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Societa' : LANDI RENZO

Identificativo : 183317

Informazione  
Regolamentata

Nome utilizzatore : LANDIN03 - Cilloni

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Oggetto : PR Financial Results as of 30 september  
2023

*Testo del comunicato*

Vedi allegato.

## Landi Renzo: Board of Directors approves financial results as of September 30, 2023

Consolidated revenues increased, driven by the Green Transportation sector, which reported better than expected results in the last quarter, both in terms of turnover and margins.

The positive profitability performance continued in the third quarter, thus confirming the improvement trend reported in the previous quarter.

Significant investments in highly specialised resources confirm the Group's strong commitment to R&D activities for new products and solutions, especially for hydrogen and biomethane mobility and for the Heavy-Duty market.

- Consolidated revenues were equal to €221.1 million, up (+2.2%) from €216.4 million in the same period of the previous year.
- Adjusted EBITDA amounted to €4.6 million, compared to €8.7 million as of September 30, 2022; in the third quarter of 2023, adjusted EBITDA was positive and amounted to €0.7 million, improving compared to negative €1.0 million as of March 31, 2023, thus confirming the positive trend that had already been observed in the second quarter of the year.
- In the first nine months of 2023, Green Transportation sector turnover exceeded expectations, reporting revenues equal to €155.0 million, up €13.8 million (+9.8%) compared to the same period of the previous year. From the third quarter of 2023 onwards, there was a marked trend reversal in terms of margins. Compared to the first half of 2023, which ended with an Adjusted EBITDA amounting to €0.2 million, the first nine months of 2023 improved significantly, with an Adjusted EBITDA of €1.3 million, €1.2 million of which was achieved in the third quarter of 2023 alone.
- Clean Tech Solutions sector revenues amounted to €66.1 million, down by €9.0 million compared to the first nine months of 2022; adjusted EBITDA amounted to €3.2 million, decreasing from the same period of the previous year (€4.3 million). Segment's performance, which was below expectations, is mainly due to the postponement of some major orders planned for 2023 to the following financial year.
- Negative EBITDA amounted to €1.1 million, decreasing from the same period of the previous year (€7.1 million), after accounting for non-recurring costs of €5.7 million.
- Net Result was negative and equal to €28.6 million (after depreciation of deferred tax assets amounting to €5.9 million), compared to negative net result amounting to €9.9 million as of September 30, 2022.
- Group Net Financial Position amounted to €114.4 million (€92.3 million as of December 31, 2022); as of September 30, 2023, adjusted Net Financial Position amounted to €100.8 million.

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*Cavriago (RE)*, November 13, 2023 - The Board of Directors of Landi Renzo S.p.A., chaired by Stefano Landi, met today and approved the Company's quarterly Financial Statements as of September 30, 2023.

*"The recent completion of the management change, which saw Annalisa Stupenengo taking over as CEO of Safe&Cec, Safe and Idro Meccanica, as well as of the Landi Renzo Group, and taking full control of all Company's management powers, has enabled us to embark on a key strategic and operational streamlining process. After an early year that was influenced by unfavourable business dynamics, the results show that the Group is now set on a recovery and further growth path. Our current management structure, together with the strong investments made in highly specialised assets, provide the Group with the best conditions to boost its development and strengthen its positioning within the reference markets,"* said **Stefano Landi, Chairman of Landi Renzo S.p.A.**

**Annalisa Stupenengo, CEO of Landi Renzo S.p.A. added:** *"Results of the past nine months highlight a positive trend in terms of revenues as well as of margins, especially in the last quarter. The performance of the Green Transportation segment was quite significant, as it grew above expectations and showed positive profitability results. Clean Tech Solutions segment was impacted by the shift of some major orders scheduled for 2023 to next financial year, reporting results that were not in line with expectations, although they should improve as early as the fourth quarter of this year.*

*The strengthening measures implemented by the Company will enable us to continue on a growth-oriented path both in sustainable mobility, particularly with regards to Mid&Heavy Duty vehicles, and in the infrastructure segment for natural gas, biomethane and hydrogen."*

In the third quarter of 2023, global economy showed evidence of a slowdown due to the persistence of strong geopolitical tensions and the continue monetary tightening, particularly by the US Federal Reserve (FED) and the European Central Bank (ECB), which have kept interest rates high with the aim to hinder sticky inflation.

As for the Eurozone, forecasts show deteriorating growth prospects in the short term, while economy should gradually return to a moderate expansion in the medium term as demand, both domestic and external, recovers.

