ANNUAL FINANCIAL REPORT 2023


OVER 60 YEARS OF
INTERNATIONALISATION,
INNOVATION AND
ABILITY TO TAKE
ADVANTAGE OF
OPPORTUNITIES

MISSION

Building a cleaner world and designing a better future for the next generations, abiding by the highest standards of social responsibility towards the territory, society and the environment and disseminating a culture of eco-sustainable mobility.

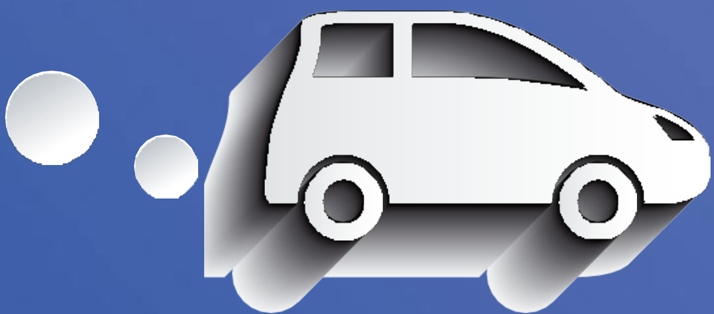
Our mission offers a tangible contribution to this ambitious goal: for more than 60 years, we have provided concrete and effective answers to environmental sustainability issues by marketing and installing automotive fuel supply systems which use less costly, environmentally friendly alternative fuels.

Technology, innovation, respect for the planet and human beings; these are the values through which we will transform the present into the future we want to see.

This is a translation. The Italian Version prevails.

(*) this document constitutes a copy, in PDF format, of the Annual Financial Report of Landi Renzo S.p.A. at December 31, 2023 and does not constitute the document in ESEF format required by the ESEF Technical Standards as per Delegated Regulation (EU) 2019/815 (the "ESEF Regulation").

The Annual Financial Report of Landi Renzo S.p.A. at December 31, 2023 in the ESEF format required by the ESEF Regulations, including the required markings, is available on the Company's website https://landirenzogroup.com/ ("Investors" section) and on the authorized storage mechanism "Emarket Storage" (emarketstorage.it).



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LETTER TO THE SHAREHOLDERS

Dear Shareholders,

2023 was a very unique year, which led us to introduce important new updates in the Landi Renzo Group. The Russia-Ukraine conflict continued to adversely impact the global macroeconomic situation, which was further shaken by considerable tensions that destabilised the Middle East towards the end of the year. This turbulence created sharp discontinuities in many markets in which we have an interest, significantly affecting the price of alternative fuels, especially in the first part of the year, and the strategic decisions of our main customers and partners who, in certain cases, decided to defer their development plans as a result of strong uncertainty in the global economic context.

Alongside unfavourable geopolitical trends, there was a sudden rise in inflation, causing the main central banks to continue to progressively increase interest rates. This circumstance considerably penalised the economies of emerging or developing countries, which constitute a significant point of reference for the "traditional" business of both of our divisions.

Despite this particularly complex scenario, we continue to believe in the promising future of our Group, which has always been at the cutting edge of the energy transition process, which is increasingly at the heart of the agendas of all of the main governments worldwide, becoming a key point in the development strategies of many countries.

As proof of this, the initial effects are now beginning to be seen of the strong legislative pressure towards decarbonisation, as set forth in European and American programmatic instruments (National Recovery Plans and RepowerEU, and the Inflation Reduction Act, respectively) where, in the energy realm, strong growth is planned in biomethane and hydrogen as well as the relative value chains.

Specifically hydrogen, despite longer development times than initially expected, will play a central role in the energy transition process, including through technologies in which we decided to invest some time ago, like the enabling components for the development of the relative combustion engine and compression to 900 bars.

Likewise, positive outlooks are also on the horizon for our more "traditional" products as, although to a lesser extent than hydrogen and biomethane, CNG and LPG are also contributing towards reducing tailpipe emissions and offer a "bridge" solution in those countries in which the penetration of electrification will be difficult.

Therefore, supported by a long-term vision, this year we continued to invest to expand the Green Transportation and Clean Tech Solutions product portfolios.

In Green Transportation, we developed a technological roadmap focusing on new electronic platforms for controlling direct and indirect injection systems. These new technologies aim to improve fuel efficiency and driving performance, while also offering increased flexibility in injection systems for a broad range of vehicles. In parallel, we continued to perfect our products for hydrogen solutions, concluding the first important trade agreements with our most cutting edge partners in the sector.

On the Clean Tech Solutions front, we presented new 100% hydrogen compression systems capable of covering the entire value chain, from post generation, downstream of the electrolyser, to final distribution.

With regard to the Group's organisation, 2023 also marked some significant steps forward in the process of integrating the businesses acquired over recent years, including the standardisation of the Green Transportation division's IT systems and the corporate and industrial merger of Idro Meccanica into SAFE.

The trends observed this year confirmed the rationales on which we decided to set up our Group's path of growth; the new economic environment changing has however convinced us of the need to accelerate our group's transformation and model it as much as possible in keeping with the challenges that will arise over the coming years.

To this end, we have decided to make Annalisa Stupenengo the Group's Chief Executive Officer, with the duty of positioning the company from a player in automotive and infrastructural components to a veritable global energy transition leader.

As an initial objective, the new management revised the Group's business plan to appropriately reflect the context in which we live today and best guide future growth opportunities.

The definition of clear strategic business policies permitted us to identify a long-term path of development for the Group and to finalise a financial optimisation project capable of supporting industrial targets over the next few years.

To this end, a strengthening of the capital structure is planned already in 2024, through the investment in Landi Renzo by the Company Protection Fund, promoted by the Ministry of Enterprises and Made in Italy (MIMIT) and managed by Invitalia, along with a share capital increase under option guaranteed by the majority shareholder GBD - Green by Definition S.p.A. Also as concerns capital strengthening initiatives, the Group also received the banking sector's acceptance of the review of medium and long-term loan agreements.

Over the coming years, the organisational structure will continue to be strengthened, accelerating the technological development roadmap already started and the pathway of growth of both divisions.

We expect 2024 to be another year of transition, although with some signs of a recovery compared to the difficult 2023 that has just closed, with the steadfast intention of consolidating the foundations for significant future growth.

Chairman of the Board of Directors
Stefano Landi

Landi Renzo Group Financial highlights

(Thousands of Euro)

ECONOMIC INDICATORS	2023	2022	2021
Revenue	303,339	306,297	241,994
Adjusted gross operating profit (EBITDA) (1)	7,019	15,257	14,614
Gross operating profit (EBITDA)	89	11,044	12,615
Net operating profit (EBIT)	-16,617	-6,033	-3,002
Earnings before taxes (EBT)	-29,818	-13,882	1,710
Net profit (loss) for the Group and minority interests	-36,439	-14,267	502
Adjusted gross operating profit (EBITDA) / Revenue	2.3%	5.0%	6.0%
Gross Operating Profit (EBITDA) / Revenue	0.0%	3.6%	5.2%
Net profit (loss) for the Group and minority interests / Revenue	-12.0%	-4.7%	0.2%

(Thousands of Euro)

STATEMENT OF FINANCIAL POSITION	2023	2022	2021
Net fixed assets and other non-current assets	142,475	155,331	150,149
Operating capital (2)	52,683	54,683	53,891
Non-current liabilities (3)	-12,549	-11,807	-9,964
NET INVESTED CAPITAL	182,609	198,207	194,076
Net financial position (4)	112,405	92,323	133,493
Net Financial Position - adjusted (5)	98,592	77,242	95,137
Shareholders' equity	70,204	105,884	60,583
BORROWINGS	182,609	198,207	194,076

(Thousands of Euro)

KEY INDICATORS	2023	2022	2021
Operating capital / Revenues	17.4%	17.9%	22.3%
Adjusted net financial position (5) / Shareholders' equity	1.40	0.73	1.57
Adjusted net financial position (5) / Adjusted EBITDA	14.05	5.06	6.51
Personnel (peak)	964	951	987

(Thousands of Euro)

CASH FLOWS	2023	2022	2021
Gross operational cash flow	-5,632	5,831	7,390
Net cash flow for investment activities	-9,134	-39,020	-4,532
Gross FREE CASH FLOW	**-14,766**	**-33,189**	**2,858**
Non-recurring expenditure for voluntary resignation incentives	-1,334	-439	-425
Net FREE CASH FLOW	***-16,100***	***-33,628***	***2,433***
Share capital increase (net of expenses incurred)	0	58,554	0
Repayment of leases (IFRS 16)	-3,808	-3,872	-3,473
Overall cash flow	**-19,908**	**21,054**	**-1,040**

(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.

THE LANDI RENZO GROUP

Corporate structure at 31 December 2023

Description	Registered Office	% stake at 31 December 2023 Direct investment	% stake at 31 December 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.	Amsterdam (The Netherlands)	100.00%		
Landi Renzo Polska Sp.Zo.O.	Warsaw (Poland)		100.00%	(1)
LR Industria e Comercio 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)
IMW Industries LTD	Chilliwak (Canada)		100.00%	(2)
IMW Industries del Perù S.A.C.	Lima (Peru)		100.00%	(3)
IMW Industries LTDA	Cartagena (Colombia)		100.00%	(3)
IMW Energy Tech LTD	Suzhou (China)		100.00%	(3)
IMW Industries LTD Shanghai	Shanghai (China)		100.00%	(3)
Metatron S.p.A.	Castel Maggiore (Italy)	100.00%		
Metatron Control System (Shanghai)	Shanghai (China)		84.00%	(4)
Associates and subsidiaries consolidated using the equity method				
Krishna Landi Renzo India Private Ltd Held	Gurugram - Haryana (India)	51.00%		(5)
Other minor companies				
Landi Renzo VE.CA.	Caracas (Venezuela)	100.00%		(6)
Lovato do Brasil Ind Com de Equipamentos para Gas Ltda	Curitiba (Brazil)	100.00%		(6)
EFI Avtosanoat-Landi Renzo LLC	Navoiy Region (Uzbekistan)	50.00%		(5) (6)
Metatron Technologies India Plc	Mumbai (India)		100.00%	(4) (6)

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 IMW Industries LTD
(4) Held indirectly through Metatron S.p.A.
(5) Company joint venture
(6) Not consolidated as a result of their irrelevance

The Landi Renzo Group worldwide

The Landi Renzo Group has established its international vocation with both a direct presence, featuring 26 companies in 17 countries and 964 employees, as well as an indirect one, on all five continents. The centrality of environmental issues demonstrates a growing association with the Group's ability to gain a leading position worldwide, thanks to the continuous technological and qualitative development of its products, decision to adopt a flexible approach to customers and through extensive marketing of the company's technologies.

Company bodies

On 29 April 2022, the Shareholders' Meeting of Landi Renzo S.p.A. elected the Board of Directors and the Board of Statutory Auditors for the period 2022-2024. They will therefore remain in office until the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2024. On the same date, the Board of Directors confirmed Stefano Landi as Executive Chairman and appointed Sergio Iasi as Vice Chairman.

On 11 July 2023, following the resignation of Cristiano Musi, the Board of Directors co-opted Annalisa Stupenengo as Chief Executive Officer, also assigning her to the role of General Manager. On 23 October 2023, the Ordinary Shareholders' Meeting unanimously confirmed, without the application of list voting, the appointment of Annalisa Stupenengo as the new member of the Board of Directors, whose term of office will end when the financial statements as at 31 December 2024 are approved. The Board of Directors of Landi Renzo S.p.A., which met on the same date after the Shareholders' Meeting, confirmed Annalisa Stupenengo in her role as Chief Executive Officer and General Manager, assigning her the same powers as those already recognised when she was co-opted.

On the date on which this Consolidated Annual 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
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

SIGNIFICANT EVENTS DURING THE YEAR

- In January 2023, the business combination with Idro Meccanica S.r.l. was completed through the acquisition by SAFE S.p.A. of the remaining 10% of the share capital, which was already established in the contract, for an equivalent value of Euro 640 thousand. Idro Meccanica S.r.l., a company active in the production of technologies and innovative systems for the compression of hydrogen, biomethane and natural gas, which boasts of a full range of products and applications to manage hydrogen compression up to 800 bars, is a strategic investment to strengthen the Group in the hydrogen business.

- On 2 March 2023, the Board of Directors approved the Group's 2023 Economic and Financial 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 on the basis of new economic forecasts.

- 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.

- On 11 July 2023, as a result of the resignation of Cristiano Musi from the position of Chief Executive Officer, 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 lending banks issued waiver letters which provided a holiday period with reference to the financial covenants to be calculated as at 30 June and 31 December 2023.

- As a result of the resignation of Cristiano Musi from the position of Chief Executive Officer of Landi Renzo S.p.A., on 28 September 2023 E.M.A. 2021 S.r.l., a vehicle company controlled by Cristiano Musi, sold all 108,380 special shares it held in GbD Green by Definition S.p.A. to GbD Green by Definition S.p.A. In addition, on the same date:

  - Girefin S.p.A., Gireimm S.r.l., Itaca Gas S.r.l., GbD Green by Definition S.p.A. and E.M.A. 2021 S.r.l. consensually terminated the special shares agreement by signing a dedicated termination agreement;
  - several amendments were also made to the shareholders' agreement by signing a dedicated amendment agreement in order to reflect the above-mentioned termination of the special shares investment agreement.

- On 5 October 2023, an agreement was signed with the former Chief Executive Officer of Landi Renzo S.p.A., Cristiano Musi, who until 2 October 2023 had held the roles of Chief Executive Officer of Safe&Cec S.r.l., SAFE S.p.A. and Idro Meccanica S.r.l., against which indemnity of Euro 666 thousand was recognised. Cristiano Musi no longer holds any operational role in Landi Renzo Group companies.

- On 17 October 2023, the Boards of Directors of SAFE S.p.A. and Idro Meccanica S.r.l. (wholly owned by SAFE S.p.A.) approved the merger by incorporation of the latter into SAFE S.p.A. The transaction, effective for accounting and tax purposes as of 1 January 2023, will lead to an improvement in operating, corporate, accounting and administrative efficiency and the achievement of synergies and a reduction of overall costs, avoiding the duplication of certain activities, triggering the increased streamlining of such costs.

- On 23 October 2023, the Ordinary Shareholders' Meeting unanimously confirmed, without the application of list voting, Annalisa Stupenengo as the new member of the Company's Board of Directors, whose term of office will end when the financial statements as at 31 December 2024 are approved. The Board of Directors of Landi Renzo S.p.A., which met on the same date after the Shareholders' Meeting, confirmed Annalisa Stupenengo in her role as Chief Executive Officer and General Manager, assigning her the same powers as those already recognised when she was co-opted.

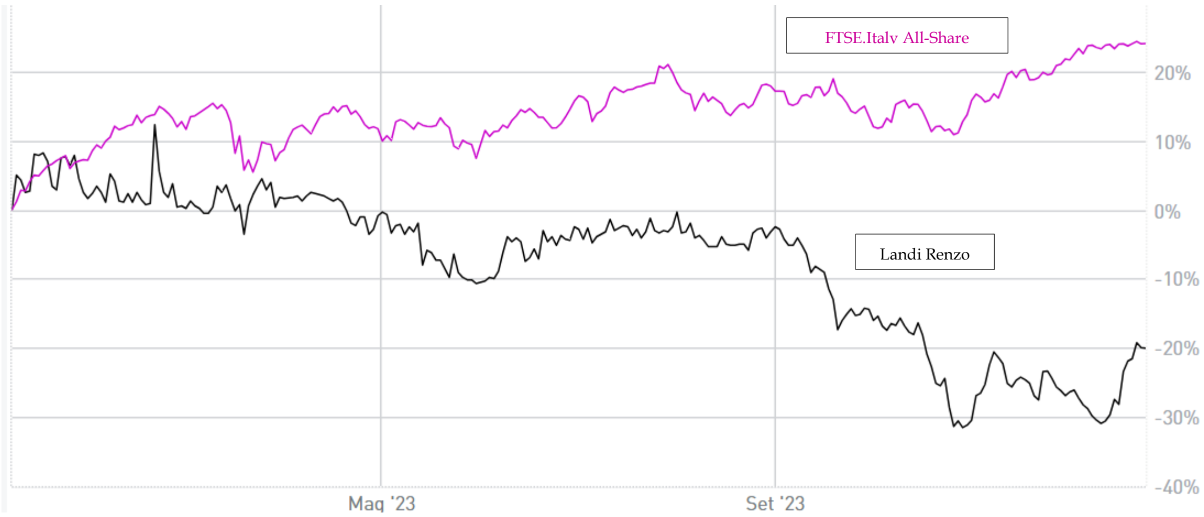
On 13 November 2023, the Board of Directors of Landi Renzo S.p.A., after obtaining the favourable opinion of the Committee for Transactions with Related Parties, authorised the disposal, without recourse, to

Girefin S.p.A. (related party pursuant to the Related Parties Procedure as Girefin S.p.A., along with Gireimm S.r.l., companies owned by the Landi Trust, indirectly hold control over Landi Renzo S.p.A. through GbD Green by Definition S.p.A.) of the remaining receivables, totalling Euro 1,710 thousand, still due to the Company from AVL Italia S.r.l. to which the Company previously sold a business unit. This assignment of receivables took place for an equivalent value of Euro 1,575 thousand (sum rounded down) and therefore with a discount of 4.50% paid in a lump sum at the time of the assignment with respect to the timing agreed upon previously during the disposal of the business unit, which established that this remaining amount of Euro 1,710 thousand would be paid in three instalments over the course of the next 3 financial years. The assignment transaction was assessed as a "transaction with related parties of lesser significance" pursuant to what is set forth in the Procedure for the management of related party transactions.

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 facilitating an understanding of the company's situation, management outlook, Group strategies and the outlook of the reference market. This office is also assigned the task of organising presentations, events and roadshows that enable a direct relationship to be established 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 updates on the share price, visit the *Investor Relations* section of www.landirenzogroup.com.

The following is a graphical representation of the performance of Landi Renzo stock over the period 2 January - 29 December 2023, compared with the performance of the FTSE Italy All-Share index.



In the period 2 January – 29 December 2023 (the last trading day of 2023), the official Landi Renzo share price decreased from Euro 0.5610 to Euro 0.4485.

The following table summarises the main share and stock market data for 2023.

Share Price and Stock Market Information (source Borsa Italiana S.p.A.)	Year 2023	Year 2022
Share capital (Euro)	22,500,000	22,500,000
Number of shares representing the Share Capital	225,000,000	225,000,000
Shareholders' equity attributable to Group shareholders and to minority interests (Euro)	69,987,000	105,884,000
Net profit (loss) for the Group and minority interests (Euro)	-36,496,000	-14,267,000
Earnings per share (Euro)	-0.1572	-0.0635
Closing price	0.4485	0.5500
Maximum price	0.6300	0.9000
Minimum price	0.3840	0.4015
Closing stock market capitalization	100,912,500	123,750,000

All shares issued were fully paid up.

On 05 August 2024, the significant equity investments in the share capital of Landi Renzo S.p.A., determined according to what is set forth in the notices sent pursuant to Art. 120 of the TUF, in addition to any notices relating to transactions subject to internal dealing, are as follows:

Shareholder	13 March 2024
GbD Green by Definition	59.927%
Sentis Capital Cell 2 PC	11.107%
Others - Market	28.966%

The share capital 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.

