltd for services rendered. All the related transactions are carried out at arm's length conditions.

4.4.29. TAX LIABILITIES

At 30 June 2023 tax liabilities, consisting of total amounts payable to the Tax Authorities of the individual States in which the companies of the Group are located, totalled Euro 2,386 thousand, compared with Euro 3,697 thousand at 31 December 2022.

4.4.30. OTHER CURRENT LIABILITIES

This item breaks down as follows:

(Thousands of Euro)

Other current liabilities	30/06/2023	31/12/2022	Change
Payables to welfare and social security institutions	2,314	2,274	40
Other payables (payables to employees, to others)	9,042	8,445	597

Advance payments	11,960	19,041	-7,081
Accrued expenses and deferred income	2,372	2,729	-357
Total	**25,688**	**32,489**	**-6,801**

Other current liabilities amount to Euro 25,688 thousand, a decrease of Euro 6,801 thousand compared with 31 December 2022.

The decrease essentially refers to the item Advance payments in the Clean Tech Solutions segment deriving from the completion of contract work in progress.

INCOME STATEMENT

4.4.31. REVENUES

(Thousands of Euro)

Revenues from sales and services	30/06/2023	30/06/2022	Change
Revenues related to the sale of assets	149,210	140,980	8,230
Revenues for services and other revenues	2,595	3,466	-871
Total	**151,805**	**144,446**	**7,359**

During the first half of 2023, the Landi Renzo Group achieved revenues of Euro 151,805 thousand, an increase of Euro 7,359 thousand compared with the same six months of the previous year.

As already described in the first part of this document, the increase in revenue compared with the first half of 2022 was driven by sales in the Green Transportation segment, and in particular by the OEM segment.

Revenues from related parties totalling Euro 11,755 thousand refer to supplies of goods and services to the Joint Venture Krishna Landi Renzo India Private Ltd as well as the supply of goods to the following companies: Clean Energy, Clean Energy Fueling Services, Clean Energy Fuels, Wyoming Northstar Inc and NG Advantage LLC.

4.4.32. OTHER REVENUES AND INCOME

This item breaks down as follows:

(Thousands of Euro)

Other revenues and income	30/06/2023	30/06/2022	Change
Grants	675	195	480
Other income	349	289	60
Total	**1,024**	**484**	**540**

“Other revenues and income” totalled Euro 1,024 thousand (Euro 484 thousand at 30 June 2022) and mainly relate to grants.

4.4.33. COSTS OF RAW MATERIALS, CONSUMABLES AND GOODS

This item breaks down as follows:

(Thousands of Euro)

Cost of raw materials, consumables and goods and change in inventories	30/06/2023	30/06/2022	Change
Raw materials and parts	60,442	50,324	10,118
Finished products intended for sale	32,081	36,072	-3,991
Other materials and equipment for use and consumption	1,882	1,553	329
Total	**94,405**	**87,949**	**6,456**

The total costs for purchases of raw materials, consumables and goods (including the change in inventories) amount to Euro 94,405 thousand (Euro 87,949 thousand at 30 June 2022), an increase of Euro 6,456 thousand compared with 30 June 2022.

4.4.34. COSTS FOR SERVICES AND USE OF THIRD-PARTY ASSETS

This item breaks down as follows:

(Thousands of Euro)

Costs for services and use of third-party assets	30/06/2023	30/06/2022	Change
Industrial and technical services	17,839	17,507	332
Commercial, general and administrative services	8,203	8,322	-119
Non-recurring strategic consultancy	1,549	355	1,194
Costs for use of third-party assets	795	652	143
Total	**28,386**	**26,836**	**1,550**

Costs for services and use of third-party assets amounted to Euro 28,386 thousand (Euro 26,836 thousand at 30 June 2022) with an increase of Euro 1,550 thousand and are inclusive of non-recurring costs relating to strategic consultancy (Euro 1,549 thousand).