The economic scenarios have also bolstered awareness among world governments about the pressing need to accelerate all supportive and reinforcing policies concerning energy transition and sustainable mobility, not only as key focal points to mitigate climate change and global warming, but also as a source of economic and social improvement by creating new jobs.

In this scenario, the growing importance of hydrogen, biomethane and natural gas as energy resources and as possible ways of ensuring greater environmental sustainability are well suited to Landi Renzo Group's 'green' mission, which aims to strengthen its role as a leading global player in the energy transition value chain.

Landi Renzo Group's entire production is aimed at offering, on the one hand, technological solutions for the infrastructures involved in the exploitation of natural gas, biomethane and hydrogen, and, on the other hand, technologies for the transformation of mobility towards more sustainable models or more

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generally aimed at decarbonising passenger and cargo transport. Indeed, gas in its different forms, biomethane and hydrogen are energy sources that can reduce emissions compared to traditional sources, with different levels of market penetration depending on geography and type of application.

In the first nine months of 2023, the Group managed to achieve revenue growth, notwithstanding an unfavourable macroeconomic scenario that impacted profitability, overall resulting in a performance that was below expectations. In this context, however, it should be noted that the positive trend reported in the second quarter of 2023 in terms of operating margins also continued throughout the third quarter. Such growth, which was even more marked when comparing the profitability levels of the third quarter with those of the first three months of the year, was driven both by the increase in turnover and by the results achieved in the negotiation phase of the procurement agreements for raw materials, consumables, and goods.

### Key Consolidated results as of September 30, 2023

As of September 30, 2023, Landi Renzo Group reported revenues equal to €221.1 million (€216.4 million as of September 30, 2022), up 2.2% compared to the first nine months of 2022.

Adjusted EBITDA as of September 30, 2023 was equal to €4.6 million, compared to €8.7 million in the same period of 2022. This trend is due to an unfavourable sales mix in the Green Transportation sector, with a greater share of sales in the OEM - Passenger car channel, lower volumes in the Clean Tech Solutions sector and higher fixed costs needed to strengthen the operating structure, especially with effects on staff costs. However, these were partly offset by a significant increase in industrial margins in the last few months on the OEM - Mid&Heavy Duty channel.

It should be stressed that the improvement trend in Adjusted EBITDA (positive and amounting to €0.7 million) has continued in the third quarter, particularly if compared to the first quarter of the year, which ended with a negative Adjusted result of €1.0 million.

EBITDA was negative and amounted to €1.1 million (positive and equal to €7.1 million as of September 30, 2022), including non-recurring costs equal to €5.7 million.

EBIT for the period was negative and amounted to €13.9 million (negative and equal to €6.0 million as of September 30, 2022) due to amortization and depreciation of €12.8 million (€13.1 million as of September 30, 2022), of which €2.6 million were due to the application of IFRS 16 - Leases, in line with September 30, 2022.

Total financial expenses (interest income, interest expense, and exchange rates effects) amounted to €9.1 million (€3.4 million as of September 30, 2022) and included negative exchange rate effects amounting to €1.6 million (positive and amounting to €1.1 million as of September 30, 2022). Financial expenses alone, amounting to €8.3 million, were up compared to the same period of the previous year (€5.5 million) and are directly linked to rising interest rates and higher conditions on bank debt (compared to 2022, which was characterized by lower interest rates, or even negative in the first half of the year).

In the first nine months of 2023 Group's EBT was negative and amounted to €23.0 million (negative and

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equal to €8.9 million as of September 30, 2022).

Group and third-party's Net Result as of September 30, 2023, after a write-down on the recoverability of deferred tax assets in Q2 2023, equal to €5.9 million, reported a €28.6 million loss, compared to a loss equal to €9.9 million as of September 30, 2022.

Net Financial Position as of September 30, 2023, was equal to €114.4 million (€92.3 million as of December 31, 2022). Adjusted Net Financial Position, excluding the application of IFRS 16 – Leases, the fair value of derivative financial instruments, and the residual debt for Put/Call shares of Metatron Control System, amounted to €100.8 million, of which €85.9 million related to the Green Transportation segment and €14.9 million related to the Clean Tech Solutions segment.

### Performance of the “Green Transportation” operating sector

Revenues of Green Transportation sector as of September 30, 2023, amounted to €155.0 million, with an increase of €13.8 million (+9.8%), driven by rising volumes in the OEM sector.

The Group's sales in the OEM channel amounted to €98.7 million, up €24.6 million compared to September 30, 2022 (+33.2%). This growth was driven by a strong boost of orders for bi-fuel engines and by increased sales of component in the OEM - Mid&Heavy Duty channel.