As 31 December 2023, the Landi Renzo Group owned no treasury shares.

Directors' Report

Operating Performance

Statement of Reconciliation between the Data of the Parent Company's Financial Statements and the Data of the Consolidated Financial Statements

Other Information

Consolidated non-financial report

Significant events after the reporting period and business outlook

LANDIRENZO GROUP

DIRECTORS' REPORT

The Directors' Report of the Parent Company and the Consolidated Directors' Report have been presented in a single document, giving greater prominence, where appropriate, to issues of relevance to all companies included in consolidation.

Operating performance

Reference context

International attention continues to be focused on the energy transition path. The scientific community and national governments are working every day to find solutions that can address global warming. Scientists have shown that 2023 was the hottest year on record. In December 2023, the 28th United Nations Climate Change Conference (COP 28) in Dubai concluded after rapid negotiations that resulted in a text in which the words chosen in the passages relating to the energy transition and the future of fossil fuel sources are subject to interpretation. This means that it will once again be up to governments to protect the earth's climate.

If we speak of what we can do as the Landi Renzo Group and we think about our role for sustainable mobility, the urgency of adopting a more mindful vision is even more evident when certain data are observed.

The transport sector consumes one-fifth of the primary energy produced worldwide. Urban traffic consumes 40% of this. According to WHO estimates, 92% of the global population lives where air quality is beyond health concern limits.

But how can we achieve sustainable mobility? More technology, connected vehicles, the sharing economy, smart cities, more modern infrastructure, but especially new curiosity and a personal willingness to change our habits somewhat. Exchanging and trying out new means of transport, handling new apps, keeping up-to-date on sector progress and the solutions offered by market players. In this sense, Landi Renzo, with its Green Transportation business unit and in particular thanks to the acquisition of the Metatron Group, has further improved the competitiveness of its product supply chain by developing specific expertise in the mechatronics area. Furthermore, the presence of a white room in the Hydrogen Excellence Center in Bologna has improved the production chain, which starting from the hydrogen supply chain reaches all products in the Landi Renzo range.

If instead we move to the Energy part of the Group with the Clean Tech Solutions business unit and the recent integration of Idro Meccanica S.r.l., its product portfolio makes it possible to offer highly innovative solutions that cover targeted applications for gas and hydrogen. Through IMW we are capable of optimally covering the North and South American markets, contributing towards accelerating decarbonisation with tailor-made projects.

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 concept of energy neutrality, 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.

In the second part of 2023, the global economy continued to slow due to strong, repeated geopolitical tensions and the continuation of restrictive monetary policies, particularly by the US Federal Reserve (Fed) and the European Central Bank (ECB), which maintained high interest rates with a view to combating persistent inflation.
These economic scenarios have reinforced the awareness on the part of global governments of the immediate need to accelerate all support and reinforcement policies regarding the green revolution, the energy transition and sustainable mobility, not only as focal points for mitigating climate change and global warming, but also as a source of structural improvement of economic and social conditions thanks to the creation of new jobs.
In this regard, 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, also thanks to recent strategic choices, with the Landi Renzo Group’s green mission and with its desire to play a leading role in the coming years in the energy transition value chain, as it has all of the means and potential to meet market requirements and be a leading player at global level.

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.

Operating performance

Overall, sales as at 31 December 2023 totalled Euro 303,339 thousand, basically in line with the previous year (Euro 306,297 thousand). Nonetheless, margins were down primarily as a result of the combined effect of multiple factors, including:

- a different Green Transportation sales mix, with an increase in passenger cars as well as Mid & Heavy

Duty OEM customer demand and the drop in the After Market channel, which continues to be impacted by geopolitical tensions in Eastern European countries and economic and financial difficulties in several countries in the Latam area, particularly Argentina and Brazil;

- a slowdown in Clean Tech Solutions segment production in the second part of the year, with the deferral of some important projects planned for 2023 to the subsequent year.

As concerns the Green Transportation segment, sales are up overall by Euro 11,175 thousand (+5.5%) despite the above-mentioned decline in volumes in the After Market sales channel, more than offset by the growth in sales in the OEM channel (both passenger cars and Mid & Heavy Duty). The consistent increase in sales made in the OEM channel (+28.7%), historically less profitable than the After Market channel, despite the decisive improvement in industrial margins recorded especially starting from the second half of the year, also following the commercial agreement for the revision of sales prices signed with the Group's main OEM customer, in any event had effects on profit margins.

The Clean Tech Solutions segment instead recorded a decline in sales of Euro 14,133 thousand (-13.5%), linked for the most part to the slowdown in production and connected to the deferral of some important projects planned for 2023 to the subsequent year. Adjusted Ebitda were also down compared with the previous year (-34.3%) following a decline in revenues as well as an increase in installation costs and the increased incidence of direct costs that cannot be cut.

Overall, Group profitability, in terms of Adjusted EBITDA, stood at Euro 7,019 thousand compared with Euro 15,257 thousand in 2022. This performance can be attributed to:

- the unfavourable sales mix in the Green Transportation segment, with a higher weight of sales in the OEM - Passenger cars channel;
- the reduction in Clean Tech Solutions segment volumes;
- the growth in fixed costs required to strengthen the operating structure, particularly with effects on personnel costs.

These negative effects were partially offset by the benefits generated starting in the second quarter of the year by the commercial agreement entered into with the main Group customer operating in the OEM channel for the revision of sale prices, resulting in a significant increase in industrial margins, plus the increase recorded in recent months in the OEM - Mid & Heavy Duty channel.

In the fourth quarter, the improvement trend at Adjusted EBITDA level continued (positive result of Euro 2,446 thousand), especially if compared with the first quarter of the year, which closed with a negative adjusted result of Euro 961 thousand. This result is particularly significant as a considerable portion of the improvement was linked to the Green Transportation segment, which in the fourth quarter recorded a positive Adjusted EBITDA of Euro 1,763 thousand (negative Euro 2,521 thousand in the first quarter), which confirms the margin improvement trend thanks to top-line growth in the OEM - Heavy Duty channel and the update of sale price lists.

The consolidated net loss of the Group as at 31 December 2023 amounted to Euro 36,439 thousand, after accounting for:

- non-recurring costs of Euro 6,930 thousand (of which Euro 2,121 thousand relating to extraordinary provisions for warranties and Euro 1,344 thousand for voluntary redundancy payments), and
- write-downs of part of the deferred tax assets recognised in prior years on tax losses (Euro 6,400 thousand).

Overall, the Adjusted Net Financial Position as at 31 December 2023 was Euro 98,592 thousand, compared with Euro 77,242 thousand at 31 December 2022, marking absorption of Euro 21,350 thousand (gross of the effect of exchange rate fluctuations on liquid assets equal to Euro 1,442 thousand) due especially to investments in tangible assets, extraordinary costs and financial expenses.

Financial Optimisation Project

Over recent years, the Group’s economic and financial performance has been negatively affected by, inter alia, a series of external events, including the COVID-19 pandemic and, more recently, the outbreak of the Russia-Ukraine conflict, which triggered turbulence in global energy trends (particularly in CNG and LNG prices), leading to growing inflationary pressures as well as difficulties in procuring certain raw materials, which has impacted both demand for the products supplied by the Group and the associated profit margins.

In this regard and with reference to the financial parameters to be tested 30 June 2023 and 31 December 2023 on the main Landi Renzo S.p.A. medium/long-term loans, please note that during the year the Company presented requests to the various financial institutions for waiver letters containing some specific requests for consent and/or exemption, particularly with reference to the failure to comply with the parameter on leverage (the “leverage ratio”) at 30 June 2023 and the expected possibility of non-compliance with that ratio at 31 December 2023.

Following timely negotiations, on 11 September 2023 all of the lending banks issued waiver letters confirming their consent to the one-off exemption from that financial parameter with reference to the calculation dates of 30 June and 31 December 2023 (“covenant holiday”). Please also note that such waiver letters also required respect for additional conditions, including an update of the business plan, with the request that it be subjected to an Independent Business Review ("IBR") by an independent business advisor, as well as the establishment and maintenance of a balance of Group cash and cash equivalents at 31 December 2023 equal to a minimum amount no lower than Euro 38 million. Both of these conditions were met.

With regard to the financial parameters at 31 December 2023 established on the debenture loan issued by the subsidiary SAFE S.p.A. and subscribed by Finint (Finanziaria Internazionale Investments SGR S.p.A.), please note that on 29 December 2023, Finint SGR issued the relative waiver letter which provided a holiday period with reference to the financial covenants to be calculated as at 31 December 2023.

In July 2023, also in order to best tackle the complex macroeconomic scenario described in brief above, the Board of Directors of Landi Renzo S.p.A. co-opted Annalisa Stupenengo as Chief Executive Officer and General Manager of the Group, entrusting her with the task of preparing the new 2024-2028 business plan (the "Business Plan"), drafted with the support of a leading strategic consulting firm, which was approved by the Board of Directors of Landi Renzo S.p.A. on 23 January 2024. As requested by the lending banks, the Business Plan was subjected to an IBR by an independent business advisor, which confirmed the substantial sustainability of the relative assumptions and which, along with the absence of external events during the initial months of the year that could jeopardise the estimates made, permitted the Company's Board of Directors to confirm that Business Plan on 17 July 2024.

Furthermore, within this context, the management engaged a financial advisor to analyse the economic and financial situation of the Group and provide assistance in developing a financial structure reorganisation and optimisation strategy (the "Financial Optimisation Project"), while also initiating negotiations with the banking sector to redefine medium/long-term loan agreements. On 17 July 2024, the Board of Directors of Landi Renzo S.p.A. approved the Financial Optimisation Project, giving the Chairman and Chief Executive Officer, separately, the necessary powers to sign documents relevant to the review of agreements with banks and to do what is necessary to execute them.

Considering the timing connected to the definition of the review of medium/long-term loan agreements with the banking sector and the reorganisation and optimisation of the inherent financial structure, the Board of Directors deemed it appropriate to update the calendar of board and shareholders' meetings for the approval of the financial data at 31 December 2023 multiple times.

The Financial Optimisation Project is based on three main guidelines:

1. the capitalisation of Landi Renzo S.p.A. through the injection of new own funds to be carried out through a share capital increase under option for a total (including share premium) of up to Euro 25 million, by issuing ordinary shares, with regular dividend entitlement, guaranteed up to an amount of Euro 20 million by the current majority shareholder of Landi Renzo S.p.A., GBD - Green by Definition S.p.A.("GBD"), to be offered as an option to shareholders of the Company pursuant

to Article 2441 of the Italian Civil Code, and to be paid up by means of contributions in cash and through voluntary offsetting, pursuant to Article 1252 of the Italian Civil Code, with receivables due to subscribers from the Company (the "Share Capital Increase under Option");

2. a capitalisation of Landi Renzo S.p.A. through the injection of new own funds to be carried out through an indivisible paid share capital increase in cash reserved for Invitalia - Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A. ("Invitalia"), in its capacity as manager of the "Fund for the protection of employment levels and the continuation of business activity", - for a total (including share premium) of Euro 20 million, by means of the issue of unlisted special class shares convertible into ordinary shares at a ratio of 1:1, with the same characteristics as the ordinary shares outstanding, as well as certain administrative rights recognised by the articles of association (the "Reserved Share Capital Increase" and, along with the Share Capital Increase under Option, the "Transaction"); and
3. a rescheduling of payments on the Company's outstanding medium/long-term financial debt to its lending banks (i.e. Intesa Sanpaolo S.p.A., UniCredit S.p.A. and Sagitta SGR S.p.A., on behalf of the closed-end alternative investment fund reserved for professional investors named "UTP Restructuring Corporate", the latter having taken over for Banco BPM S.p.A. as of July 2024, jointly, the "Lenders"), which is consistent with the generation of operating cash flows to service the debt in light of the economic/financial projections set forth in the Business Plan, as well as the results of the sensitivity scenario prepared by the independent business advisor as part of the IBR.

Please note that, following the full payment of the Share Capital Increase under Option and the Reserved Share Capital Increase, expected by 31 December 2024, the Company will obtain new own funds for a maximum total of Euro 45 million and, in any event, no less than Euro 40 million.

As part of the above-mentioned process of reviewing the medium/long-term loan agreements with the banking sector, as well as the Transaction involving the Invitalia investment, on 5 August 2024 the Board of Directors acknowledged:

- the signing on 1 August 2024 of the investment agreement between GBD, Invitalia and, limited to certain contractual clauses, Gireimm S.r.l., Girefin S.p.A. and Itaca GAS S.r.l. (the "**GBD Shareholders**"), holding 100% of the share capital of GBD (the "**Investment Agreement**"), of which they received a copy signed by all parties concerned on 1 August 2024 which establishes, inter alia, GBD's commitment to subscribe its pro rata share of the Share Capital Increase under Option (the "**Guaranteed Minimum Share**"), as well as to subscribe any unopted rights after the auction, for a maximum of Euro 20 million, inclusive of the Guaranteed Minimum Share (the "**Guaranteed Maximum Share**"), under the terms and conditions set forth in the Investment Agreement, with the specification that the execution of the commitments to subscribe the Share Capital Increase under Option and the Reserved Share Capital Increase is subject to the following conditions (the "**Conditions Precedent**"):
    i) the approval by the Company's Extraordinary Shareholders' Meeting of the assignment,

pursuant to Article 2443 of the Italian Civil Code, to the Board of Directors of a delegation to carry out the Share Capital Increase under Option and the Reserved Share Capital Increase, establishing that the share subscription price, equal for both capital increases, will be determined by the Board of Directors close to the Share Capital Increase under Option subscription period;

ii) the exercise of the Delegation by the Company's Board of Directors and the establishment of the subscription price of the ordinary shares and the special class shares according to the methodology and criteria set forth in the Investment Agreement;

iii) the approval by the Ordinary Shareholders' Meeting of the Company of the resolutions concerning the composition of the corporate bodies of Landi Renzo S.p.A. following the signing of the Investment Agreement;

iv) the adoption by the Extraordinary Shareholders' Meeting of Landi Renzo S.p.A. of the new Articles of Association and the Apostille which will establish that the amendments made to the Articles of Association will become effective only at the date of and in conjunction with the full subscription by Invitalia of the Reserved Share Capital Increase;

v) the determination of the value of Landi Renzo S.p.A. prior to the Share Capital Increase under Option by means of the fairness opinion drafted by an independent advisor engaged by Invitalia, which also takes into account an assessment, performed on the basis of a generally accepted methodology such as the internal rate of return or the net present value, of the return on investment or investment benchmarking, as well as the growth and development outlooks of the Landi Renzo Group and the sectors in which it carries on business - in order to verify that such value is equal to or higher than that which will be determined by the Board of Directors of Landi Renzo S.p.A. as part of the Transaction according to what is set forth in the Investment Agreement;

vi) the approval by Consob of the prospectus concerning the Transaction;

vii) the signing by the Company with the Lenders of binding agreements (albeit subject to conditions precedent) relating to the Financial Manoeuvre;

viii) the conclusion of the Share Capital Increase under Option with the subscription, if the terms and conditions set forth in the Investment Agreement are met, of the Guaranteed Maximum Share by GBD; and

ix) the issue of the POSI Policy and, for such purposes, the full payment of the relative premiums and costs by Landi Renzo S.p.A. according to what is set forth in the Investment Agreement;

- the fact that in July 2024, the Ministry of Enterprises and Made in Italy confirmed the lack of grounds to object to the acceptance of the relaunch programme submitted by the Company to Invitalia and subsequently formalised in the above-mentioned investment agreement;
- the signing, on 1 August 2024, of the amendment to the medium/long-term loan agreement for a total maximum of Euro 21 million entered into on 29 June 2022 between Landi Renzo S.p.A.

and the Lenders, backed by an irrevocable first demand guarantee issued by SACE S.p.A., pursuant to Italian Decree Law No. 23/2020, and the amendment to the medium/long-term unsecured loan agreement for a total maximum of Euro 52 million entered into on 29 June 2022 also between Landi Renzo S.p.A. and the Lenders (jointly, the "**Amendments**"), of which they received a copy signed by all parties concerned on 1 August 2024 and which in particular call for (a) the rescheduling of current repayment plans; (b) a reset of the leverage ratio financial parameter without prejudice to the fact that, with reference to the calculation dates of 30 June 2024 and 31 December 2024, the above-mentioned financial parameter will no longer be checked; (c) the introduction of the new Adjusted EBITDA financial parameter, to be tested exclusively with regard to the calculation dates of 30 June 2025 and 31 December 2025; and (d) with reference only to the loan agreement with the SACE guarantee, the introduction of a prohibition on the distribution of dividends and/or the acquisition of treasury shares for the entire year 2024, with the specification that the Amendments will become effective (with effect backdated to 28 June 2024) following the fulfilment of the conditions precedent set forth therein (the "**Lender Conditions Precedent**") including, *inter alia*, GBD's payment for a future capital increase of Landi Renzo S.p.A. in the amount of Euro 14,981,665.33 by 5 August 2024 (the "Payment"), and will also be subject to conditions subsequent including, *inter alia*, the failure to finalise the Transaction in the amount of at least Euro 40 million by 31 December 2024 (the "**Condition Subsequent**"). In this regard, please note that all Lender Conditions Precedent (considering that the above-mentioned future share capital increase payment has already been made) have been met to date;

- the signing, on 1 August 2024, by GBD and the GBD Shareholders of a commitment (the "**Equity Commitment Letter**") calling for the irrevocable commitment of GBD and the GBD Shareholders to the Lenders, (i) subject to the approval of the Company's draft financial statements at 31 December 2023 by the Company's Board of Directors, to make the Payment by no later than 5 August 2024 (in this regard, please note that GBD made the Payment to the Company on 2 August 2024 in an amount equal to the Guaranteed Minimum Share corresponding to Euro 14,981,665.33); and (ii) subject to the fulfilment of the Conditions Precedent set forth in the Investment Agreement, with the exception of the Condition Precedent pursuant to point (viii) above, to subscribe the Guaranteed Minimum Share by means of offsetting with the Payment pursuant to Article 1252 of the Italian Civil Code, as well as to subscribe the Guaranteed Maximum Share under the terms and conditions set forth in the Investment Agreement.

In consideration of the fact that:

- the Share Capital Increase under Option and the Reserved Share Capital Increase represent a fundamental element of the Financial Manoeuvre;
- the finalisation of the Share Capital Increase under Option and the Reserved Share Capital Increase is exposed to a complex procedural process due to the technical aspects established by the rules governing the market as well as the laws underlying the Investment Agreement, which

includes Conditions Precedent, the fulfilment of some of which depends on the occurrence of events outside the Company's control, such as obtaining a fairness opinion provided by an independent advisor engaged by Invitalia determining the value of Landi Renzo S.p.A. prior to the Share Capital Increase under Option and which confirms that such value is equal to or greater than that which will be determined by the Board of Directors of Landi Renzo S.p.A. for the purposes of the Transaction;

- at the present date, the fairness opinion mentioned above is unavailable and as a result it is not possible to "objectively" know what the independent advisor will decide;

it is believed that, if the Condition Precedent relating to the fairness opinion is not fulfilled by 31 December 2024, there is significant uncertainty which could give rise to doubts as to the company's capacity to continue to operate as a going concern, as this circumstance could influence the success of the Share Capital Increase under Option and the Reserved Share Capital Increase and as a result of the financial manoeuvre as a whole.