The residual amount of costs for use of third-party assets in the income statement mainly relates to contracts eligible for the simplification options established by the standard, i.e. those relating to low-value assets or with a duration of 12 months or less.

4.4.35. PERSONNEL EXPENSES

This item breaks down as follows:

(Thousands of Euro)

Personnel costs	30/06/2023	30/06/2022	Change
Wages and salaries, social security contributions and expenses for defined benefit plans	21,469	19,776	1,693
Temporary agency work and transferred work	3,056	2,334	722
Directors' remuneration	347	351	-4
Non-recurring personnel costs and expenditure	252	54	198
Total	**25,124**	**22,515**	**2,609**

Personnel costs totalled Euro 25,124 thousand, an increase compared with the previous half-year (Euro 22,515 thousand). This growth resulted from greater recourse to temporary labour due to the increase in production during the period and the strengthening of the Group's management structure through new professional figures.
Non-recurring personnel costs mainly relate the voluntary retirement incentives agreed upon with employees.

The Group continues to heavily invest in highly specialised resources to support the increasing research and development performed for new products and solutions, capitalised when they meet the requirements laid out in IAS 38.

4.4.36. ACCRUALS, WRITE-DOWNS AND OTHER OPERATING EXPENSES

Allocations, write-downs and other operating expenses totalled Euro 5,226 thousand (Euro 2,322 thousand at 30 June 2022), up primarily due to an extraordinary provision of Euro 1,913 thousand relating to possible costs for service campaigns with respect to OEM customers (in addition to the normal provision, directly correlated with volumes sold) and higher provisions for bad debts determined by updating, on the basis of second quarter information, assessments concerning the recoverability of receivables.

4.4.37. AMORTISATION, DEPRECIATION AND IMPAIRMENT

This item breaks down as follows:

(Thousands of Euro)

Amortisation, depreciation and impairment	30/06/2023	30/06/2022	Change
Amortisation of intangible assets	4,696	4,836	-140
Depreciation of tangible assets	2,105	2,131	-26
Depreciation of rights of use	1,710	1,757	-47
Total	**8,511**	**8,724**	**-213**

Amortisation and depreciation amounted to Euro 8,511 thousand (Euro 8,724 thousand at 30 June 2022). No elements emerged from the analysis which revealed the need to change the useful lifetime of tangible and intangible assets.

4.4.38. FINANCIAL INCOME

Financial income totalled Euro 447 thousand (Euro 55 thousand at 30 June 2022) and refers to interest income on bank deposits.

4.4.39. FINANCIAL EXPENSES

Financial expenses at 30 June 2023 amounted to Euro 5,399 thousand (Euro 3,531 thousand at 30 June 2022) and include bank interest charges, interest on loans, interest on non-recourse factoring, actuarial losses deriving from the discounting of the TFR (employee severance indemnity) reserve and bank charges, in addition to the financial effect arising from the adoption of IFRS 16 - Leases (Euro 245 thousand). Financial expenses rose compared with the same period of the previous year as a consequence of higher interest rates and conditions on bank borrowing after the year 2022 characterised by rates which in some cases were even negative.

4.4.40. EXCHANGE GAINS AND LOSSES

The net exchange differences amounted to Euro -1,836 thousand (positive Euro 826 thousand at 30 June 2022), mainly due to valuation losses, in particular due to the depreciation of Latam area currencies.
At 30 June 2023, the Group did not have financial instruments hedging exchange rate risk.

4.4.41. INCOME (EXPENSES) FROM EQUITY INVESTMENTS

Expenses from equity investments amounting to Euro 27 thousand (Euro -138 thousand as at 30 June 2022) consist of the adjustment of the payable to the minority shareholders of the Chinese company Metatron Shanghai for put & call options.

4.4.42. INCOME (EXPENSES) FROM EQUITY INVESTMENTS MEASURED USING THE EQUITY METHOD

This item, totalling a positive Euro 20 thousand (a positive Euro 143 thousand as at 30 June 2022), includes the valuation using the equity method of the joint venture Krishna Landi Renzo.