Sales in the After Market channel, equal to €56.3 million (compared to €67.1 million as of September 30, 2022), are mainly related to orders from distributors and authorised installers, both domestic and foreign, and they reflect the slowdown in sales in some Latam and Eastern European markets.

As for the sales distribution by geographical area in the Green Transportation sector:

- In Italy, Group's sales as of September 30, 2023 were significantly in line with those of previous year.
- The rest of Europe (59.2% of total sales) reports an increase by 32.9% compared to the same period of 2022 (48.9%), thanks to increased sales to a major OEM customer.
- In the American continent, sales amounted to €13.3 million (€22.2 million as of September 30, 2022), recording a 40.1% decline due to the challenging macroeconomic environment, especially in Brazil and Argentina.
- Markets in Asia and the rest of the World accounted for 20.5% of total turnover and were essentially in line with the first nine months of 2022.

As of September 30, 2023, adjusted EBITDA of the Green Transportation sector, was positive and amounted to €1.3 million (equal to 0.9% of revenues), decreasing from the same period of the previous year (€4.4 million and equal to 3.1% of revenues). This was mainly due to a different sales mix and to the increase in fixed costs necessary to strengthen the structure.

EBITDA was negative and amounted to €3.2 million (positive and equal to €3.0 million as of September

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30, 2022) and included non-recurring costs amounting to €4.6 million.

### Performance of the “Clean Tech Solutions” operating segment

In the first nine months of 2023, the Clean Tech Solutions segment reported revenues amounting to €66.1 million, compared to €75.1 million in the same period of last year. This trend is attributable to both the slowdown in production, especially in the third quarter, and the postponement of some major orders planned for 2023 to the following financial year.

Adjusted EBITDA, as of September 30, 2023, amounted to €3.2 million, compared to €4.3 million in the same period of the previous year. This trend is due to shrinking revenues, rising installation costs and the increased impact of non-compressible direct costs.

EBITDA was positive and equal to €2.1 million (€4.1 million as of September 30, 2022), including non-recurring costs of €1.1 million.

### Key performance highlights of Landi Renzo S.p.A. (Parent Company) as of September 30, 2023

In the first nine months of 2023, Landi Renzo S.p.A. reported revenues of €104.5 million, compared to €101.3 million in the same period of the previous year. EBITDA was negative and amounted at €2.5 million (including non-recurring costs in the amount of €3.5 million) compared to positive €3.7 million as of September 30, 2022 (including non-recurring costs in the amount of €1.3 million), while Net Financial Position is negative and equal to €83.6 million, negative and equal to €68.4 million as of December 31, 2022.

At the end of the period, the Parent Company had 285 employees, substantially in line with the figure as of December 31, 2022 (289 employees).

### Significant events after the end of the first 9M 2023 period

- On October 5, 2023, an agreement was signed with Landi Renzo S.p.A.’s former CEO, Cristiano Musi, who until September 30, 2023, held the roles of CEO of Safe&Cec S.r.l., SAFE S.p.A. and Idro Meccanica S.r.l., in exchange for which an indemnity of €666,000 was paid. As of the date of this report, Cristiano Musi no longer holds any operating roles within the companies of the Landi Renzo Group.
- On October 17, 2023, the Boards of Directors of SAFE S.p.A. and Idro Meccanica S.r.l. (100% owned by SAFE S.p.A.) approved the merger by incorporation of the latter into SAFE S.p.A. The transaction, which will be effective for accounting and tax purposes as of January 1, 2023, will lead to improved management, corporate, accounting, and administrative efficiency and will result in the creation of synergies and a reduction in overall costs, avoiding any overlap of certain activities with a consequent greater streamlining of costs.

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- On October 23, 2023, the Ordinary Shareholders' Meeting unanimously confirmed Annalisa Stupenengo as a new member of the Company's Board of Directors, with no application of slate voting, whose term of office will expire at the same time as the approval of the financial statements as of December 31, 2024. The Board of Directors of Landi Renzo S.p.A., which met on the same date and after the Shareholders' Meeting, confirmed Annalisa Stupenengo as CEO and General Manager, granting her the same powers that had already been recognised upon co-optation.

### Foreseeable management development

Uncertainties surrounding the geopolitical and macroeconomic backdrop are continuing to influence visibility on market performance in the remaining months of 2023.

In Green Transportation segment, revenues are expected to grow slightly in the final quarter of 2023 versus the third quarter, driven by sales in the OEM channel. The increase in Q3 profitability indicators also suggests an improved outlook for adjusted EBITDA in Q4 compared to the first part of the year.