For more information, please refer to the section on "Business continuity" in the notes.

PERFORMANCE AND NOTES ON THE MAIN CHANGES IN THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

The following table sets out the main economic indicators of the Group for the year ending at 31 December 2023 compared with the previous year.

(Thousands of Euro)	31/12/2023				31/12/2022 (restated)			
	Green Transportation	*Clean Tech. Solutions*	Adjustments	Landi Renzo Consolidated	*Green Transportation*	*Clean Tech. Solutions*	Adjustments	Landi Renzo Consolidated
Net sales outside the Group	212,900	90,439		303,339	201,725	104,572		306,297
Intersegment sales	719		-719	0	343		-343	0
Total Revenues from net sales and services	**213,619**	**90,439**	**-719**	**303,339**	**202,068**	**104,572**	**-343**	**306,297**
Other revenues and income	1,881	424		2,305	967	282		1,249
Operating costs	-212,412	-86,932	719	-298,625	-193,764	-98,868	343	-292,289
Adjusted gross operating profit	**3,088**	**3,931**	**0**	**7,019**	**9,271**	**5,986**	**0**	**15,257**
Non-recurring costs	-5,427	-1,503		-6,930	-3,694	-519		-4,213
Gross operating profit	**-2,339**	**2,428**	**0**	**89**	**5,577**	**5,467**	**0**	**11,044**
Amortisation, depreciation and impairment	-13,790	-2,916		-16,706	-14,206	-2,871		-17,077
Net operating profit	**-16,129**	**-488**	**0**	**-16,617**	**-8,629**	**2,596**	**0**	**-6,033**
Financial income				1,460				1,129
Financial expenses				-11,646				-7,630
Exchange gains (losses)				-1,626				-1,453
Net income (expenses) from hyperinflation				-1,272				-217
Income (expenses) from equity investments				-224				-275
Income (expenses) from joint ventures measured using the equity method				107				597
Profit (loss) before tax				**-29,818**				**-13,882**
Taxes				-6,621				-385
Net profit (loss) for the Group and minority interests, including:				**-36,439**				**-14,267**
Minority interests				-1,270				14
Net profit (loss) for the Group				**-35,169**				**-14,281**

Consolidated revenues for the year 2023 came to Euro 303,339 thousand, essentially the same as the previous year (Euro 306,297 thousand).

Costs of raw materials, consumables and goods and changes in inventories increased overall from Euro 188,979 thousand at 31 December 2022 to Euro 189,468 thousand at 31 December 2023, basically in line with the performance of overall turnover, thanks to the results achieved in the negotiation of procurement agreements.

The costs of services and use of third-party assets amounted to Euro 57,699 thousand, compared with Euro 54,780 thousand in the previous year, and are inclusive of non-recurring costs relating to strategic consultancy (Euro 2,557 thousand).

Personnel costs rose from Euro 47,218 thousand as at 31 December 2022 to Euro 51,010 thousand as at 31 December 2023. This change was caused by costs incurred to strengthen the Group's management structure, as well as outlays for voluntary retirement incentives incurred in the course of 2023 (totalling Euro 1,334 thousand).
The Group heavily invested in highly specialised resources to support the increasing development performed for new products and solutions, particularly for the Heavy Duty market and hydrogen and biomethane mobility, capitalised when they meet the requirements laid out in IAS 38.
The Group had a total of 964 employees, including 379 relating to the Clean Tech Solutions segment.

Allocations, write-downs and other operating expenses totalled Euro 7,378 thousand (Euro 5,525 thousand as at 31 December 2022), up due to:

- the extraordinary, non-recurring provision for potential risks for recall campaigns on OEM components for product warranties (Euro 2,121 thousand);
- the provision for bad debts recognised by the management after updating its assessments concerning the recoverability of the Group's receivables due from customers on the basis of information at 31 December 2023 (Euro 1,090 thousand).

The adjusted Gross Operating Profit (EBITDA) was Euro 7,019 thousand as at 31 December 2023, compared with Euro 15,257 thousand in the same period of the previous year, while the Gross Operating Profit (EBITDA) was Euro 89 thousand (profit of Euro 11,044 thousand as at 31 December 2023), inclusive of non-recurring costs of Euro 6,930 thousand (Euro 4,213 thousand as at 31 December 2022).

(Thousands of Euro)

NON-RECURRING COSTS	31/12/2023	31/12/2022	Change
Strategic consultancy	2,557	1,322	1,235
Non-recurring expenditure for voluntary resignation incentives	1,334	439	895
Extraordinary accruals - warranties	2,121	0	2,121
Cyber attack consultancy	138	344	-206
Extraordinary accruals - Ukraine-Russia customers	0	569	-569
Customer penalties for delivery delays	0	466	-466
Other extraordinary costs	780	1,073	-293
Total	**6,930**	**4,213**	**2,717**

In the course of 2023, the following continued:

- structure optimisation and improvement activities, also relying on the advisory services of external partners;
- actions aimed at digitalising internal processes in different areas of the company; and
- the integration of the newly acquired companies, with a view to reducing both fixed and variable costs.

The Net Operating Loss (EBIT) for the year was Euro 16,617 thousand (loss of Euro 6,033 thousand at 31 December 2022), after accounting for amortisation, depreciation and impairment of Euro 16,706 thousand (Euro 17,077 thousand at 31 December 2022), of which Euro 3,425 thousand due to the application of IFRS - 16 Leases (Euro 3,481 thousand at 31 December 2022).

Total financial expenses (interest income, interest charges and exchange rate differences) amounted to Euro 11,812 thousand (Euro 7,954 thousand as at 31 December 2022) and include negative exchange effects primarily from valuation of Euro 1,626 thousand (negative and equal to Euro 1,453 thousand as at 31 December 2022).

Financial expenses alone, amounting to Euro 11,646 thousand, rose compared with the same period of the previous year (Euro 7,630 thousand), as a direct consequence of higher interest rates and conditions on bank borrowing.

Financial income, amounting to Euro 1,460 thousand, is inclusive of Euro 563 thousand relating to the positive change in the fair value of derivative financial instruments outstanding at 31 December 2023. At 31 December 2022, this income amounted to Euro 1,129 thousand and was inclusive of Euro 912 thousand relating to the early closure of financial derivative contracts hedging the previous pool loan, with the collection of their market value.

Net expenses from hyperinflation, amounting to Euro -1,272 thousand (Euro -217 thousand at 31 December 2022), included the effects deriving from the application by the Argentine branch of IAS 29 - Financial reporting in hyperinflationary economies.

Income from joint ventures refers to the valuation at equity of the Indian joint venture Krishna Landi Renzo India Private Ltd Held.

The year 2023 closed with a pre-tax loss (EBT) of Euro 29,818 thousand. The half-year period as at 31 December 2022 closed with a pre-tax loss (EBT) of Euro 13,882 thousand.

The net loss of the Group and minority interests as at 31 December 2023 came to Euro 36,439 thousand after write-downs of deferred tax assets of Euro 6,400 thousand and expenses due to hyperinflation of Euro 1,272 thousand, compared with a Group and minority interest loss of Euro 14,267 thousand as at 31 December 2022.

SEGMENT REPORTING

The management has identified two operating segments 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/Biomethane 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. This segment mainly includes the SAFE, IMW and Idro Meccanica brands.

Breakdown of sales by business segment

(Thousands of Euro)

Distribution of revenues by segment	31/12/2023	% of revenues	31/12/2022	% of revenues	Changes	%
Green Transportation segment	212,900	70.2%	201,725	65.9%	11,175	5.5%
Clean Tech *Solutions*	90,439	29.8%	104,572	34.1%	-14,133	-13.5%
Total revenues	**303,339**	**100.0%**	**306,297**	**100.0%**	**-2,958**	**-1.0%**

Although on the whole consolidated revenues were aligned with the previous year (-1%), different trends emerged in the Group’s two segments. The Green Transportation segment recorded an increase of Euro 11,175 thousand in turnover (+5.5%), due to increased demand from passenger car and Mid & Heavy Duty OEM customers, while the Clean Tech Solutions segment recorded a decline in revenues of Euro 14,133 thousand (-13.5%), linked to the slowdown in production due to the deferral of some important projects planned for 2023 to the subsequent year.

Breakdown of sales by geographical area

(Thousands of Euro)

Geographical distribution of revenues	At 31/12/2023	% of revenues	At 31/12/2022	% of revenues	Changes	%
Italy	34,692	11.4%	32,159	10.5%	2,533	7.9%
Europe (excluding Italy)	168,406	55.5%	135,833	44.3%	32,573	24.0%
America	50,292	16.6%	65,607	21.4%	-15,315	-23.3%
Asia and Rest of the World	49,949	16.5%	72,698	23.8%	-22,749	-31.3%
Total revenues	**303,339**	**100.0%**	**306,297**	**100.0%**	**-2,958**	**-1.0%**

Regarding the geographical distribution of revenues, the Group realised 88.6% of its consolidated revenues abroad in 2023 (89.6% at 31 December 2022) (55.5% in Europe and 33.0% outside Europe).

Profitability

Green Transportation operating segment performance

(Thousands of Euro)

GREEN TRANSPORTATION	31/12/2023	31/12/2022	Changes	%
Net sales outside the Group	**212,900**	**201,725**	**11,175**	**5.5%**
Intersegment sales	719	343	376	109.6%
Total Revenues from net sales and services	213,619	202,068	11,551	5.7%
Other revenues and income	1,881	967	914	94.5%
Operating costs	-212,412	-193,764	-18,648	9.6%
Adjusted gross operating profit (EBITDA)	**3,088**	**9,271**	**-6,183**	**-66.7%**
Non-recurring costs	-5,427	-3,694	-1,733	46.9%
Gross operating profit (EBITDA)	**-2,339**	**5,577**	**-7,916**	**-141.9%**
Amortisation, depreciation and impairment	-13,790	-14,206	416	-2.9%
Net operating profit	**-16,129**	**-8,629**	**-7,500**	**86.9%**
Adjusted EBITDA margin	**1.5%**	**4.6%**		
EBITDA margin	**-1.1%**	**2.8%**		

Sales revenues

Revenues from sales in the Green Transportation segment as at 31 December 2023 amounted to Euro 212,900 thousand, up by Euro 11,175 thousand (+5.5%) compared with 31 December 2022. The significant OEM channel sales performance (+28.7% compared with 31 December 2022), especially with reference to a leading European customer and the recovery in the Mid & Heavy Duty channel, more than offset the downturn in sales in the After Market channel (-20% compared with 31 December 2022), influenced by political and economic difficulties in the reference markets, especially in the Latam area and Eastern Europe.

It should be noted that the Green Transportation segment, after a first quarter that was extremely negative in terms of margins (Euro -2,521 thousand), continues to confirm the positive trend of improvement in margins (Euro 1,763 thousand in the fourth quarter), driven by increasing orders in the OEM - Mid & Heavy Duty channel and the renegotiation of sale price lists with a leading OEM - passenger car channel customer. These effects in part offset the lower margins deriving from the decline in sales in the After Market sales channel (characterised by higher margins) due to the above-mentioned political and economic tensions in several Eastern European countries and the Latam area.

Group sales in the OEM channel amounted to Euro 137.8 million, up by Euro 30.8 million compared with 31 December 2022, and relate to sales to automotive manufacturers operating in the passenger car channel and the Mid & Heavy Duty channel.

Sales in the After Market channel, amounting to Euro 75.1 million (compared with Euro 94.7 million at 31 December 2022), primarily relate to orders from distributors and authorised installers, both domestic and foreign.

Revenue by geographical area

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

(Thousands of Euro)

GREEN TRANSPORTATION	At 31/12/2023	% of revenues	At 31/12/2022	% of revenues	Changes	%
Italy	25,837	12.1%	24,783	12.3%	1,054	4.3%
Europe (excluding Italy)	124,762	58.6%	101,298	50.2%	23,464	23.2%
America	17,874	8.4%	29,526	14.6%	-11,652	-39.5%
Asia and Rest of the World	44,427	20.9%	46,118	22.9%	-1,691	-3.7%
Total revenues	**212,900**	**100.0%**	**201,725**	**100.0%**	**11,175**	**5.5%**

Italy

Group sales at 31 December 2023 in the Italian market were up by 4.3% compared with the same period of the previous year.

Europe

The rest of Europe represents 58.6% of total sales and is up 23.2% compared with the same period of 2022 (50.2%). The increase was driven essentially by sales to a leading OEM customer.

America

Sales on the American continent (8.4% of total sales), amounting to Euro 17,874 thousand (Euro 29,526 thousand at 31 December 2022), marked a decrease of 39.5% 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 44,427, amounting to 20.9% of total revenue, were basically in line with the previous period.

Profitability

(Thousands of Euro)

GREEN TRANSPORTATION	Q1 2023	Q2 2023	Q3 2023	Q4 2023	31/12/2023	Q1 2022	Q2 2022	Q3 2022	Q4 2022	31/12/2022
Revenue	48,054	56,206	50,751	57,889	**212,900**	46,296	47,552	47,387	60,490	**201,725**
Adjusted gross operating profit (EBITDA)	-2,521	2,680	1,166	1,763	**3,088**	1,327	1,988	1,107	4,849	**9,271**
% of revenues	*-5.2%*	*4.8%*	2.3%	3.0%	***1.5%***	*2.9%*	4.2%	2.3%	8.0%	***4.6%***
Gross operating profit (EBITDA)	-3,407	115	42	911	**-2,339**	547	1,645	820	2,565	**5,577**
% of revenues	*-7.1%*	*0.2%*	0.1%	1.6%	***-1.1%***	*1.2%*	3.5%	1.7%	4.2%	***2.8%***
Net operating profit (EBIT)	-6,905	-3,458	-3,485	-2,281	**-16,129**	-3,052	-2,076	-2,809	-692	**-8,629**
% of revenues	*-14.4%*	*-6.2%*	*-6.9%*	*-3.9%*	***-7.6%***	*-6.6%*	*-4.4%*	*-5.9%*	*-1.1%*	***-4.3%***
Change in Revenues compared with the previous year	1,758	8,654	3,364	-2,601	**11,175**					
Change %	*3.8%*	*18.2%*	*7.1%*	*-4.3%*	***5.5%***					

During 2023, the adjusted Gross Operating Profit (EBITDA) of the Green Transportation segment, net of non-recurring costs of Euro 5,427 thousand, was positive at Euro 3,088 thousand, equivalent to 1.5% of revenues, down compared with the same period of the previous year (Euro 9,271 thousand, equal to 4.6% of revenues and net of non-recurring costs of Euro 3,694 thousand).

Despite the turnover growth at 31 December 2023 compared with 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 at 31 December 2023.

The Gross Operating Loss (EBITDA) of the Green Transportation segment, amounting to Euro 2,339 thousand, includes non-recurring costs of Euro 5,427 thousand, already commented on above.

Clean Tech Solutions operating segment performance

CLEAN TECH SOLUTIONS	31/12/2023	31/12/2022	Changes	%
Net sales outside the Group	90,439	104,572	-14,133	-13.5%
Intersegment sales	0	0	0	0.0%
Total Revenues from net sales and services	**90,439**	**104,572**	**-14,133**	**-13.5%**
Other revenues and income	424	282	142	50.4%
Operating costs	-86,932	-98,868	11,936	-12.1%
Adjusted gross operating profit (EBITDA)	**3,931**	**5,986**	**-2,055**	**-34.3%**
Non-recurring costs	-1,503	-519	-984	189.6%
Gross operating profit (EBITDA)	**2,428**	**5,467**	**-3,039**	**-55.6%**
Amortisation, depreciation and impairment	-2,916	-2,871	-45	1.6%
Net operating profit	**-488**	**2,596**	**-3,084**	**-118.8%**
Adjusted EBITDA margin	**4.3%**	**5.7%**		
EBITDA margin	**2.7%**	**5.2%**		

Sales revenues

The Clean Tech Solutions segment recorded revenue of Euro 90,439 thousand, compared with Euro 104,572 thousand in the previous year. This performance is linked to the slowdown in production, particularly in the third quarter, as well as the deferral of some important projects planned for 2023 to the subsequent year.

Revenue by geographical area

A breakdown of revenues from sales in the Clean Tech Solutions segment by geographical area is provided below.

(Thousands of Euro)

CLEAN TECH SOLUTIONS	At 31/12/2023	% of revenues	At 31/12/2022	% of revenues	Changes	%
Italy	8,855	9.8%	7,376	7.1%	1,479	20.1%
Europe (excluding Italy)	43,644	48.3%	34,535	33.0%	9,109	26.4%
America	32,418	35.8%	36,081	34.5%	-3,663	-10.2%
Asia and Rest of the World	5,522	6.1%	26,580	25.4%	-21,058	-79.2%
Total revenues	**90,439**	**100.0%**	**104,572**	**100.0%**	**-14,133**	**-13.5%**

Given its extreme variability depending on the projects completed during the period, revenue by geographical area is not a significant indicator for the Clean Tech Solutions segment. Nonetheless, remarkable results were achieved in Europe, primarily due to significant projects for biogas and hydrogen solutions.

Profitability

(Thousands of Euro)

CLEAN TECH SOLUTIONS	Q1 2023	Q2 2023	Q3 2023	Q4 2023	31/12/2023	Q1 2022	Q2 2022	Q3 2022	Q4 2022	31/12/2022
Revenue	23,114	24,431	18,582	24,312	**90,439**	20,622	29,976	24,518	29,456	**104,572**
Adjusted gross operating profit (EBITDA)	1,560	2,201	-513	683	**3,931**	1,341	1,885	1,056	1,704	**5,986**
% of revenues	*6.7%*	*9.0%*	-2.8%	2.8%	***4.3%***	*6.5%*	6.3%	4.3%	5.8%	***5.7%***
Gross operating profit (EBITDA)	1,316	1,664	-852	300	**2,428**	1,282	1,834	942	1,409	**5,467**
% of revenues	*5.7%*	*6.8%*	-4.6%	1.2%	***2.7%***	*6.2%*	6.1%	3.8%	4.8%	***5.2%***
Net operating profit (EBIT)	621	919	-1,585	-443	**-488**	600	1,112	230	654	**2,596**
% of revenues	*2.7%*	*3.8%*	*-8.5%*	*-1.8%*	***-0.5%***	*2.9%*	*3.7%*	*0.9%*	*2.2%*	***2.5%***
Change in Revenues compared with the previous year	2,492	-5,545	-5,936	-5,144	**-14,133**					
Change %	*12.1%*	*-18.5%*	*-24.2%*	*-17.5%*	***-13.5%***					

For the Clean Tech Solutions segment, adjusted EBITDA net of non-recurring costs of Euro 1,503 thousand (primarily relating to strategic consultancy) came to Euro 3,931 thousand, equivalent to 4.3% of revenues, compared with Euro 5,986 thousand in the same period of the previous year, equal to 5.7% of revenues. This performance was caused by the decline in revenues, the increase in installation costs and the increased incidence of direct costs that cannot be cut.