4.4.43. TAXES

Taxes at 30 June 2023 totalled Euro -5,316 thousand, compared with a negative Euro 557 thousand at 30 June 2022. The change is basically due to the write-down of Euro 5,860 thousand recognised in the second quarter of 2023 due to an analysis regarding the recoverability of deferred tax assets on the basis of the expected results of the coming years. The Parent Company and Metatron S.p.A. prudently did not recognise deferred tax assets against losses recorded during the half.

4.4.44. EARNINGS (LOSS) PER SHARE

The "basic" earnings/loss per share were calculated by relating the net profit/loss of the Group to the weighted average number of ordinary shares in circulation in the period (225,000,000). The "basic" earnings per share, which correspond to the "diluted" earnings (loss) per share since there are no convertible bonds or other financial instruments with possible diluting effects, are Euro -0.0931. The earnings per share for the first half of 2022 were Euro -0.0607.

OTHER INFORMATION

4.4.45. ANALYSIS OF THE MAIN DISPUTES IN PROGRESS

At 30 June 2023, the Group was involved in proceedings, brought both by and against it, for non-significant amounts.

4.4.46. TRANSACTIONS WITH RELATED PARTIES

The Landi Renzo Group deals with related parties at conditions considered to be arm's length on the markets in question, taking account of the characteristics of the goods and the services supplied.

Transactions with related parties include:

- the service contracts between Gireimm S.r.l. and Landi Renzo S.p.A. for rent of the property used as the operational headquarters of the Parent Company located in the town of Corte Tegge – Cavriago (RE);
- the service contracts between Gestimm S.r.l., a company in which a stake is held through the parent company Girefin S.p.A., and the company Landi Renzo S.p.A. for rent of the production plant on Via dell'Industria in Cavriago (RE);
- the service contracts between Gireimm S.r.l. and SAFE S.p.A. for rent of the property used as the operational headquarters of the company located in San Giovanni in Persiceto;
- the service contracts between Reggio Properties LLC, a company in which a stake is held through the parent company Girefin S.p.A., for the rents on properties used by the US company;
- supply of goods and services to the joint venture Krishna Landi Renzo India Private Ltd Held and to the joint venture EFI Avtosanoat-Landi Renzo LLC;
- the loan granted by Landi Renzo S.p.A. and Krishna Landi Renzo India Private Ltd Held;
- the receivables from Autofuels deriving from relationships for the supply of goods.
- the relationships for the supply of goods with the companies Clean Energy Fueling Services Corp, Clean Energy US, Wyoming Northstar Inc DBA and NG Advantage LLC.

The following table summarises the relationships with related parties:

Company	Sales revenues	Revenues for services and other revenues	Purchase of finished products	Costs for use of third-party assets	Costs for services	(Expense) / Income from JVs measured using the equity method	Financial (expense) / income	Receivables	Payables	Loans
Gestimm S.r.l.	0	0	0	351	0	0	0	0	247	0
Krishna Landi Renzo India Priv. Ltd	1,350	862	0	0	0	0	9	5,016	297	600
Efi Avtosanoat	0	0	0	0	0	0	0	443	0	0
Reggio Properties LLC	0	0	0	60	0	0	0	0	10	0
Gireimm S.r.l.	0	0	0	704	0	0	0	0	555	0
Autofuels	0	0	0	0	0	0	0	135	0	0
Clean Energy Fueling Services Corp	779	0	0	0	0	0	0	209	0	0
Clean Energy US	9,510	0	0	0	0	0	0	3,305	0	0
Wyoming Northstar Inc DBA Clean Energy Cryogenics	94	0	0	0	0	0	0	4	0	0
NG Advantage LLC	22	0	0	0	0	0	0	16	0	0
Total	**11,755**	**862**	**0**	**1,115**	**0**	**0**	**9**	**9,128**	**1,109**	**600**

4.4.47. POSITIONS OR TRANSACTIONS DERIVING FROM ATYPICAL AND/OR UNUSUAL TRANSACTIONS

Pursuant to Consob communication no. 6064293 of 28 July 2006, note that during the first half of 2023 no atypical and/or unusual transactions occurred outside the normal operation of the company that could give rise to doubts regarding the correctness and completeness of the information in the financial statements, conflicts of interest, protection of company assets, safeguarding the minority shareholders.