In Clean Tech Solutions, the deferral of certain major orders planned for 2023 to the next financial year, which had not been previously planned, significantly impacted the performance in Q3, both in terms of lower sales and profitability (Adjusted EBITDA). However, the fourth quarter of 2023 is expected to show increased turnover, resulting in improved profitability compared to the third quarter of the year.

### The Board of Directors approves the transaction with related party

Today, the Board of Directors of Landi Renzo S.p.A, after obtaining the favourable opinion of the Related Parties Committee, has authorised the non-recourse assignment to Girefin S.p.A. (a related party pursuant to the Related Parties Procedure as Girefin S.p.A, together with Gireimm S.r.l., companies both part of the Landi Trust, indirectly hold, through GBD Green by Definition S.p.A., the control of the Company) of the residual receivables, amounting to €1,710,000, that the Company still has from AVL Italia S.r.l. to which, in the past, the Company had sold a business unit. This sale of receivables will amount to €1,575,000 (rounded down) and therefore a 4.50% discount to be paid in a single instalment upon sale, with respect to the time schedule agreed upon during the sale of the business unit, which provides that this residual amount of €1,710,000 shall be paid in three instalments over the next three financial years.

The sale was evaluated as a "transaction between related Lesser Significance parties" pursuant to the Procedure for Transactions with Related Parties, as last updated by the Company on February 9, 2022, pursuant to the provisions of Consob Regulation No. 17221 of March 27, 2010 as amended and updated. The non-binding favorable prior opinion on the interest, convenience, and material fairness of the related conditions was rendered by the Related Parties Committee of the Company made up of three independent directors.

*Pursuant to Article 154-bis, paragraph 2, of Italian Legislative Decree No. 58 of February 24, 1998, the Financial Reporting Manager in charge of drawing the Company's financial statements, Paolo Cilloni, declares that the accounting information contained in this press release corresponds to the documented results, books, and accounting records. This press release is also available on the corporate website*

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[www.landirenzogroup.com](http://www.landirenzogroup.com).

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**Landi Renzo** is the global leader in the natural gas, biomethane and hydrogen sustainable mobility and infrastructure sector. The Group stands out for its extensive presence at global level in over 50 countries, generating nearly 90% of its revenues abroad. Landi Renzo S.p.A. has been listed on the Euronext STAR Milan segment of Borsa Italiana since June 2007.

This press release is a translation. The Italian version will prevail

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(thousands of Euro)

	30/09/2023	30/09/2022 Restated
<b>CONSOLIDATED INCOME STATEMENT</b>		
<b>Revenues from sales and services</b>	<b>221,138</b>	<b>216,351</b>
Other revenues and income	1,296	582
Cost of raw materials, consumables and goods and change in inventories	-138,294	-132,925
Costs for services and use of third-party assets	-41,579	-39,455
Personnel costs	-37,373	-34,289
Accruals, write downs and other operating expenses	-6,310	-3,194
<b>Gross Operating Profit</b>	<b>-1,122</b>	<b>7,070</b>
Amortization, depreciation and impairment	-12,771	-13,065
<b>Net Operating Profit</b>	<b>-13,893</b>	<b>-5,995</b>
Financial income	891	988
Financial expenses	-8,341	-5,484
Exchange gains (losses)	-1,614	1,128
Gains (Losses) on equity investments	-173	-288
Gains (Losses) on joint venture measured using the equity method	134	778
<b>Profit (Loss) before tax</b>	<b>-22,996</b>	<b>-8,873</b>
Taxes	-5,615	-1,019
<b>Net profit (loss) for the Group and minority interests, including:</b>	<b>-28,611</b>	<b>-9,892</b>
Minority interests	-883	223
Net profit (loss) for the Group	-27,728	-10,115
<b>Basic earnings (loss) per share</b>	<b>-0.1232</b>	<b>-0.0450</b>
<b>Diluted earnings (loss) per share</b>	<b>-0.1232</b>	<b>-0.0450</b>