Invested capital

(Thousands of Euro)

Statement of Financial Position	31/12/2023	31/12/2022
Trade receivables	72,821	73,559
Inventories	93,637	97,109
Trade payables	-100,115	-98,033
Other net current assets (liabilities) (*)	-13,660	-17,952
Net operating capital	**52,683**	**54,683**
Tangible fixed assets	13,232	14,015
Intangible assets	105,153	108,536
Right-of-use assets	11,945	13,618
Other non-current assets	12,145	19,162
Fixed capital	**142,475**	**155,331**
TFR (employee severance indemnity) and other provisions	-12,549	-11,807
Net invested capital	**182,609**	**198,207**
Financed by:		
Net Financial Position	112,405	92,323
Group shareholders' equity	64,927	99,917
Minority interests	5,277	5,967
Borrowings	**182,609**	**198,207**

Ratios	31/12/2023	31/12/2022
Net operating capital	52,683	54,683
Net operating capital / Revenues	17.4%	17.9%
Net invested capital	182,609	198,207
Net capital employed / Revenues	60.2%	64.7%

(*) Net of the remaining payable for the acquisition of equity investments

Net working capital at the end of the period was basically aligned with the figure in the previous year, in absolute terms and as a percentage of turnover, standing at Euro 52,683 thousand at 31 December 2023 (with an incidence of 17.4%) compared with Euro 54,683 thousand as at 31 December 2022 (equal to 17.9% of turnover).

Trade receivables stood at Euro 72,821 thousand (of which Euro 22,590 thousand relating to the Clean Tech Solutions segment), substantially aligned with 31 December 2022 (Euro 73,559 thousand, of which Euro 21,237 thousand relating to the Clean Tech Solutions segment). On 31 December 2023, derecognised receivables assigned through factoring with crediting on maturity stood at Euro 15.8 million (Euro 16.1 million at 31 December 2022).

Trade payables are up by Euro 2,082 thousand from Euro 98,033 thousand as at 31 December 2022 to Euro 100,115 thousand as at 31 December 2023 (of which Euro 26,919 thousand relating to the Clean Tech Solutions segment). This increase was also due to the effect of the rescheduling agreements reached with some of the main suppliers aimed at optimising the Group's financial management.

Fixed capital, amounting to Euro 142,475 thousand and inclusive of Euro 11,945 thousand for right-of-use assets recognised pursuant to IFRS 16 – Leases, was down compared with the figure as at 31 December 2022 by Euro 12,856 thousand primarily due to the write-down of deferred tax assets recognised on losses in previous years.

TFR (employee severance indemnity) and other provisions came to Euro 12,549 thousand at 31 December 2023 and rose by Euro 742 thousand compared with 31 December 2022 (Euro 11,807 thousand) primarily following non-recurring provisions recognised during the period for warranties (Euro 2,121 thousand) and other risks (Euro 485 thousand).

Net invested capital (Euro 182,609 thousand, equal to 60.2% of turnover) is down compared with 31 December 2022 (Euro 198,207 thousand, equal to 64.7% of turnover) mainly as a result of the reduction of fixed capital.

Net financial position and cash flows

(Thousands of Euro)

	31/12/2023	31/12/2022
Cash and cash equivalents	26,495	62,968
Current financial assets	20,647	0
Current assets for derivative financial instruments	0	412
Bank financing and short-term loans	-51,987	-103,629
Current right-of-use liabilities	-2,792	-3,196
Other current financial liabilities	-7,459	-3,956
Net short term indebtedness	**-15,096**	**-47,401**
Non-current bank loans	-67,785	-8,169
Other non-current financial liabilities	-18,503	-24,456
Non-current right-of-use liabilities	-10,090	-11,314
Non-current liabilities for derivative financial instruments	-515	0
Non-current assets for derivative financial instruments	39	103
Net medium-long term indebtedness	**-96,854**	**-43,836**
Commitments for the purchase of equity investments	-455	-1,086
Net Financial Position	**-112,405**	**-92,323**
Net Financial Position - adjusted (*)	**-98,592**	**-77,242**
- of which Green Transportation	-82,041	-68,511
- of which Clean Tech Solutions	-16,551	-8,731

(*) Not including the effects of the adoption of IFRS 16 - Leases, the fair value of derivative financial instruments and the payables for the equity investments

The Net Financial Position as at 31 December 2023 is equal to Euro 112,405 thousand (Euro 92,323 thousand as at 31 December 2022), of which Euro 12,882 thousand due to the application of IFRS 16 - Leases, an overall negative amount of Euro 476 thousand relating to the fair value of derivative financial instruments and Euro 455 thousand relating to the payable for the put/call options relating to Metatron Control System shares. The adjusted Net Financial Position net of these amounts would have amounted to Euro 98,592 thousand, of which Euro 82,041 thousand linked to the Green Transportation segment and Euro 16,551 thousand to the Clean Tech Solutions segment.

The following table illustrates the trend in total cash flow:

(Thousands of Euro)

	31/12/2023	31/12/2022
Gross operational cash flow	-5,632	5,831
Cash flow for investment activities	-9,134	-8,337
Gross Free Cash Flow	**-14,766**	**-2,506**
Variation in the consolidation area	0	-30,683
Non-recurring expenditure for voluntary resignation incentives	-1,334	-439
Net Free Cash Flow	**-16,100**	**-33,628**
Share capital increase (*)	0	58,554
Repayment of leases (IFRS 16)	-3,808	-3,872
Overall cash flow	**-19,908**	**21,054**

(*) net of expenses incurred

In 2023, there was cash absorption of Euro 19,908 thousand, mainly associated with operations (Euro -5,632 thousand - net of non-recurring outlays for voluntary retirement incentives), investment activities (Euro 9,134 thousand) and cash outflows for leases (Euro 3,808 thousand). The significant decline compared with the same period of the previous year is associated with the deterioration in results from ordinary operations already described previously as well as positive cash flows deriving from the share capital increase concluded in 2022 (Euro 58,554 thousand, net of expenses incurred).

With reference to the financial covenants in place at 30 June 2023 and 31 December 2023 on the main Landi Renzo S.p.A. loans, please note that during the year the Company presented to the various financial institutions waiver letters containing some specific requests for consent and/or exemption in relation to the outstanding loan agreements, particularly with reference to the failure to comply with financial covenants at 30 June 2023 and the expected failure to comply with them at 31 December 2023.
Following timely negotiations, on 11 September 2023 all of the lending banks issued waiver letters which provided a holiday period with reference to the financial covenants to be calculated as at 30 June and 31 December 2023. Please also note that such waiver letters also required respect for some conditions precedent, including an update of the business plan, with the request that it be subjected to an Independent Business Review ("IBR") by an independent business advisor and a balance of Group cash and cash equivalents at 31 December 2023 equal to a minimum amount of no lower than Euro 38 million. Both of these conditions were met.
With regard to the financial covenants at 31 December 2023 established on the debenture loan issued by the subsidiary SAFE S.p.A. and subscribed by Finint (Finanziaria Internazionale Investments SGR S.p.A.), please note that on 29 December 2023, Finint SGR issued the relative waiver letter which provided a holiday period with reference to the financial covenants to be calculated as at 31 December 2023.

As described previously, after Annalisa Stupenengo was hired as Chief Executive Officer and General Manager of the Group, the new 2024-2028 Business Plan was drafted with the support of a leading strategic consulting firm, approved by the Board of Directors of Landi Renzo S.p.A. on 23 January 2024 and subject to an IBR by an independent business advisor which confirmed the substantial sustainability of its assumptions.
Within this context, the management engaged a financial advisor to analyse the economic and financial situation of the Group and provide assistance in developing a financial structure reorganisation and optimisation strategy (the "Financial Optimisation Project"), and also initiated negotiations with the banking sector to redefine medium/long-term loan agreements.
For details about the Financial Optimisation Project, please refer to the information provided above.

Investments

Investments in property, plant, machinery and other equipment totalled Euro 4,043 thousand (Euro 2,487 thousand as at 31 December 2022) and refer to the investments made by the Group in production plants and moulds connected to the launch of new products, particularly latest generation electronic and mechanical products.

The increase in intangible assets amounted to Euro 5,916 thousand (Euro 5,971 thousand as at 31 December 2022) and mainly related to the capitalisation of costs of development projects relating to:

- new products for the Green Transportation segment, particularly for the After Market and OEM channels (also for new Heavy Duty solutions) and for Hydrogen mobility;
- new hydrogen and biomethane products for the Clean Tech Solutions segment.

Main individual results of Landi Renzo S.p.A. (Parent Company) for the year ending 31 December 2023

In 2023, Landi Renzo S.p.A. generated revenues of Euro 142,940 thousand compared with Euro 144,036 thousand in the same period of the prior year. EBITDA totalled Euro -2,496 thousand, compared with Euro 6,550 thousand at 31 December 2022, while the net financial position was Euro -81,712 thousand (Euro -77,176 thousand, net of the effects deriving from the application of IFRS 16 and the fair value of financial derivative contracts) compared with Euro -68,453 thousand at 31 December 2022 (Euro -64,300 thousand, net of the effects deriving from the application of IFRS 16 and the fair value of financial derivative contracts).

At the end of 2023, the Parent Company's workforce numbered 287 employees (279 at 31 December 2022).

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 31.12.2023	Result at 31.12.2023	Shareholders' equity at 31.12.2022	Result at 31.12.2022
Shareholder's equity and result for the year of the Parent Company	**49,972**	**-35,167**	**85,974**	**-15,750**
Difference between the carrying amount and pro rata value of the shareholders' equity of consolidated companies	21,293	-283	21,352	-89
Pro rata results achieved by investees	0	-7,330	0	-6,571
Elimination of intra-group dividends	0	-841	0	0
Elimination of the effects of intra-group commercial transactions	-602	0	-1,004	-10
Elimination of revaluation/(impairment loss) on investments		7,193	0	8,196
Elimination of the effects of intra-group assets	-482	-34	-449	-54
Other minor effects	23	23	11	11
Shareholders' equity and result for the year from Consolidated Financial Statements	**70,204**	**-36,439**	**105,884**	**-14,267**
Shareholders' equity and result for the year of minority interests	5,277	-1,270	5,967	14
Shareholders' equity and result for the year of the Group	**64,927**	**-35,169**	**99,917**	**-14,281**

Other information

Transactions with related parties

Creditor/debtor relationships and economic transactions with related parties are subject to specific analysis in the relevant section of the Explanatory Notes to the consolidated and separate financial statements, to which you should refer. Please note that transactions with related parties, including intra-group transactions, cannot be qualified as either atypical or unusual, as they are part of the normal activities of the Group companies, and that transactions are concluded according to contractual conditions that reflect arm's length conditions, taking into account the characteristics of the goods and services provided.

Regarding relationships with the parent company GBD – Green by Definition S.p.A., the Directors of Landi Renzo S.p.A. do not consider it exercises the administration and coordination activities envisaged by Article 2497 of the Italian Civil Code, because:

- the shareholder lacks the means and structures to perform these activities, since it does not have employees or other collaborators capable of providing support for Board of Directors' activities;
- it does not prepare the budgets and business plans for Landi Renzo S.p.A.;
- it does not give any guidance or instructions to the subsidiary; it does not request to be informed in advance of or to approve the subsidiary's more significant transactions, nor those of ordinary administration;
- no committees or working groups, formal or informal, are established with representatives of GBD – Green by Definition S.p.A. and representatives of the subsidiary.

As of today, there have been no changes with regards to the conditions indicated above.

Finally, 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. On 30 June 2021, the Board of Directors of Landi Renzo S.p.A. approved the update of procedures relating to transactions with related parties in order to align them with Consob Resolution no. 21624 of 10/12/2020. The new procedures entered into force as of 1 July 2021 and are also 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 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 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 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.

The subsidiaries do not hold any shares of the Parent Company.

Sub-offices

No sub-offices were established.

Corporate governance

The Corporate Governance Report is available on the website www.landirenzogroup.com in the Investors section.

Policy for analysing and managing risks connected with the activities of the Group

This section provides information on exposure to risks connected with the activities of the Group as well as the objectives, policies and processes for managing such risks and the methods used to asses and to mitigate them.

The guidelines for the internal control and risk management system of the Group defined by the Board of Directors identify the internal audit system as a cross-sectional process integrated with all the company activities, which is based on the international principles of Enterprise risk management as a reference best practice for the architecture of internal audit systems. The purpose of the internal audit and risk management system is to help the Group to realise its performance and profit objectives, to obtain reliable economic-financial information and to ensure compliance with the laws and regulations in force, preventing damage to the company's image and economic losses. In this process, particular importance is given to the identification of corporate objectives, the classification (based on combined assessments regarding the probability and the potential impact) and the classification and control of the business risks connected to them, through the implementation of specific actions aimed at containing such risks. There are various types of potential business risks: external, strategic, operational (related to the effectiveness and efficiency of business operations), reporting (related to the reliability of economic-financial information), compliance (related to the observance of the laws and regulations in force, to avoid the company suffering damage to its image or and/or economic losses) and, lastly, financial.

Those in charge of the various branches of company management identify and assess the risks within their jurisdiction, whether these originate within or outside the Group, and identify actions to limit and reduce them (so-called "first line audit").

In addition, there are the activities of the Financial Reporting Manager and his staff (so called "second level audit") and those of the Manager of the Internal Audit function (so called "third level audit") who continuously monitors the efficiency and effectiveness of the internal audit and risk management system through risk assessment activities, the performance of audit operations and the subsequent management of follow up.

The results of the risk identification procedures are reported and discussed at the Top Management level of the Group in order to create the prerequisites for their cover, insurance and for the assessment of the residual risk.

The following paragraphs describe the risks considered to be significant and connected with the activities of the Group (the order in which they are listed does not imply any classification, either in terms of probability of their occurrence or in terms of possible impact).

STRATEGIC RISKS

- **Risks relating to the macroeconomic and sector situation**

The activity of the Group is influenced by the general conditions of the economy in the various markets where it operates. A phase of economic crisis, with a consequent slowdown in consumption, can have a negative impact on the sales trends of the Group.

The macroeconomic context may cause significant uncertainty regarding future expectations, with the resulting risk that reduced performance could impact margins in the short term. In order to mitigate the possible negative impact that a downturn in demand could have on company profits, the Landi Renzo Group has outsourced part of its production to third-party suppliers; supplies to car manufacturers, on the other hand, are handled by the Group's own structures, as agreed with the customers for more effective synergy. In addition, when necessary, fixed-term contracts are also used.

The Group pursues its aim of increasing its industrial efficiency and improving its capacity for lean manufacturing, while reducing overhead costs.

- **Risks connected with the international expansion strategy**

The Group sells its products in more than 50 countries, in 17 of which it operates directly, including through its own companies. In 2023, the Group achieved 88.6% of consolidated revenues abroad.

In pursuing its expansion strategy, the Group has invested, and may invest more in the future, including in countries characterised by considerable instability in terms of their political institutions and/or involved in situations marked by international tensions. The above-mentioned strategy could expose the Group to various risks of a macroeconomic nature, arising, for example, from changes in the political, social, economic and regulatory systems of such countries or from extraordinary events such as acts of terrorism, civil disorder, restrictions on trade with particular reference to the Group's products, foreign investment and/or trade, as well as exchange rate control policies and associated restrictions on repatriation of capital, sanctions, restrictions on foreign investment, nationalisation, and inadequate protection of intellectual property rights.

The probability of the events described above actually taking place varies from country to country and is difficult to predict. However, a constant monitoring activity is carried out by company management in order to become aware of any changes as early as possible, so as to minimise any economic or financial impact that may ensue.

• **Risks related to growth**

The Group aims at continued growth by means of a strategy based on gaining strength in the markets where it is already present and on further geographical expansion. In the context of such a strategy, the Group could encounter difficulties in managing the adaptation of the structure and business model or in the ability to identify market trends or the preferences of local consumers. In addition, the Group may incur start-up costs arising from the opening of new companies. Finally, in the event that the Group's growth is pursued through external lines by way of acquisition transactions, it may encounter, amongst other things, difficulties associated with the correct valuation of the assets acquired, the integration of such assets, and also the failure to achieve the expected synergy, which may have a negative impact on the activity and on the future economic-financial results of the Group.

• **Climate change risk**

The Landi Renzo Group is highly committed to responding to the challenges of climate change to improve the Group’s resilience and take advantage of the opportunities deriving from the transition to a low-carbon economy. For more details on climate change, please refer to the non-financial report as at 31 December 2023 and following reports.

OPERATING RISKS

• **Risks connected to relationships with OEM customers**

The Group distributes and sells its systems and components to the main vehicle manufacturers worldwide (OEM customers). In the year ending 31 December 2023, the sales of systems and components made by the Group to OEM customers in the Green Transportation segment amounted to Euro 137.8 million, up by 28.7% compared with 31 December 2022 (Euro 107 million). The Group’s main OEM customer, which is highly strategically significant, represented roughly 62% of OEM turnover in 2023.

Relationships with OEM customers, which have been well established for years now, are typically governed by agreements that do not require minimum purchase quantities. Therefore, the demand for predefined quantities of Group products from such customers cannot be guaranteed. In order to satisfy the requirements of various customers to the best of its abilities, the Group has initiated a policy of delocalisation of part of its production, in recent years, in countries where it already has a number of customers. Furthermore, in order to protect margins linked to such customers, in a context like the current one with a high level of volatility in raw material costs, the Group has sought to carry out price revision processes for the most significant orders with the relative customers, in order to be able to deal with that contingent situation. In light of the above, and also in view of the competitive advantage acquired in providing solutions for the development of sales in the After Market channel as well, the Group does not believe that it is at significant risk of dependency on OEM customers. It is not possible, however, to exclude the fact that the potential loss of important customers or a reduction in orders from them, or a delay in collection compared to contractual agreements may have negative effects on the economic-financial results of the Group.

- **Risks connected to the highly competitive markets in which the Group operates**

The markets in which the Group operates are highly competitive in terms of quality, innovation, economic conditions and reliability and safety. The success of the activity will depend on the ability to maintain and increase market shares and to expand through new innovative solutions. The Group constantly monitors the market in order to identify as quickly as possible the introduction of any new or alternative fuel supply systems for motor vehicles by competitors and car manufacturers, and consequently manages the risk by pursuing a policy of progressive diversification and enrichment of its product portfolio in order to minimise any possible economic impact.

- **Product liability risks**

Any design or manufacturing defects in the Group products, including those attributable to third parties such as suppliers and installers, may give rise to product liability with regard to third parties. In addition, should the products turn out to be defective or fail to comply with technical and legal specifications, the Group, including at the request of its customers, could be obliged to withdraw such products from the market while incurring the related costs. For these reasons, insurance cover has been put in place, centred on master policies negotiated and contracted centrally and local first risk policies. The latter guarantee immediate activation of the cover which is supplemented by master policies where the impact of the damage exceeds the local maximum amount. In order to further mitigate the risk related to product liability, the Group has considerably increased the maximum amounts of the master and recall policies in recent years. In addition, allocations are made to appropriate provisions, estimated by management based on the historical incidence of defects encountered and on the more recent and stricter requirements arising from commercial agreements signed with OEM customers.

- **Risks connected with the protection of intellectual property**

The Group owns trademark rights, patent rights and other intellectual property rights, and regularly registers its trademarks, patents and other intellectual property rights, and also protects its industrial know-how pursuant to the applicable regulations, in order to avoid the risk of imitation or reproduction of the products by competitors or by unauthorised third parties.