4.4.48. NON-RECURRING SIGNIFICANT EVENTS AND TRANSACTIONS

Pursuant to CONSOB communication no. 6064293 of 28 July 2006, it is stated that during the first half of 2023 no non-recurring significant events or transactions took place.

4.4.49. SIGNIFICANT EVENTS AFTER CLOSING OF THE SIX-MONTH PERIOD

- On 11 July, the Board of Directors of Landi Renzo co-opted Annalisa Stupenengo as Chief Executive Officer of the Landi Renzo Group, also assigning her to the role of General Manager. Annalisa Stupenengo has nearly thirty years of experience in the mobility industry, gained internationally with roles of increasing responsibility at the Iveco Group, CNH Industrial and FCA, and is currently a member of the Board of Directors and the

Remuneration and Appointments Committee of Prysmian. The same Board of Directors appointed Paolo Cilloni as Group CFO, as well as Investor Relator and Financial Reporting Officer.

- On 11 September 2023, the credit institutions issued waiver letters which provided for consent to the one-off exemption from compliance with the financial parameters (holiday period) with reference to the calculation date of 30 June and 31 December 2023.

5. Certification of the condensed half-yearly consolidated financial statements pursuant to Article 154-bis of Italian Legislative Decree 58/98 and Article 81-ter of Consob regulation no. 11971 of 14 May 1999, as amended and supplemented

1) Having regard to the provisions of Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree No. 58 dated 24 February 1998, the undersigned Annalisa Stupenengo, CEO, and Paolo Cilloni, Officer in charge of preparing the accounting documents of Landi Renzo S.p.A., certify:
   - the adequacy in relation to the relative corporate characteristics, and
   - the effective application

   of the administrative and accounting procedures for preparing the condensed half-yearly consolidated financial statements as at 30 June 2023.

2) There are no significant aspects to report in relation thereto;
3) We furthermore declare that:

   The condensed half-yearly consolidated financial statements at 30 June 2023:

   a) have been prepared in compliance with the international accounting standards issued by the International Accounting Standards Board and adopted by the European Commission in accordance with the procedure specified in Article 6 of Regulation (EC) no. 1606/2002 of 19 July 2002 of the European Parliament and Council
   b) correspond with the accounting books and records
   c) are capable of providing a true and correct representation of the asset, economic and financial situation of the issuer and of the companies included in the consolidation.

3.1) The interim report on operations includes a reliable analysis of the references to important events that occurred in the first six months of the year and to their impact on the condensed half-yearly consolidated financial statements, together with a description of the main risks and uncertainties for the remaining months of the year. The interim report on operations also includes reliable analysis of information on material transactions with related parties.

Cavriago, 11 September 2023

CEO	Officer in charge of preparing the company accounting documents
Annalisa Stupenengo	Paolo Cilloni

REVIEW REPORT ON THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

To the Shareholders of
Landi Renzo SpA

Foreword

We have reviewed the accompanying consolidated condensed interim financial statements of Landi Renzo SpA (hereinafter also the "Company") and its subsidiaries (hereinafter also "Landi Renzo Group") as of 30 June 2023, comprising the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cashflow statement and related notes. The directors of the Company are responsible for the preparation of the consolidated condensed interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

Scope of review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution No. 10867 of 31 July 1997. A review of consolidated condensed interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated condensed interim financial statements.

PricewaterhouseCoopers SpA

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40124 Via Luigi Carlo Farini 12 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311

www.pwc.com/it

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial statements of Landi Renzo Group as of 30 June 2023 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Parma, 12 September 2023

PricewaterhouseCoopers SpA

Signed by

Nicola Madureri
(Partner)

This review report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.