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(thousands of Euro)	30/09/2023	31/12/2022
<b>ASSETS</b>		
<b>Non-current assets</b>		
Land, property, plant, machinery and other equipment	13,396	14,015
Development expenditure	9,519	11,141
Goodwill	80,132	80,132
Other intangible assets with finite useful lives	15,587	17,263
Right-of-use assets	12,472	13,618
Equity investments measured using the equity method	2,635	2,496
Other non-current financial assets	1,183	847
Other non-current assets	1,140	1,710
Deferred tax assets	8,518	14,109
Non-current assets for derivative financial instruments	422	103
<b>Total non-current assets</b>	<b>145,004</b>	<b>155,434</b>
<b>Current assets</b>		
Trade receivables	69,219	73,559
Inventories	81,770	76,680
Contract work in progress	13,264	20,429
Other receivables and current assets	17,685	17,148
Current financial assets	20,253	412
Cash and cash equivalents	21,198	62,968
<b>Total current assets</b>	<b>223,389</b>	<b>251,196</b>
<b>TOTAL ASSETS</b>	<b>368,393</b>	<b>406,630</b>

(thousands of Euro)	30/09/2023	31/12/2022
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>Shareholders' Equity</b>		
Share capital	22,500	22,500
Other reserves	78,009	91,698
Profit (Loss) for the period	-27,728	-14,281
<b>Total Shareholders' Equity of the Group</b>	<b>72,781</b>	<b>99,917</b>
Minority interests	5,820	5,967
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>78,601</b>	<b>105,884</b>
<b>Non-current liabilities</b>		
Non-current bank loans	77,764	8,169
Other non-current financial liabilities	20,578	24,456
Non-current liabilities for right-of-use	10,547	11,314
Provisions for risks and charges	7,080	5,484
Defined benefit plans for employees	3,175	3,413
Deferred tax liabilities	2,766	2,910
<b>Total non-current liabilities</b>	<b>121,910</b>	<b>55,746</b>
<b>Current liabilities</b>		
Bank financing and short-term loans	38,060	103,629
Other current financial liabilities	5,861	3,956
Current liabilities for right-of-use	2,872	3,196
Trade payables	94,201	98,033
Tax liabilities	2,477	3,697
Other current liabilities	24,411	32,489
<b>Total current liabilities</b>	<b>167,882</b>	<b>245,000</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>368,393</b>	<b>406,630</b>

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(thousands of Euro)	30/09/2023	30/09/2022
<b>CONSOLIDATED CASH FLOWS STATEMENT</b>		
<b>Financial flows deriving from operating activities</b>		
Pre-tax profit (loss) for the period	-22,996	-8,873
<i>Adjustments for:</i>		
Depreciation of property, plant and machinery	3,166	3,154
Amortisation of intangible assets	7,032	7,285
Depreciation of right-of-use assets	2,573	2,626
Loss (profit) from disposal of tangible and intangible assets	-360	-121
Impairment loss on receivables	880	710
Net financial charges	9,064	3,368
Income (Expenses) net from equity investments measured using the equity method	-134	-778
Income (Expenses) from equity investments	173	288
	<b>-602</b>	<b>7,659</b>
<i>Changes in:</i>		
Inventories and work in progress	2,074	-23,086
Trade receivables and other receivables	3,387	1,597
Trade payables and other payables	-14,864	12,073
Provisions and employee benefits	1,457	4
<b>Cash generated from operation</b>	<b>-8,548</b>	<b>-1,753</b>
Interest paid	-4,786	-3,202
Interest received	232	25
Taxes paid	-863	-1,378
<b>Net cash generated (absorbed) from operating activities</b>	<b>-13,965</b>	<b>-6,308</b>
<b>Financial flows from investment</b>		
Proceeds from sale of property, plant and machinery	289	121
Purchase of property, plant and machinery	-2,839	-1,850
Purchase of intangible assets	-805	-436
Development expenditure	-3,068	-4,095
Variation in consolidation area	0	-30,683
<b>Net cash absorbed by investment activities</b>	<b>-6,423</b>	<b>-36,943</b>
<b>Free Cash Flow</b>	<b>-20,388</b>	<b>-43,251</b>
<b>Financial flows from financing activities</b>		
Disbursements (reimbursement) of medium/long-term loans	-793	16,707
Change in short-term bank debts	2,847	1,342
Capital increase (*)	0	58,598
Repayment of leases IFRS 16	-2,857	-2,782
<b>Net cash generated (absorbed) by financing activities</b>	<b>-803</b>	<b>73,865</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>-21,191</b>	<b>30,614</b>
Cash and cash equivalents as at 1 January	62,968	28,039
Net decrease/(Increase) in short-term deposits (**)	-20,249	0
Effect of exchange rate fluctuations on cash and cash equivalents	-330	615
<b>Cash and cash equivalents at the end of the period</b>	<b>21,198</b>	<b>59,268</b>

(\*) Net of expenses incurred

(\*\*) Active financing of time deposits

Fine Comunicato n.0915-35

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