In relation to this, it is noted that the Group operates in more than 50 countries worldwide and that part of the Group's product sales takes place in emerging or developing countries, where the existing forms of protection may not be fully effective. In other words, the risk of products being counterfeited is greater. It is therefore not possible to eliminate the risk of third parties counterfeiting the products or disputing trademarks and patents, or to exclude the possibility of third parties discovering know-how or industrial secrets, or the risk that competitors may develop products, know-how and technologies similar to those of the Group. Any counterfeiting, claims and/or disputes relating to protection of intellectual property, whether brought by or against the Group, could have a negative impact on its economic-financial results if it loses them.

- **Risks connected with the recoverability of intangible assets, in particular goodwill, investments and deferred taxes**

Intangible assets totalling Euro 113,898 thousand are reported in the consolidated financial statements at 31 December 2023, including Euro 9,987 thousand for development expenditure, Euro 80,132 thousand for goodwill, Euro 15,034 thousand for trademarks and patents and Euro 11,945 thousand for rights of use. Net deferred tax assets totalled Euro 8,745 thousand. The recoverability of such values is related to the materialisation of future industrial plans relating to the relevant cash generating unit.
In particular, in the context of its development strategy, the Group has acquired companies that have allowed it to increase its market presence and to take advantage of the opportunities for growth that it provides. With regard to such investments, recorded in the financial statements as goodwill, there is no guarantee that the Group will succeed in achieving the benefits originally expected from these operations. Similarly, the interests in joint ventures, consolidated according to the equity method are subjected to impairment tests in case trigger events are identified that could envisage potential impairment losses.
The Group constantly monitors the progress of performance in comparison to the plans, initiating the corrective actions necessary whenever unfavourable trends emerge that may involve significant changes in expected cash flow used for impairment tests when evaluating the consistency of the values recorded in the financial statements.
In this regard, please note that as at 31 December 2023 the Group tested its assets with an indefinite useful life for impairment, as described in the "goodwill" section of the explanatory notes, without identifying any impairment.

FINANCIAL RISKS

- **Interest rate risk**

The Group is exposed to the interest rate risk associated with both cash at hand and with medium to long term financing. The exposure refers mainly to the Euro zone. As regards exposure to the risk of interest rate volatility, note that the financial indebtedness with banks is regulated primarily by variable interest rates. To partially reduce risks connected with fluctuating interest rates, the Parent Company entered into financial derivative contracts (interest rate swaps) intended to cover 70% of the new pool loan subscribed in the course of 2022 for a total of Euro 52 million and maturing in 2027.
Interest rate risks were measured using sensitivity analysis and the potential impacts of Euribor interest rate fluctuations on the consolidated financial statements at 31 December 2023 were analysed with

particular reference to cash and cash equivalents and to loans. The increase of 50 basis points on the Euribor, with all other variables remaining the same, would have produced an increase in financial expenses for the Group of Euro 576 thousand in comparison to an increase in financial income equal to Euro 234 thousand.

- **Exchange risk**

The Group sells part of its production and, although to a much lesser degree, also purchases some components in Countries outside the Euro zone. In relation to the exchange risk, the amount of the accounting balances expressed in currency other than the functional currency is to be considered as insignificant compared to the Group's total revenues. The Group has no hedging instruments to cover exchange rate fluctuations and, in accordance with its policy up to this moment, no derivatives are subscribed for trading purposes. Therefore, the Group remains exposed to exchange rate risk on the balances of the assets and liabilities in foreign currency at year end.

- **Price risk**

The Group makes purchases and sales internationally, and therefore it is exposed to the normal risk of price fluctuation typical of its industry. Where possible, Group policy covers the risk through medium-term supplier commitments.

The current market situation distinguished by a shortage of raw materials resulted on one hand in a reduction or deferral of orders from OEM customers, due to the need for automotive manufacturers to limit costs and avoid production interruptions, and on the other in difficulties in fulfilling existing orders, due to a series of complexities in obtaining raw materials. Furthermore, particularly in the OEM channel, in which long-term supply agreements are generally entered into, it was not always possible to reflect in due time the increase in raw material prices in sale prices. On the other hand, as regards the After Market channel, interventions on sale prices took place more promptly but, also due to growing competition in developing countries, it was not always possible to intervene to prevent the loss of market share.

In the course of 2023, the Clean Tech Solutions segment was particularly struck by that effect due to the time gap between the estimation/acquisition of the order and its actual fulfilment.

- **Credit risk**

Credit risk is the risk that a customer or one of the counterparts of a financial instrument causes a financial loss through failure to fulfil an obligation and derives primarily from trade receivables, from other financial assets and from guarantees that may have been given by the Group.

<u>Trade receivables and other receivables</u>

The Group normally deals with known and reliable customers. It is the Group's policy to subject customers requesting extended payment conditions to procedures for checking their credit class. This check also includes external assessments when available. Sales limits are established for each customer, which represent the maximum line of credit, beyond which direct approval by management is required. In addition, the balance of the receivables is monitored on a fortnightly basis over the period, in order to minimise exposure to the risk of losses. Finally, regarding new customers and those not operating in EU countries, a letter of credit to guarantee successful collection is normally used, where possible.

The Group uses non-recourse assignment of receivables.

The Group allocates a provision for impairment that reflects the estimated losses on trade receivables and on other creditors, made up primarily of individual write-downs of significant exposures.

Other financial assets

The credit risk regarding the other financial assets of the Group, including cash and cash equivalents, presents a maximum risk equal to the carrying amount of these assets in the case of insolvency of the counterpart.

Guarantees

When required, the policies of the Group provide for the issue of financial guarantees in favour of subsidiary companies and associates.

• **Liquidity risk**

Liquidity risk may arise due to the incapacity to obtain, under cost effective conditions, the financial resources required to cover Group operations and to meet the obligations associated with financial liabilities.

The main factors resulting in the Group's liquidity situation are on one hand the resources generated or absorbed by operations and investing activities, and on the other the characteristics of debt maturity and renewal or liquidity of financial investments and market conditions.

In order to mitigate this risk, the Group treasury carries out the following activities:

- verification of forecast financial requirements;
- obtaining adequate lines of credit;
- optimisation of liquidity, when feasible, through centralised Group cash flow management structures;
- maintenance of an adequate level of available liquidity;
- pursuit of the proper balance between short- and medium/long-term debt;
- monitoring of compliance with the parameters established in loan covenants.

As regards this last aspect, please note that the main loans of Landi Renzo S.p.A. and the debenture loan subscribed by SAFE S.p.A. require respect for financial parameters (covenants). In this regard, please take note of the following:

- as already noted in the 2023 Half-Yearly Financial Report, following the failure to comply with the contractual financial parameters at 30 June 2023 established on the main loan agreements of Landi Renzo S.p.A., the directors initiated negotiations with the banks, which concluded on 11 September 2023 with the issue of waiver letters by the lending banks, which provided a holiday period with reference to the financial covenants to be calculated as at 30 June and 31 December 2023.
- the financial covenants established on the debenture loan issued by SAFE S.p.A. and subscribed by Finint (Finanziaria Internazionale Investments SGR S.p.A.) were not met. On 29 December 2023, Finint SGR issued the relative waiver letter which provided a holiday period with reference to the financial covenants to be calculated as at 31 December 2023.

The counterparties of derivative contracts, which are not significant for the Group, are qualified financial institutions.

As regards the definition of the review of medium/long-term loan agreements with the banking sector and the reorganisation and optimisation of the inherent financial structure, please refer to what was described above.

Impact of the Russia-Ukraine and Israel-Palestine conflicts on the activities of the Landi Renzo Group

During 2023, 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.

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.

With regard to the more recent Israel-Palestine conflict, the Group is monitoring its evolution, although at the moment it has not identified any direct impacts on its business, as it has no direct procurement or output markets in the areas concerned.

Starting from the final months of 2023, geopolitical tensions in the Red Sea resulted in a redefinition of global trade routes by sea, increasing transport costs and cargo delivery times.

These situations are contributing towards the continuation of uncertainties in the geopolitical, economic and financial context, requiring the Group to take the necessary steps to mitigate the resulting direct and indirect risks and impacts.

Consolidated non-financial report

Methodological Note

The 2023 Consolidated Non-Financial Report (the "Report") of the Group reports to our main stakeholders on the new developments, projects and results achieved during 2023 regarding financial, social and environmental performance.

Following on from last year, this Report is published annually. It is prepared in accordance with Articles 3 and 4 of Italian Legislative Decree 254/2016 (the "Decree") and with the GRI - Sustainability Reporting Standards 2021 (the "GRI Standards"), according to the "**in accordance with the GRI Standards**" option. The GRI Standards are, to date, the most common international standards for sustainability reporting.

In accordance with Article 2 of the Decree ("Scope of application"), the non-financial report of the Group is **obligatory**, as the "size requirement" for companies required to publish a non-financial report is deemed to be met.

This Report was subjected to a limited assurance engagement by PricewaterhouseCoopers S.p.A. according to the criteria indicated in the "International Standard on Assurance Engagements 3000 – Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the "International Auditing and Assurance Standards Board".

The Non-Financial Report is the tool used to communicate the Group's sustainability performance and was reviewed and approved by the Board of Directors held on 5 August 2024.

The process of preparing the document, as well as the definition of its contents and the determination of the materiality of the issues discussed, is based on the principles of the 2021 GRI Universal Standards Guidelines and involved the company's heads of department (for more details refer to the paragraph "Significant impacts for the Landi Renzo Group").

The significance of the information included in the Report was determined by considering the impacts and responsibilities perceived in the economic, social and environmental context, the regulatory framework and the specific nature of the Group's industry, as well as the requirements and the expectations of the stakeholders.

In the early months of 2023, the Group initiated a transformation process that identified the Chief Marketing, Communications & Sustainability Officer as the manager of sustainable development. To this end, the Group will activate a process of reviewing its reporting system with a view to improving reporting to its stakeholders and defining its sustainability strategy.

The data and information included in the document refer to the year closed on 31 December 2023 and, where explicitly specified, to some significant projects pursued during the first months of 2024.
To provide an accurate representation of the sustainability performance, we have favoured the inclusion of aspects that are directly measurable, avoiding where possible reference to estimates, which, where required, are based on the best possible methods available or on sample surveys, and their use is indicated

within the individual indicators. To enable the reader to assess the evolution of the sustainability performance, the quantitative information is presented over a three-year timeframe, with the exception of a few figures which are presented only for 2023.

The Report refers to Landi Renzo S.p.A. and companies consolidated on a line-by-line basis: the Italian subsidiaries (Metatron S.p.A. and Safe S.p.A.) and the foreign companies (Landi Renzo Polska Sp.Zo.O., Landi Renzo RO S.r.l., Landi Renzo USA Corporation, Landi Renzo Rus., AEB America S.r.l., Beijing Landi Renzo Autogas System Co. Ltd, Landi Renzo Pars Private Joint Stock Company, LR Industria e Comercio Ltda, IMW Industries LTD Shanghai, IMW Energy Tech LTD China, IMW Industries LTD Canada, IMW Industries del Perù SAC Peru, IMW Industries LTDA Colombia and Metatron Control Systems Co., Ltd).

As in past years, the following companies consolidated on a line-by-line basis were excluded: Landi International B.V. Ltd and L.R. Pak (Pvt) Limited. The first because it is not significant for the purposes of this non-financial report as it has no personnel. The other one is instead in the liquidation phase. As concerns the Companies IMW Energy Tech LTD China and IMW Industries LTD Shanghai, the data have not been made available, as they are not significantly relevant. Further restrictions of the perimeter are duly reported below. The restrictions of the perimeter in accordance with the Decree areas are indicated below.

Furthermore, during the 2023 reporting process, the decision was made to refine the calculation of certain values. In particular, the updated data are reported in the "Promoting local economies", "Waste management" and "Environmental performance" sections.

Company	Type	Number of employees	Personnel		Human rights	Environment	Social		Corruption
			HR	OHS			Social	Suppliers	
			GRI Standard	GRI Standard	GRI Standard	GRI Standard	GRI Standard	GRI Standard	GRI Standard
Landi Renzo S.p.A.	Production	287	x	x	x	x	x	x	x
AEB America S.r.l.	Commercial	13	x	x	x	(*)	x	x	x
Beijing Landi Renzo Autogas System Co. Ltd	Commercial	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Landi Renzo USA Corporation	Production	16	x	x	x	(*)	x	x	x
Landi Renzo Pars Private Joint Stock Company	Production	29	x	x	x	x	x	x	x
LR Industria e Comercio	Commercial	5	x	x	x	(*)	x	x	x
Landi Renzo RO S.r.l.	Production	53	x	x	x	(*)	x	x	x
Landi Renzo Polska Sp.Zo.O.LR	Production	104	x	x	x	x	x	x	x
Safe S.p.A.	Commercial	138	x	x	x	x	x	x	x
IMW Industries LTD Canada	Production	114	x	x	x	x	x	x	x
IMW Industries del Perù SAC Peru	Commercial	20	x	x	x	x	x	x	x
IMW Industries LTDA Colombia	Production	103	x	x	x	x	x	x	x
Metatron S.p.A.	Production	61	x	x	x	x	x	x	x
Officine Lovato Private Limited	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Metatron Control Systems Co., Ltd	Commercial	14	x	x	x	(*)	x	x	x
Landi Renzo Rus	Commercial	3	x	x	x	(*)	x	x	x
IMW Industries LTD Shanghai	Production	2	N/A	N/A	N/A	N/A	N/A	N/A	N/A
IMW Energy Tech LTD China	Production	2	N/A	N/A	N/A	N/A	N/A	N/A	N/A
L.R. Pak (Pvt) Limited	Commercial	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Landi International B.V.	Commercial	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A

x: Reported information

(*) Information partially available

(**) The information relating to Idromeccanica has been aggregated in the data presented for Safe S.p.A.

Letter to stakeholders

Dear Shareholders,

We have just concluded a year in which we played a leading role on many, at times complex, occasions, while also achieving great success and deeply gratifying recognitions.

Over the course of these 12 months, there have been significant changes in the macroeconomic environment, but as a Group, we managed to remain focused on our goals. In particular, the Russia-Ukraine conflict contributed towards generating fearsome volatility in certain financial markets. Not least, the recent Middle Eastern conflict between Israel and Hamas, and its impacts throughout the continental area and the crisis generated in the Red Sea have further weakened geopolitical macro balances.

This general international uncertainty has however been accompanied by a further acceleration on topics linked to the energy transition and their execution, which are at the very heart of our business. One example is the 2023 entry into force of the Corporate Sustainability Reporting Directive (CSRD). This directive, applicable as of 1 January 2024, will concern all European companies listed in the financial markets, with the exception of micro-enterprises and all large unlisted EU companies that exceed Euro 50 million in turnover, Euro 25 million in assets and 250 employees.
On the other hand, the Green Deal was on the agenda of European institutions in February. Indeed, the European Commission, also moved by the progress demonstrated with the approval of the Inflation Reduction Act (IRA) in the United States, presented a business plan to improve the competitiveness of the European zero-emissions industry and support the transition towards climate neutrality.

These and other macro interventions enabled us to continue throughout the year with a series of actions intended to boost our competitiveness. First of all, we moved forward with the expansion of the Green Transportation and Clean Tech Solutions product portfolios.
Under the Landi Renzo brand, we presented a roadmap focusing on new electronic platforms for direct and indirect injection systems.These new technologies aim to improve fuel efficiency and driving performance, while also offering increased flexibility in injection systems for a broad range of vehicles. On the Clean Tech Solutions front, with the SAFE brand, we presented new 100% hydrogen compression systems capable of covering the entire value chain, from post generation, downstream of the electrolyser, to distribution with pressures that vary from 0.3 bar to 950 bar.With the IMW brand, not only did we concentrate on supporting the North and South American markets with hydrogen and RNG solutions, but we also helped to develop the virtual pipeline to guarantee the safe, constant supply of CNG in remote areas where conventional pipelines are not yet available.

Furthermore, we moved forward with the process of integrating the group's two spirits, an indispensable step to open the door to real change, propelling us towards an increasingly complete offer of solutions for our partners.

In this regard, I believe that 2023 will remain one of the most significant years in the Group's history, especially due to the considerable change in the top management. In July, we welcomed Engineer Annalisa Stupenengo. A clear message of how the main shareholders intend to support the path of competitiveness for the Group. In 2019 Annalisa Stupenengo, who received her degree in Engineering from the Polytechnic University of Turin, was nominated by the Financial Times as one of the 100 most influential women in Hi Tech Engineering. Aside from her role as CEO of the Landi Group, she is an Independent Director of Prysmian Group. She has been entrusted with the duty of transforming the Group from a player in automotive and infrastructural components to a global energy transition leader.

In parallel with the consolidation of the management structure, in the course of 2024 Landi Renzo started a capital profile strengthening operation involving the investment of the *Business Protection Fund* promoted by the *Ministry of Enterprises and Made in Italy (MIMIT)* and managed by *Invitalia, Agenzia Nazionale per lo sviluppo*. The agreement reached involves a share capital increase with a view to stabilising the Company's capital structure and ensuring the necessary resources to the company for the implementation of the new five-year Business Plan[1].

The positive signs that we see - particularly the reactivity of the Landi Renzo After Market channel, the interest of certain Original Equipment Manufacturers (OEM) in our product portfolio and the expertise applied in a tailor-made manner to the projects managed by SAFE, IMW and Idromeccanica, allow us to dedicate ourselves to a path in which our Group can express its potential increasingly well. A capacity to pursue its business goals, accompanied by an awareness of, and the role we have played for 70 years in, the energy transition. In 2024 we will celebrate a special anniversary, our 70th, which makes us proud of our accomplishments, which have always been achieved while paying close attention to protecting the environment and decarbonisation.

Chairman of the Board of Directors

Stefano Landi

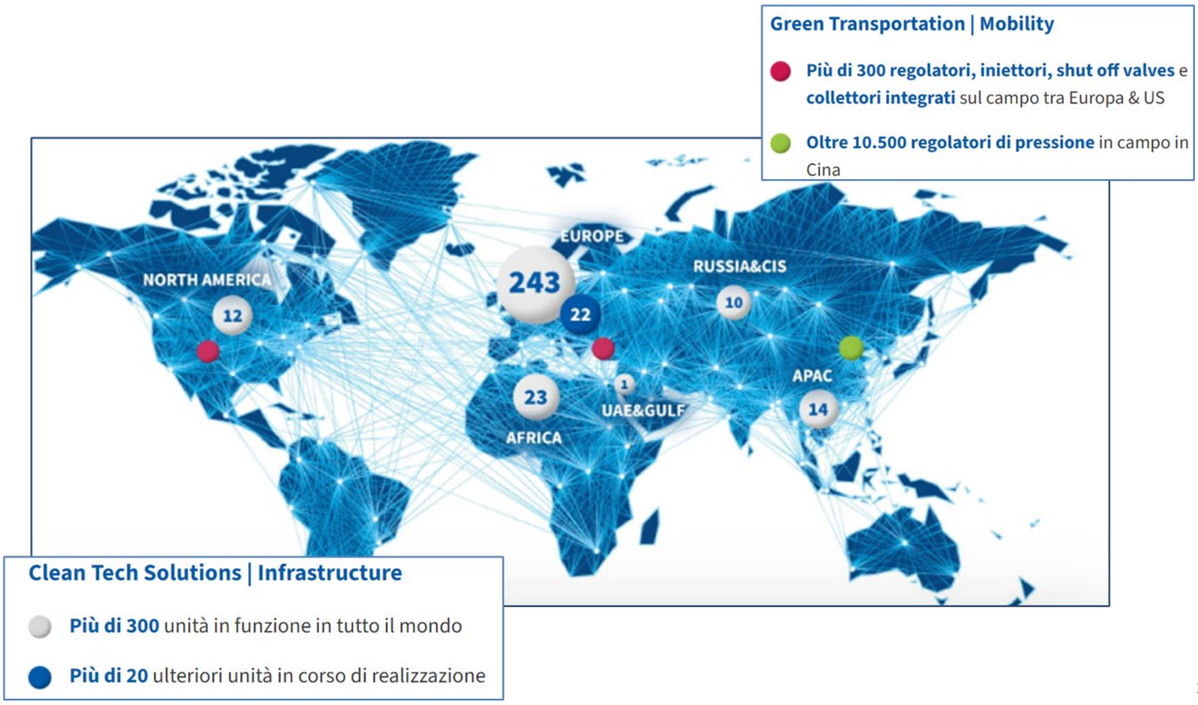
[1] Source: Press Release of 17 July 2024 (https://landirenzogroup.com/wp-content/uploads/2024/07/CS-Approvata-la-manovra-finanziaria.pdf)

THE *alternative* in motion

The reference business: the energy transition through hydrogen and natural gas

The Landi Renzo Group strongly believes in promoting and guaranteeing sustainable development using natural gas, biomethane and hydrogen as primary energy sources.

The Group is a world leader thanks to its high level of **environmental awareness**, constant focus on the technological and qualitative development of its products, its readiness to listen to customer and market needs and a **flexible** and efficient **business model** organised on the basis of **two Business Units**, Green Transportation (Mobility) and Clean Tech Solutions (Infrastructure).



[2]

The Group pays great attention to the needs of society, which is increasingly demanding more innovative, greener products. The Group's products enable vehicles to be powered with alternative fuels such as CNG, LPG, biomethane and hydrogen, and contribute to the development of sustainable mobility infrastructure, making it possible to **reduce emissions of pollutants and greenhouse gases**.

The Group strives to generate **financial and environmental benefits** while producing positive spin-offs for end clients.

[2] Reference website: https://investors.landirenzogroup.com/en/hydrogen/#about_hydrogen

CORE PRODUCTS

Green Transportation (Mobility) Division

The **Landi Renzo** brand offers a broad range of gas systems for the conversion of vehicles to LPG and CNG.
These LPG and CNG systems using low environmental impact energy sources are available for both petrol and diesel engines.

The **Metatron brand** has a long tradition in the design and manufacture of pressure regulators. Piston technology has always been Metatron's winning feature in the highly competitive OEM market and in the search for reliability, strength and quality.

Clean Tech Solutions (Infrastructure) Division

The **Safe** brand designs and develops compressors that can be integrated into a complete system according to customer specifications.
The compressors are manufactured using the latest technologies, which rely on water cooling, high-speed compressors and direct coupling solutions.

Green Transportation

The Green Transportation division offers **systems and components for OEM installation or the gas conversion of drive systems for passenger vehicles, commercial vehicles (light, medium and heavy) and off-road vehicles**.

Although LPG and CNG are still the most common options when it comes to green transport solutions, in recent years interest is rising in alternative fuel sources such as hydrogen and biomethane. These technologies are distinctive features of the Group's business know-how, which is characterised by a combination of research and manufacturing excellence.

***Biomethane, also known as RNG**, is obtained from a number of sources, including organic waste such as animal manure, and landfills. This solution, **which can be used by Landi Renzo products**, drastically reduces carbon emissions thanks to the principle of circularity with which biomethane is produced.*

Today, the Group has consolidated experience in the design, manufacture and marketing of OEM systems or systems for the conversion of vehicles to LPG/CNG and hydrogen.

These solutions are designed with the highest level of customisation, in order to adapt to the specific requirements of the various models intended for two target markets:

- car manufacturers (**OEM - Original Equipment Manufacturers**), with whom they have established active, consolidated partnerships;
- the gas distribution companies and the networks of branches, dealers, independent importers and installers (AM - **After Market**).

Clean Tech Solutions

The Clean Tech Solutions division is actively committed in the treatment and compression of natural gas (or biomethane) and hydrogen, with the design and manufacture of compression systems intended for multiple applications throughout the entire energy chain, such as:

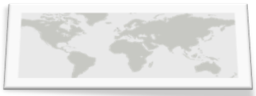
- **Automotive CNG refuelling systems and stations**: stations for the storage and fuelling of secondary networks (mother stations), stations for direct vehicle fuelling (daughter stations) and mobile stations on lorries for daily vehicle refuelling.
- Design of **compressors and auxiliary systems for gas processing activities from extraction to distribution**: from the recompression of methane gas in wells, to turbine fuelling, gas gathering, de-flaring and underground storage, refrigeration circuits with the use of ammonia and compression packages with rotary compressors.
- **Design of complete systems for the transformation of biogas into biomethane** (biogas upgrading), from the exit from the digester to high-pressure compression to fuel vehicles, or for injection back into the network.
- Design of **automotive hydrogen refuelling systems and stations** for **hydrogen management** and **storage** downstream of the **production process**.

The importance of Research and Development in the Group

The products of both divisions are the result of in-depth study and technological research which, over the years, has led to the filing of many patents. The many inventions of the Group's Research and Development centre have signalled a decisive evolution in the integration of mechanical and electronical components inside vehicles and compression systems.

Thanks to the acquisition, on 5 August 2021, of Metatron S.p.A., a company headquartered in Castel Maggiore (BO) specialised in research, development, production and marketing of pressure regulators and engine control units for alternative fuels and components for hydrogen technology, and the acquisition, on 18 January 2022, of Idromeccanica S.p.A., a company specialised in the design and manufacture of alternative hydrogen compressors, the Group has once again emphasised the importance of continuous research into technologies that meet the highest product quality and innovation standards and the strong decision to invest in hydrogen as an enabler of the energy transition.

Distinctive features of Landi Renzo Group



LEADERSHIP in the design and manufacture of sustainable LPG and CNG gas supply systems.

EXCELLENCE in technological innovation focused on the development of state-of-the-art products to utilise green energy sources for vehicle fuelling.

A FLEXIBLE AND EFFICIENT BUSINESS MODEL capable of coping with market fluctuations, while maintaining constant control of critical phases of the production process.

QUALITY AND VERSATILITY of products, which makes it possible to meet demand, and satisfy regulatory requirements in all reference markets.

DETAILED KNOWLEDGE of distribution channels, through consolidated relationships with leading customers in the OEM channel and an extensive presence in the After Market segment with the potential for constant growth.

The reference context: Hydrogen, energy source of the mobility of the future

International attention continues to be focused on the energy transition path. The scientific community and national governments are working every day to find solutions that can address global warming. Scientists have shown that 2023 was the hottest year on record. In December 2023, the 28th United Nations Climate Change Conference (COP 28) in Dubai concluded following intense negotiations that resulted in a text in which the words chosen in the passages relating to the energy transition and the future of fossil fuel sources are subject to interpretation. This means that it will once again be up to governments to protect the earth’s climate.

The role that our Group needs to interpret within this context to accelerate sustainable mobility with a more knowledgeable vision is even more evident if we observe certain data.

The transport sector consumes one-fifth of the primary energy produced worldwide.Urban traffic consumes 40% of this.Furthermore, according to WHO estimates, 92% of the global population lives where air quality is beyond health concern limits.

But how can we achieve sustainable mobility? More technology, connected vehicles, the sharing economy, smart cities, more modern infrastructure, but especially new curiosity and a personal willingness to change habits somewhat.

Within this context, on one hand we further developed our expertise around hydrogen through a more competitive product chain, specifically referring to mechatronics, and the presence of a white room at the Hydrogen Excellence Center in Bologna (which makes available production processes and tests performed in a completely protected, contamination controlled atmosphere, from component arrival to final product controls). On the other hand, we are continuing to promote CNG and LPG as current contributors to decarbonisation.

If instead we move to the Group’s area of competence linked to energy infrastructure, with the recent integration of Idromeccanica we are now capable of offering highly innovative solutions that cover targeted applications for natural gas as well as hydrogen.Not only in Europe, Africa, the Middle East and the Asian markets, but also in the North and South American markets, contributing towards accelerating their decarbonisation.

There is now widespread awareness 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 concept of energy neutrality, also accompanied by technologies for capturing natural gas leakages and carbon capture.

In the second part of 2023, the global economy continued to slow due to strong, repeated geopolitical tensions and the continuation of restrictive monetary policies, particularly by the US Federal Reserve (Fed) and the European Central Bank (ECB), which maintained high interest rates with a view to combating persistent inflation.

These economic scenarios have reinforced the awareness on the part of global governments of the immediate need to accelerate all support and reinforcement policies regarding the green revolution, the energy transition and sustainable mobility, not only as focal points for mitigating climate change and global warming, but also as a source of structural improvement of economic and social conditions thanks to the creation of new jobs.

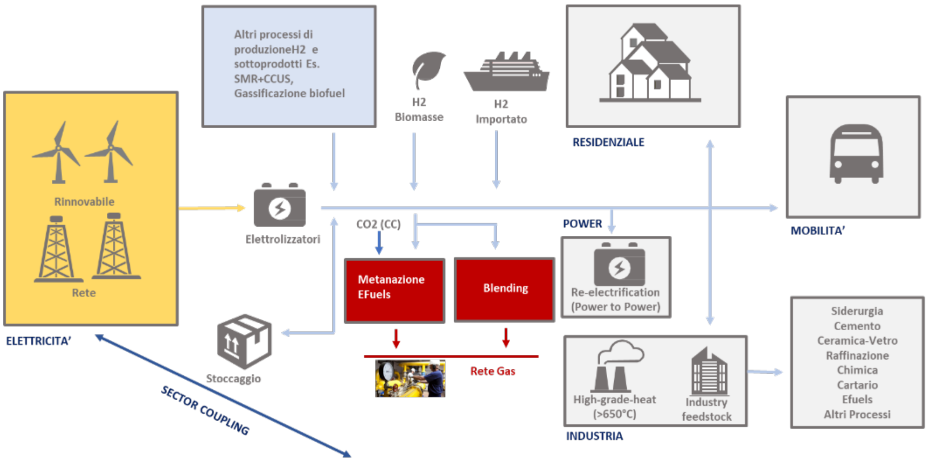
In this regard, the growing importance of hydrogen, biomethane and natural gas as energy sources for the future and possible solutions that guarantee greater environmental sustainability combine well, also thanks to recent strategic choices, with the Landi Renzo Group’s green mission and with its desire to play a leading role in the coming years in the energy transition value chain, as it has all of the means and potential to meet market requirements and be a leading player at global level.

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 natural 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.

The hydrogen supply chain

In detail, the main components of the hydrogen supply chain can be broken down into multiple processes from production, to transport via pipeline (blended or by means of dedicated assets - truck or ship), up to end uses in the various application and consumption sectors. In terms of hydrogen production processes with a low or no carbon impact, aside from electrolysis, other processes may be considered as well, including the methane steam reforming process with CO2 capture, renewable fuel gasification processes and other innovative processes or ones currently being developed.

In industrial applications, hydrogen can be used as feedstock and as fuel in processes that require high-temperature heat and which are difficult to directly electrify. In this regard, aside from the iron and steel, non-ferrous metals and chemical sectors, the ceramics, paper, glass and food segments represent sectors



where the hydrogen vector may contribute to heir decarbonisation[3].

Hydrogen in the transport sector

"The challenges linked to the energy transition, the objectives set forth in European strategies and climate and energy policies support the need to develop demand for hydrogen in the various sectors and favour its use in the segments where the direct use of electricity from renewable sources is not possible, primarily in heavy duty transport (ships, aircraft, etc.)".[4]

A number of manufacturers are developing internal combustion engines that use hydrogen: gaseous hydrogen is injected into the engine with methods analogous to those currently used for natural gas-fuelled engines. Therefore, hydrogen endothermic engines represent a technologically simpler and more economically advantageous solution than the current solution with fuel cells. This allows engine manufacturers to look with greater interest at the use of hydrogen as a new fuel. Furthermore, current technologies make it possible to cut NOx emissions in those engines which, albeit at very low levels, have a higher impact on local air quality than electric engines[5].

The Group is also active in that segment directly and through a series of alliances and partnerships. One of these is the alliance with the Canadian company Hydrogenics Corporation, a global leader in the development of clean energy solutions, whereby the Group has taken another step forward towards zero-emissions mobility. The goal of this alliance is to design and develop hydrogen systems and components for Heavy-Duty vehicles globally, and further collaborations for supplying fuel systems for hydrogen vehicles, which is likely to involve the use of electrolysis technologies. Furthermore, in the beginning of 2021 Landi Renzo became part of H2-ICE, a partnership between five Italian companies, with Punch Torino

[3] Confindustria (2021) - "*Hydrogen action plan, Focus on Industrial Technologies*"
[4] *Confindustria (2023) – "The industrial sectors in which hydrogen can play a decisive role"*

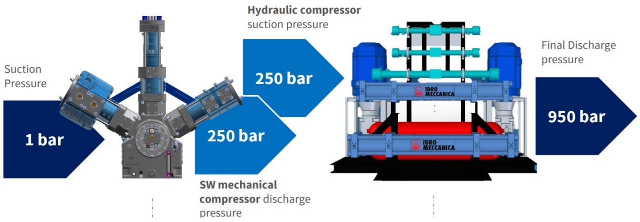
and AVL Italia as the lead companies, and with the participation of Industria Italiana Autobus and TPER, in order to create the first 100% Italian hydrogen fuelled internal combustion engine. The recent acquisitions in August 2021 of **Metatron** and in early 2022 of **Idro Meccanica** enabled the Group to consolidate and accelerate its strategy of positioning itself as a leader in the value chain of biomethane and hydrogen, two clean "energy sources" experiencing strong growth, which will play a fundamental role in the energy transition of the future.

Landi Renzo once again confirms the ambitious objective of **promoting sustainable transport solutions every day**, which contribute to the decarbonisation of mobility, focusing on the development of advanced gas and hydrogen products and systems at global level.

LANDI RENZO - WINNER OF THE "BFWE INNOVATION AWARD"

"High flexibility at the service of multiple applications along the value chain"

Once again in 2023, Landi Renzo was recognised for its research efforts deployed in order to make the future of transport more sustainable: indeed, thanks to the excellent work done by its technical team, during the third edition of the HESE - Hydrogen Energy Summit & Expo, it received the 2023 BFWE Innovation Award for its innovative "hybrid" compressor. This new technology consists of a double skid, one mechanical and the second hydraulic, with which it is now able to cover 100% of the hydrogen value chain, managing to convert pressure from 1 bar to 950 bar, or to the value required for use in the midstream phase, both efficiently and sustainably.



LANDI RENZO - BEST INNOVATIVE PROJECT AT THE PIACENZA HYDROGEN EXPO

"A nice recognition that drives us even more to pursue developments in our range of compression solutions to support the energy transition"

During the ITHA (Italian Hydrogen Technology Awards) held at the 2023 Hydrogen Expo, SAFE&CEC obtained the "best innovative design" award after presenting its new compression system meant to boost the flexibility and modularity of the innovative hydrogen sector, even making it possible to fuel heavy-duty hydrogen-powered vehicles. This recognition demonstrates the company's extensive R&D expertise: indeed, under the leadership of CTO Riccardo Bagagli, with the coordination of multiple business units, SAFE&CEC is able to offer fuelling not only on site, but also externally, thanks to the innovative mobile and flexible compression station, while also permitting easy conversion to CNG (compressed natural gas) through a rapid reconfiguration of the system's logic.

Mission

"Building a cleaner world and designing a better future for the next generations, abiding by the highest standards of social responsibility towards the territory, society and the environment and disseminating a culture of sustainable mobility."

This is the mission of our Group, which offers a tangible contribution to this ambitious goal: for over 60 years, the Landi Renzo Group has been providing concrete and effective answers to environmental sustainability issues.

From the traditional green fuels such as LPG and CNG, we are now moving towards the new frontiers of the automotive industry: the Group regularly invests in the research and design of cutting-edge technologies, to transform futuristic projects into reality.

Testimony to the Group's commitment is the number of patents filed over the years; this has helped to open up new avenues, pointing to new horizons for the whole industry.

Market Driven Approach

- ✓ Listen to and support customers.
- ✓ Meet and leverage customer/market requests without bowing to the market.
- ✓ Integration at national and international level.

Becoming better at what we do.

- ✓ Improving every aspect of operating management, reducing costs and aiming to meet our KPIs.
- ✓ Process efficiency.
- ✓ Maintain a focus on the future.

Motivation and playing by the rules.

- ✓ Reinforcing inclusion and motivation of all resources.
- ✓ Creating a feeling of belonging and appreciating the experience of the group's resources.
- ✓ Defining clear rules of conduct.

Responsible and oriented towards achievement and getting results.

- ✓ Empowering staff with clear, specific objectives.
- ✓ Planning and deciding based on analysis.
- ✓ Focus on "right now" execution and fast action.

The values

*"**Technology, innovation, respect for the planet and human beings**; these are the values through which we will transform the present into the future we want to see".*

Ever since its inception, the Group has been known for its profound belief that **people** are the fundamental added value in the international success of Landi Renzo. This awareness is borne out by the choice of values that inspire the Group's activities on a daily basis.

Values of the Landi Renzo Group

The brands

The Group pays particular care to the image of its brands, which are developed through marketing activities at international level and direct strategic communications with customers and end users. The brand name of the Landi Renzo Group was first conceived in 2015, to communicate the values shared by its companies: **Innovation**, **Internationalisation** and **Continuous Training**.

The Group brands

Over 60 years of history in building the future

1954

In 1954 in Reggio Emilia, Renzo Landi, along with his wife Giovannina Domenichini, founded **Officine Meccaniche Renzo Landi**: the only firm to build custom mixers for every type of vehicle.

1963-1964

The external sales operations quickly expanded across Italy; 1963 and 1964 saw the first **exports** to Japan, France, Belgium and the Netherlands. Soon enough, opportunities opened up in Eastern European markets, as well as in India and South America.

70's-80's

Renzo Landi passed away prematurely in 1977. The company continued working, managed by his wife and his son Stefano, who in 1987 became the company's CEO; the company was converted into a public company limited by shares (SpA).

90's

Landi Renzo became an **Industrial Group**: in 1993 it took over control of Landi S.r.l. and Eurogas Holding B.V., a Dutch company operating in the industry.
In 1999, the Group's Polish branch, Landi Renzo Polska S.p.Z.o.o, was formed, and Med S.p.A. of Reggio Emilia was acquired the following year.

2001

In 2001 the **Eurogas Utrecht B.V. company** was purchased by the subsidiary Landi International B.V.

2003-2006

The **Brazilianbranch** is opened in 2003, the **Chinese** branch in 2005 and the **Pakistani** branch in 2006, the year in which the Landi Renzo Corporate University opened its doors, as a hub for the development of human resources and dissemination of the culture of sustainable mobility.
The Landi Renzo Quality System extended the **ISO 9001** processes and procedures to the Italy network.

2007

In 2007, **Landi Renzo Pars** was inaugurated in Tehran (Iran).
On 26 June 2007, Landi Renzo S.p.A. made its début on the **STAR segment** at Piazza Affari, the Italian stock market.

2008

In October 2008, a third international player was acquired, **Lovato Gas S.p.A.**

2010-2013

Acquisition of A.E.B. Technologies and Baytech, in addition to opening further subsidiaries in Romania, Venezuela, Argentina, India and the United States.
SAFE S.p.A. becomes part of the Group. 70% of Emmegas S.r.l. is acquired. The Indian company Krishna Landi Renzo India Private Ltd Held is established. The Parent Company paid in its 50% share of the share capital of the joint venture EFI Avtosanoat-Landi Renzo LLC.

2014-2015

Safe Gas Pte Ltd. was founded in 2014, in Singapore. In the same year, the new Research and Development centre was inaugurated at an event organised to celebrate the 60th anniversary of Landi Renzo S.p.A., and in 2015 the new research centre won a prize for sustainable development.
In 2015, Landi Renzo Argentina S.r.l. was set up with headquarters in Buenos Aires.

2017-2018

The Board of Directors appointed a new CEO, Mr Cristiano Musi. The company Eighteen Sound S.r.l. was sold, while AEB S.p.A. was merged into Landi Renzo S.p.A. On 30 October 2018, Emmegas S.r.l. was merged into Landi Renzo S.p.A.

2019-2020

In 2019 Landi Renzo Indústria e Comércio Ltda, the Group's Brazilian arm, sealed an important exclusive partnership with Uber in Brazil. A further important agreement signed in 2019 was between Landi Renzo together with the Indian joint venture Krishna Landi Renzo, and Ford India. In December 2020 the Landi Renzo Group signed a Letter of Intent with the Egyptian National Organization for Military Production.

2021

On 5 August 2021, the Landi Renzo Group signed a commitment to acquire Metatron.

2022

In the course of 2022, the Landi Renzo Group strengthens its presence with the acquisition of Idro Meccanica, a subsidiary of Safe, and the partnership established with FPT Industrial focused on the evolution of systems based on CNG and hydrogen.

The Group's contribution to the sustainable development goals

Guided by its business model, the Group also contributes to the achievement of the United Nations Sustainable Development Goals (SDGs). Indeed, precisely through its mission and its business, the Group is committed to "*Building a cleaner world and designing a better future for the next generations, abiding by the highest standards of social responsibility towards the territory, society and the environment and disseminating a culture of eco-sustainable mobility*." This goal nearly perfectly coincides with some of the SDGs, namely goals 11 ("sustainable cities and communities") and 13 ("climate action").

Furthermore, the SDGs represent a point of reference for the Group's strategies, directing policies towards environmental protection objectives, the protection of employment, the promotion of innovation and support for the entire community.

SDGs	Activities and initiatives carried out by the Group
	▪ collaboration with leading Italian universities, particularly the Universities of Modena and Reggio Emilia, to spread a culture of sustainability and facilitate research and development
	▪ research and development activities to promote and propose innovative and sustainable solutions
	▪ pay levels above local minimum salaries for the relevant category of new hires in all countries in which Landi Renzo carries on business
	▪ marketing and installation of automotive fuel supply systems which use less costly, environmentally friendly alternative fuels
	▪ partnerships in the gas and hydrogen segments to guarantee an acceleration towards the energy transition as well as decarbonisation
	▪ relations with entities and institutions at domestic and international level for the development of future regulations and technical standards for the alternative fuels sector, as regards both the environment and safety.

The fight against climate change progresses on four wheels

Climate change is already under way, and is destined to last: the increase in temperatures at global level, due in particular to the increase in levels of CO2 and greenhouse gas emissions, is inexorably altering ecosystem balances, with devastating social and economic consequences.

To avoid the most serious consequences of climate change, the EU and all of its Member States have signed and ratified the Paris agreement, agreeing to the adoption of a long-term strategy for reducing emissions and its updated plans on the climate before the end of 2020, undertaking to reduce emissions by at least 55% by the end of 2030 compared to 1990 levels. In December 2019, the European Commission presented the European Green Deal, which gave new impetus to the EU level climate policy and action by adopting measures aimed at establishing more ambitious targets in terms of reducing greenhouse gas emissions by 2030 and decarbonising the EU economy by 2050, in line with the Paris agreement.

The transport sector is responsible for around one quarter of total CO2 emissions in Europe, 71.7% of which are generated by road transport, according to the European Environment Agency[6]. Obviously, the emissions are also and especially linked to the type of fuel used.

There are a number of alternative fuels, from the most exotic and basically unused (DME, E95, methanol, etc.) to the more interesting ones like methane, biomethane, LPG and hydrogen. According to several studies comparing biomethane and other fuels, like diesel and petrol, in terms of direct CO2 emissions, biomethane emits 20% less than petrol and 5% less than diesel.

It is precisely in this context that the Landi Renzo Group is further strengthening its presence by working incessantly and passionately to propose innovative and sustainable solutions, while contributing towards opening up new pathways and establishing new horizons for the entire sector.

Physical risks due to climate change with an impact on plants

From the perspective of the Landi Renzo Group, climate change presents a new, greater range of risks, and with them new and more extensive challenges and opportunities linked to the business model and the products offered.

Climate change exposes the Group to two main types of risk:

- **physical risks**: or risks linked to extreme natural events which can cause physical harm to people and property damages to facilities or even block company operations;
- **transition risks**: or compliance risks linked to sudden changes or exacerbations of rules or regulations aimed at reducing polluting emissions and market or innovation risks deriving from the need to develop the use of emerging technologies that will influence competitiveness,

[6] Source: EEA – European Environment Agency (Reducing greenhouse gas emissions from heavy-duty vehicles in Europe — European Environment Agency (europa.eu))

production and distribution costs as well as demand on the part of end users for products and services.

At the start of 2024, the Landi Renzo Group conducted a Climate Risk Self-Assessment for the assessment of physical risks linked to the climate (e.g., fire, tornadoes, heat stress, drought, flooding, storms, extreme heat). This study takes into consideration the main climate risk assessment models (IPCC) and estimates the likelihood of the occurrence of physical risks. The risk mitigation and adaptation measures already installed in the various production structures have been mapped, and the magnitude of the risks was estimated on the basis of the potential days of business interruption of the Group's plants. Following the analysis, no significant short/medium-term impacts were identified (2024-2030), while elements of uncertainty remain on the 2050 horizon.This is why the Group plans to define an adaptation plan and undertakes to constantly monitor these risk elements.

The European Taxonomy

Introduction to the European Taxonomy

On 13 July 2020, with European Regulation 852 of 2020, the regulation on the Sustainable Finance Taxonomy entered into force, which classifies economic activities that can be defined as "sustainable", or all those activities which:

- substantially contribute to the achievement of one or more of the six environmental objectives;
- do no significant harm (DNSH) to any of the environmental objectives;
- are carried out in compliance with minimum safeguards.

A series of delegated acts specify in detail the technical criteria that make it possible to establish under which conditions each economic activity makes a substantial contribution to at least one of the six environmental objectives identified, without causing significant damage to any of the other five ("Do No Significant Harm - DNSH" clause).

This information is a veritable practical guide aimed at investor companies and public institutions, with the goal of reporting information in the most complete and comparable manner possible, integrating sustainability topics in investment policies and improving ecological transition policies.

As of 1 January 2022, with respect to the data for the year 2021, in their non-financial reports companies have provided the information needed to meet the requirements of the Regulation. In particular, the information that the Taxonomy requires for non-financial companies refers to the following indicators:

a) proportion of turnover coming from products or services associated with economic activities considered by the Taxonomy;
b) proportion of capital expenditure associated with economic activities considered by the Taxonomy;

c) proportion of operating expenses relating to assets or processes associated with economic activities considered by the Taxonomy.

In addition to what was established in the previous year, the EU Commission, through the Taxonomy Environmental Delegated Act (EU) 2023/2486, applicable for publications subsequent to 1 January 2024, introduced the technical screening criteria for the four environmental objectives relating to the determination of the substantial contribution of an economic activity to the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and reduction or biodiversity and ecosystem protection and restoration and whether it does no significant harm to any other environmental objective.

Another update, aside from the other 4 objectives, was the publication of EU Delegated Regulation 2023/2485, supplementing EU Delegated Regulation 2021/2139 relating to the first two climate objectives, marking a significant change compared to the previous 2022 disclosure.

In this respect, the Regulation classifies economic activities based on whether they are potentially Taxonomy-eligible in relation to all 6 environmental objectives cited above, and environmentally sustainable, and therefore Taxonomy-aligned.

To understand whether eligible activities can also be considered aligned, it is necessary to verify compliance with three types of criteria:

- the technical screening criteria described in the Delegated Acts that assess whether the activities make a substantial contribution to climate change adaptation and mitigation;
- the do no significant harm (DNSH) criteria, which assess whether the activities considered do not cause significant harm to any of the other environmental objectives;
- respect for the social minimum safeguards.

Indeed, aside from verifying compliance with technical criteria, the organisation must prove through the procedures enacted that it guarantees compliance with the OECD guidelines for multinational companies and the United Nations guiding principles on companies and human rights, including the principles and rights established by the eight fundamental conventions identified in the declaration of the International Labour Organisation on fundamental principles and rights at work and the International Declaration of Human Rights.

Following the initial application of the Regulation for the year 2021, according to which non-financial companies were required to report on the proportion of their turnover, capital expenditure (CapEx) and operating expenses (OpEx) (as defined in EU Delegated Regulation 2021/2178) relating to Taxonomy-eligible economic activities, starting from 1 January 2023, with respect to the data for the year 2022, non-financial companies are asked to report on the parameters mentioned above with respect to both eligible activities as well as environmentally sustainable ("aligned") activities.

Furthermore, for publications in the 1 January - 31 December 2024 period, in addition to the disclosure applicable for the year 2022, non-financial entities are required to provide a disclosure of the same KPIs in relation to eligible activities with reference to environmental targets (pursuant to EU Delegated Regulation

2023/2486) and the additional activities identified for climate targets by EU Delegated Regulation 2023/2485.
In this context, the Landi Renzo Group performed a critical review of the analysis already carried out in prior years, in light of more recently published regulatory updates and interpretation documents (FAQs). At the same time, EU Delegated Regulation 2023/2485, which defines new activities for the climate change mitigation and adaptation objectives, and Delegated Regulation 2023/2486, which defines eligible activities for the four remaining environmental targets, were analysed. Specifically, EU Delegated Regulation 2023/2485 identifies activity 3.18 "Manufacture of automotive and mobility components", within which the activities carried out by the Landi Renzo Group are classified.This is why the Group decided to update the reporting from previous years to come into line with the regulatory and regulatory interpretation updates.
Following an in-depth analysis of Delegated Regulation 2023/2486, the Group did not identify additional eligible activities for 2023.
Please recall that for activity 3.18, the disclosure regards only eligibility for the year 2023.

Methodology

Identification of eligible activities

The first phase of the process identified, through an analysis of the activities included in the Taxonomy Regulation, those applicable to the Group's business considering the description provided by the annexes to the Regulation and the potentially applicable NACE codes.

On the basis of these analyses, the Landi Renzo Group's activities that may contribute to the achievement of the objectives listed above are:

Description of Taxonomy-Eligible activity		Applicable KPI	Reference consolidated financial statement item
3.18	Manufacture of automotive and mobility components	Turnover	**Net Sales Revenues**
		CapEx	**Tangible fixed assets**
		OpEx	**Production operating expenses - general services, industrial services and raw material costs.**

The analyses were performed on the basis of currently available interpretations of Taxonomy regulations, as well as taking into account when possible the official clarifications provided by the EU Commission concerning the practical application of the regulation, in addition to the preparation of the relative disclosures. In this context, consistent with the evolution of interpretations and regulatory requirements, the information presented in this chapter may be subject to additional updates and revisions.

Definition of the scope

On the basis of what is required by the Regulation, the percentages of eligible activities were calculated for the year 2023 and include all Group companies consolidated on a line-by-line basis.

Calculation of KPIs

On the basis of the Group's Consolidated Financial Statements as at 31 December 2023 (the "Financial Statements"), for each eligible activity identified, the percentage of turnover, capital expenditure (CapEx) and operating expenses (OpEx) was calculated with respect to the respective total values.

Calculation of the proportion of turnover

As set forth in the Regulation, the proportion of eligible turnover represents the portion of net revenues deriving from services or products, including intangible, deriving from taxonomy-aligned economic activities divided by total net revenues. For the year 2023, the Group performed the following activities for the production of goods or services considered taxonomy-eligible:

- activity "**3.18 Manufacture of automotive and mobility components**", specifically with reference to the sale of devices that can use biomethane and hydrogen.

Starting from Net Sales Revenues, in order to identify the proportion deemed taxonomy-eligible, the proportion of revenues relating to the sale of devices that use LPG was subtracted, as it was not deemed eligible.

Calculation of the proportion of capital expenditure (CapEx)

The CapEx KPI was calculated by dividing the value that includes eligible capital expenditure by the value in the denominator constituting total capital expenditure.Specifically, to calculate CapEx, the numerator is represented by additions to eligible tangible and intangible fixed assets and rights of use during the year, before amortisation and depreciation and any revaluations and excluding changes due to fair value. On the other hand, the denominator includes total capital expenditure and increases in rights of use, before amortisation and any revaluations, and excluding changes due to fair value.

For the year 2023, the Group incurred the following capitalised costs deemed taxonomy-eligible:

- activity "**3.18 Manufacture of automotive and mobility components**", specifically with reference to the sale of devices that can use biomethane and hydrogen.

Calculation of the proportion of operating expenses (OpEx)

The OpEx KPI was calculated by dividing the value that includes the share of eligible operating expenses by the value in the denominator constituting total operating expenses. Specifically, to calculate OpEx, the numerator is represented by the total value of uncapitalised indirect research and development costs and any other direct expense relating to the maintenance and ordinary repair of property, plant and equipment necessary to guarantee the continuous and effective functioning of such activities. On the other hand, the denominator consists of the total value of the above-mentioned costs.

For the year 2023, the Group incurred the following operating expenses deemed taxonomy-eligible:

- activity "**3.18 Manufacture of automotive and mobility components**", specifically with reference to the sale of devices that can use biomethane and hydrogen.

The results of these assessments are illustrated in the following tables which respect the templates set forth in Annex II to EU Regulation 2021/2178.

Table pursuant to Regulation (EU) 2020/852

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

				Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities (1)	Code(s) (2)	Turnover (3)	Proportion of turnover 2023(4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned (A.1) or eligible (A.2) proportion of turnover, Year 2022 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
		million €	**%**	**Y;N; N/EL**	**Y;N; N/EL**	**Y;N; N/EL**	**Y;N; N/EL**	**Y;N; N/EL**	**Y;N; N/EL**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%**	**E**	**T**
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%														0%		
Of which enabling		0	0%														0%		
Of which transitional		**0**	**0%**														**0%**		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**										
Activity 1: Manufacture of automotive and mobility components	**CCM 3.18**	149.58	49.31 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								49.31%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		149.58	49.31 %	49.31%	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**								49.31%		
Turnover of Taxonomy-eligible activities (A.1 + A.2)		149.58	49.31 %	49.31%	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**								49.31%		
A. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		**153.75**	**50.69 %**																
TOTAL		**303.3**	**100%**																

	Proportion of turnover/Total turnover	
	Taxonomy-aligned by objective	**Taxonomy-eligible by objective**

CCM	0.00%	49.31%
CCA	0.00%	0.00%
WTR	0.00%	0.00%
CE	0.00%	0.00%
PPC	0.00%	0.00%
BIO	0.00%	0.00%

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

				Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities (1)	Code(s) (2)	CapEx (3)	Proportion of CapEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned (A.1) or eligible (A.2) proportion of CapEx, Year 2022 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
		million €	%	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%														0%		
Of which enabling		0	0%														0%		
Of which transitional		**0**	**0%**														**0%**		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Activity 1: Manufacture of automotive and mobility components	CCM 3.18	3.40	49.31 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								49.31%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		3.40	47.27 %	47.27%	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**								47.27%		
Total (A.1 + A.2)		**3.40**	47.27 %	47.27%	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**								47.27%		
A. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities (B)		**3.79**	**52.73 %**																
TOTAL		**7.2**	**100%**																

	Proportion of CapEx/Total CapEx	
	Taxonomy-aligned by objective	Taxonomy-eligible by objective
CCM	0.00%	47.27%
CCA	0.00%	0.00%
WTR	0.00%	0.00%
CE	0.00%	0.00%
PPC	0.00%	0.00%
BIO	0.00%	0.00%

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Financial year 2023	Year 2023			Substantial contribution criteria						DNSH ("Does Not Significantly Harm") criteria									
Economic activities (1)	Code(s) (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned (A.1) or eligible (A.2) proportion of OpEx, Year 2022 (18)	Category (enabling activity) (20)	Category (transitional activity) (21)
		million €	%	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%																
Of which aligned		0	0%															**E**	
Of which transitional		**0**	**0%**																T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Activity 1: Manufacture of automotive and mobility components	**CCM 3.18**	1.15	84.32 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
OpEx of Taxonomy-non-eligible activities (B)		1.15	84.32 %	84.32%	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**								**xx%**		
TOTAL (A1+A2)		**1.15**	84.32 %	84.32%	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**								**xx%**		
A. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities (B)		**0.21**	**15.68 %**																
Total (A+B)		**1.36**	**100%**																

	Proportion of OpEx/Total OpEx	
	Taxonomy-aligned by objective	**Taxonomy-eligible by objective**
CCM	**0.00%**	**84.32%**
CCA	**0.00%**	**0.00%**
WTR	**0.00%**	**0.00%**
CE	**0.00%**	**0.00%**
PPC	**0.00%**	**0.00%**
BIO	**0.00%**	**0.00%**

Disclosure pursuant to Annex XII DDA EU Delegated Regulation 2021/2178

If financial or non-financial companies do not carry out, or finance, and are not exposed to an activity pursuant to rows from 1 to 6 of template 1 of annex XII of the DDA, they must respond "No" to the questions on the following template. Furthermore, answering "No" to all questions entails the possibility of not completing and providing the disclosure for templates 2 to 5 of that annex for the respective applicable KPIs.

Template 1- Nuclear and fossil gas related activities

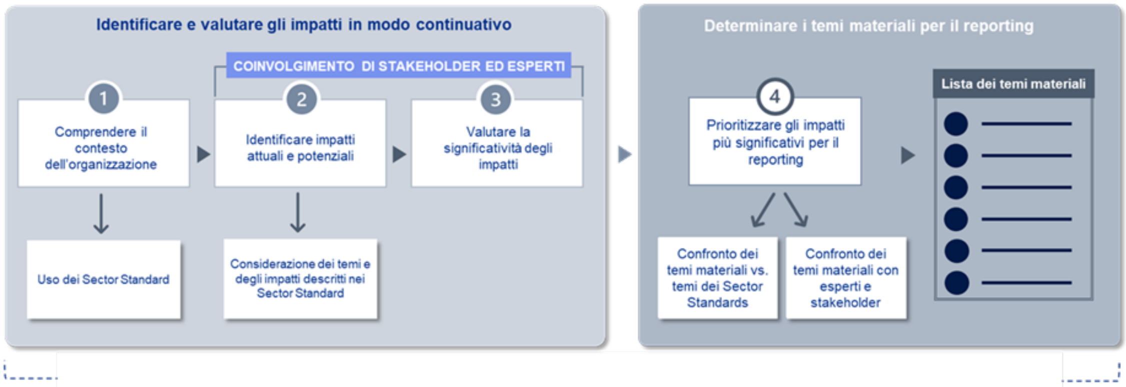
Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Governance and Sustainability

Significant impacts for the Landi Renzo Group

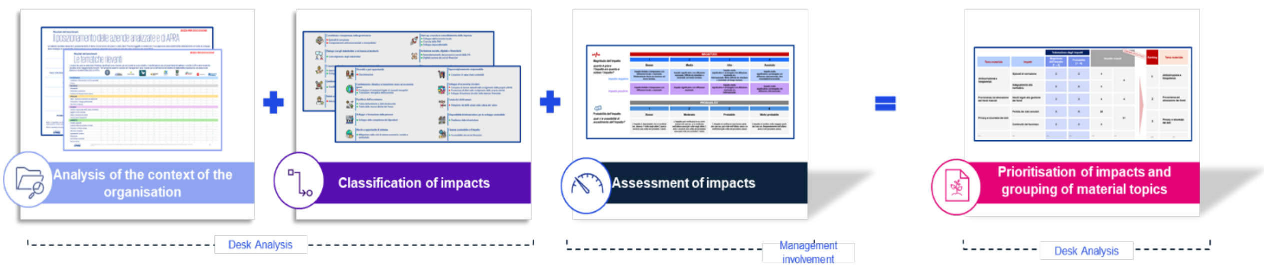
Again for 2023, the Group updated its materiality analysis in order to align the contents of its Non-Financial Report with its business strategy, mission, corporate values and strategic social and environmental priorities.

This analysis was performed considering the **GRI 3 - Material Topics** Standards, which provide a guide for the process of identifying material topics, defining a new element, or a focus on the impacts generated by the company and their prioritisation. The GRI Universal Standards 2021 concentrate on the impacts (positive, negative, current and potential) of organisations on the economy, the environment and people, including those on human rights. In the revised standards, "material topics" are defined as those topics that represent the most significant impacts, superseding the materiality "matrix" concept in favour of a list (also in macro-categories) prioritising the material topics and the threshold established for reporting, set on the basis of the evaluation of the most significant impacts.



<u>**Identification of material topics**</u>

To update the material topics, we used a methodological approach based on the new elements introduced by the **GRI 3 – Material Topics** standard.



The process was broken down into four distinct phases:

1. **Analysis of the reference context**

- An internal, benchmarking and context analysis was carried out in order to identify the significant aspects for Landi Renzo in consideration of the activity carried out, business relationships and the sustainability context in which the company operates, as well as stakeholder expectations.
- Starting from a comparison with the analysis performed last year, the aspects relating to each material topic were verified.

2. **Classification of impacts**

- The positive and negative, current and potential impacts were identified in relation to each of the significant aspects emerging from the analysis performed in the prior phase.
- The impacts identified were validated and integrated, with the involvement of the Landi Renzo management.

3. **Assessment of impacts**

- One-to-one interviews were carried out with the Landi Renzo management in order to evaluate impacts through a vote concerning the Magnitude of the impact associated with the topic and the Probability of occurrence of the impact.

4. **Prioritisation of impacts and grouping of material topics**

- The assessments thus obtained were aggregated in order to obtain a value for each topic (as the product of the magnitude and the probability of the individual risks and opportunities relating to the same topic) in order to identify the significance of each impact and the prioritisation.

<u>**Impact assessment**</u>

The assessment of the impacts identified for each material topic was carried out through one-to-one **interviews** with the **first lines** of the company, which evaluated the impacts relating to their own area of competence.

- Thirteen members of the Landi Renzo Group management were asked to express an assessment on the **magnitude** and **probability** of the proposed **impacts** on the economy, people and the environment. As regards magnitude, the assessment drivers were the **scope**, **significance** and **remediability** of the impacts, while for the probability, they referred to the period of time within which the impact took place or is likely to take place (e.g., more than 10 years, between 3 and 5 years).

The impacts of Landi Renzo

A description is provided below of the **material topics** and the **positive and negative impacts** identified.

Material topic level I	Material topic level II most material	Main impacts generated (potential/current)	Assessment
Workforce	*Protection of sensitive data*	The Group is committed to transparently and reliably managing the personal data of its employees and the commercial data of customers and suppliers. Cyber attacks can cause a significant negative impact on these stakeholders. Furthermore, in order to guarantee high standards in working conditions, the Landi Renzo Group has entered into national collective agreements and supplementary contracts, and also prepared smart working policies, which however highlight the importance of protecting in-person relationships in the office and guaranteeing work-life balance.	Very significant impact
Consumers and end users	*Complaint and return management*	The Landi Renzo Group guarantees good technical assistance service to its customers and quick complaint, quality control and technical assistance request management.	Very significant impact
Consumers and end users	*Protection of Privacy*	Losses of confidential customer data	Very significant impact
Workforce	*Training and competence development*	The Landi Renzo Group is aware of how important it is to guarantee professional growth to its employees, which is why it organises personnel training programmes. The Group's goal is to implement an Academy that supports employee careers to increase and reinforce skills. Furthermore, just recently an environmental employee training project was launched: "Best behavioural practices to be respected for a more civil and sustainable convenience"	Very significant impact
Climate change	*Energy consumption and emissions*	The value chain's contribution to climate change is significant, primarily due to the production of the semi-finished products used by the Group and transport, both up and downstream. Furthermore, the Landi Group places a particular focus on checking that energy is used correctly, with periodic energy consumption controls.	Very significant impact
Material topic level I	**Material topic level II most material**	**Main impacts generated (potential/current)**	**Assessment**

Workforce	*Equal treatment and opportunity*	The Landi Renzo Group is aware of how important it is to guarantee equal treatment and opportunity in the workplace, by continuously seeking out gender harmony, demonstrated by the presence of a female Chief Executive Officer, as well as the hiring of a significant number of women for the assembly of small parts in the production area. Furthermore, the Group undertakes to hire new female engineers and employees for research and development.	Very significant impact
Business Conduct	*Supplier relationship management*	Ethical supplier relationship management is a fundamental aspect for the Landi Renzo Group. The assessment is high as it is linked primarily to supplier payment practices in previous years.	Very significant impact
Communities concerned	*Local wealth generation*	The Landi Renzo Group contributes to the generation of local wealth through the employment it creates at its various locations, and considers the decision to extend the market of its suppliers at international level to be a priority, with a view to significantly reducing product purchase costs. The company performs careful customer satisfaction data analyses based on testing every 2 weeks.	Moderate impact
Business Conduct	*Business ethics*	Protection of whistleblower anonymity	Moderate impact
Workers in the value chain	*Training and competence development*	The Landi Renzo Group is not aware of the impacts associated with the value chain. The value was assigned based on assumptions with respect to supplier type. The topic is in any event material for the Group.	Moderate impact
Workforce	*Occupational Health and Safety*	Given the type of activity carried out by the Landi Renzo Group, the impacts linked to accidents are not very material, and during the current year there were no serious workplace accidents.	Minor impact
Material topic level I	**Material topic level II most material**	**Main impacts generated (potential/current)**	**Assessment**
Workers in the value chain	*Human rights*	The Landi Renzo Group is not aware of any violations of human rights, fundamental freedoms and democratic principles by suppliers or trade partners. The topic is in any event material for the Group.	Minor impact

Circular economy	*Circular economy*	Impact slightly limited by the use of plastic for packaging.	Minor impact
Communities concerned	*Local wealth generation*	The Landi Renzo Group believes it is important to engage end consumers in the CNG, LNG and hydrogen mobility chain, as well as inform them of the benefit of using fuels at more cost effective prices and with lower emissions; however, it is important to keep in mind the relevance of end consumers who currently purchase LPG engines. But also to inform residents of the importance of being able to possibly convert their vehicle engines.	Minor impact
Transversal Topics	*Innovative product development*	Business trends are showing increasing sales volumes of environmentally efficient and carbon neutral innovative products, with a focus on hydrogen and considerable market interest driven by regulations that limit greenhouse gas emissions from vehicle engines. The magnitude of this impact is highly significant due to the considerable attention to the environment and continuous technological development that represent the company's core business, although the likelihood of occurrence is very low, and its spread is still very limited.	Minor impact

i

Correlation between material topics and aspects of Italian Legislative Decree 254/2016

Below is a correlation between the Decree Issues, the material issues and the indicators covered in the *GRI Standards Sustainability Reporting Guidelines*. The issues identified as the most relevant are reported in the specific sections of the Report.

Table of correspondence

Issues from Italian Legislative Decree 254/2016	Material topic level I	Material topic level II	Aspects of the GRI Standards	Paragraph reference and reference to the relative documents
Personnel	Workforce	*Protection of sensitive data*	Management of material topics (3-3)	▪ Cyber Security, an integral part of the business
		Occupational Health and Safety	Management of material topics (3-3) Occupational health and safety (403-1; 403-2; 403-3; 403-4; 403-5; 403-6; 403-7; 403-9)	▪ Protection of occupational health and safety
		Training and competence development	Management of material topics (3-3) Training and education (404-1;404-3)	▪ Training ▪ Personnel assessment and professional development
		Equal treatment and opportunity	Diversity and equal opportunity (2-7; 2-9; 405-1)	▪ Corporate Governance ▪ HR management and structure ▪ Human rights, diversity and equal opportunities ▪ Corporate Governance and Ownership Report
Social	Workers in the value chain	*Human rights*	Management of material topics (3-3) Non-discrimination (406-1)	▪ Human rights, diversity and equal opportunities
		Training and competence development	Management of material topics (3-3)	▪ Constant focus on quality (Consumer health and safety)
	Consumers and end users	*Protection of Privacy*	Management of material topics (3-3) Customer privacy (418-1)	▪ Cyber Security, an integral part of the business ▪ GRI Content Index
		Complaint and return management	Management of material topics (3-3) General disclosure (2-29) Customer health and safety (416-1; 416-2) Marketing and labelling (417-2)	▪ Constant focus on quality ▪ Customer relationships - contact channels, satisfaction monitoring and training

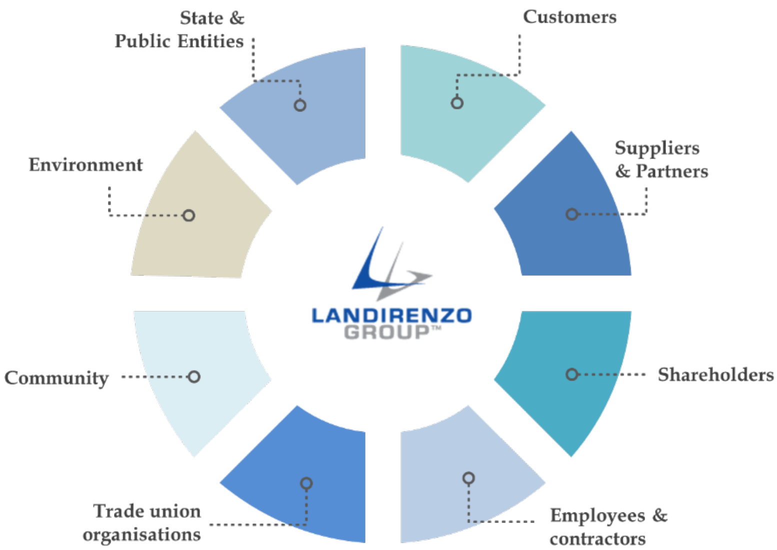
Issues from Italian Legislative Decree 254/2016	Material topic level I	Material topic level II	Aspects of the GRI Standards	▪ Paragraph reference and reference to the relative documents
Social	**Communities concerned**	*Local wealth generation*	Management of material topics (3-3) Anti-corruption (205-3)	▪ The Landi Renzo Group worldwide ▪ Other products and markets in which the Group operates ▪ Communication with authorities and institutions and active participation in sustainable development ▪ Corporate Governance ▪ The local community and area ▪ Suppliers
Social (Supply chain)	**Business Conduct**	*Supplier relationship management*	Management of material topics (3-3) General disclosure (2-6) Procurement practices (204-1)	▪ Suppliers ▪ Promoting local economies
Environment	**Climate change & Circular Economy**	*Energy consumption and emissions & Circular economy*	Management of material topics (3-3) Energy (302-1), Emissions (305-1; 305-2; 305-4; 305-7), Water (303-1; 303-2; 303-3) Waste (306-1; 306-2; 306-3)	▪ Environmental Policy and Management System ▪ Environmental performance
Social	**Transversal Topics**	*Innovative product development*	Management of material topics (3-3)	▪ Innovation in research and development: a model of excellence
Environment	**Transversal Topics**	*Innovative product development*	Management of material topics (3-3)	▪ The reference business: the energy transition through hydrogen and natural gas ▪ The ecological and economic contribution of gas as a transportation fuel ▪ Innovation and Research &

				Development: a model of excellence
Fight against corruption	**Business Conduct**	*Business ethics*	Management of material topics (3-3)	▪ Corporate Governance

Stakeholder engagement

To establish and maintain lasting relationships with stakeholders, it is fundamental to analyse their various requirements in order to establish mutually favourable agreements and interests based on transparency, trust and consent to decisions.

Our stakeholders



Engagement methods call for training activities aimed at enhancing personnel and attracting future employees, meetings with a view to guaranteeing supplier transparency and traceability, the adoption of product quality certifications and after-sale customer support, to ensure customer satisfaction and protection, and conference calls with shareholders to share future outlooks and guarantee company process transparency (for further details concerning engagement and listening methods, please refer to the relative sections "Training", "Internal communication activities", "Tax management", "Suppliers", "Customer relationships - contact channels, satisfaction monitoring and training" and "Dialogue with providers of risk and debt capital").

Main non-financial risks

In addition to the risks outlined in the Annual Financial Report, in the section entitled Other Information, the Group's business activities are exposed to non-financial risks mainly relating to potential unlawful conduct carried out in the areas of employee health and safety, personnel management, safeguarding the environment, corruption and human rights, both due to direct action and through the supply chain. With regard to aspects covered by the certification of our management systems, these risks were assessed before adopting these systems, whereas the risks relating to aspects not covered by the certified management systems were identified by considering the Group's typical business activities and the characteristics of the target market. An overview of these risks follows, while the subsequent sections contain more detailed information about the policies and actions adopted by the Group to manage them.

Occupational Health and Safety

The main risks are linked to the workers engaged in production, logistics, laboratories and workshops, as they are exposed to the typical industrial risks of work procedures in engineering companies, in particular: the development and production of pressure regulators, valves, electronic devices and accessories for fuel gas systems for internal combustion engines. These risks consist specifically of mechanical and chemical risks, in addition to the risks of handling loads, both manually and with machines such as forklifts, and all those risks resulting from procedures with electronic equipment and testing.

For the Italian companies, occupational health and safety management is carried out to meet legal requirements, and, to control these risks, in 2010 Landi Renzo S.p.A. adopted an Occupational Health and Safety Management System (OHSMS) and Policy.

All of the companies in Italy manage risks relating to occupational health and safety, also through a safety organisational chart which shows the appointment of a Safety Manager, who reports to the employer, an external Health and Safety Manager, an internal Health and Safety Officer, safety managers and supervisors, in addition obviously to the compulsory figures devoted to emergency management. This organisation also concerns the activities carried out outside the company scope at customer or supplier locations.

In accordance with the requirements of Italian Legislative Decree 81/2008, the companies in Italy formed a cohesive, detailed body of work instructions and procedures covering all safety activities (safety training, working methods, the use of personal protection equipment etc.), and goes into greater detail for activities that involve specific risks. The system is based on accurate risk mapping performed through the Risk Assessment Document with an analysis of the main risks and the measures to be adopted for their prevention.

From November 2019, during the periodic audit performed by the certifying entity Bureau Veritas, the Parent Company Landi Renzo S.p.A. was certified as meeting and complying with the requirements of the new ISO 45001:2018 standard (for more details, see "Protection of health and safety").

Environmental protection

The main environmental risks for the Group concern the typical activities of an engineering company with a low environmental impact, and include:

- emissions into the atmosphere from external traffic, power and production plants, ozone pollutants and greenhouse gases;
- consumption of electricity, methane, groundwater, mains water or other materials;
- noise pollution caused by production sites.

All the hazards and risks to the environment have been identified and assessed in accordance with legislation, and all the technical and organisational safety and prevention measures have been implemented.

The assessment did not reveal any significant risks of unauthorised dumping, or improper management of special waste.

Corruption

The Group operates in countries with a risk of corruption which is medium-high (Italy, Brazil, Romania, Colombia and Peru) and high (China, India, Iran, Argentina and Pakistan). With the extension of the Group's scope to the subsidiaries Metatron and SAFE&CEC, and in particular for the latter, the risk, originally limited only to corruption between private parties now extends to public counterparties as well. The company has a cash flow and conduct control system concerning corruption (e.g., entertainment expenses, hiring) and a Management and Control Model brought to the attention of employees.

Please recall that anti-corruption training was carried out in general terms as part of 231 training and specifically with respect to the company functions most exposed. In this regard, in the course of the year the Parent Company Landi Renzo trained personnel working in the Sales, Administration and Finance and Purchasing areas[7], which are the most exposed to the risk of corruption or are control functions. Training was provided in the classroom and the topics discussed regarded public, private, domestic and international corruption.

The Italian companies have adopted a Code of Ethics which governs the behaviours to be adopted by employees, also in order to prevent corruption.

No episodes of corruption were found in 2023.

Personnel management

The Group pays great attention to avoiding the potential risks that may arise during the personnel selection process, such as a lack of transparency in the sourcing of candidates, the chosen candidates not meeting the criteria, subjective skills appraisals, the initial terms and conditions of employment not matching the candidate's skills and experience and any discriminatory conduct.

[7] Activity also performed at Safe in 2024

There may be additional risks due to the quantitative and qualitative unsuitability of human capital with respect to the business model and the development of strategic business requirements, or unsuitable or insufficient training.

Particular attention is always paid to the issue of employee relations and trade union representatives, where the greatest risks may regard the trade union climate and any widespread complaints that may lead to strikes.

The main risks of managing **diversity**, whether gender-related or of other types, relate to reputational damage for the Group in cases where diversity issues may arise.

Human rights

Some of the geographical areas where the Group has its production sites present potential human rights risks, such as child labour, forced labour, or other violations of the rights of employees and individuals in general.

These activities are appropriately governed by company policies and procedures, particularly in the countries with the greatest potential risks, which are India, China, Iran, Pakistan, Brazil, Peru and Colombia. In other countries, such as Poland, there is a dedicated telephone line to take reports from employees. For the Landi Renzo Group and the company Safe S.p.A., these activities are subject to the control of the Supervisory Body, and in order to collect any reports, the whistleblowing channel was also established, of which all Model addressees have been informed and which they may use to submit reports. The Company Metatron S.p.A. follows national and international directives as concerns human rights, which are constantly monitored. Specific Safe worker whistleblowing training was delivered by the end of March 2024.

There are no significant human rights risks in the Group's Italian companies.

Supply chain

The main risks along the Group's supply chain refer in particular to environmental risks, and with reference to the direct suppliers of materials, concern risks relating to pollution of the soil and water due to the incorrect disposal of water and liquids for machine maintenance and cooling, in addition to atmospheric pollution caused by open dumps with raw materials for steel production and fumes caused by processing plastics and ferrous materials. From a social perspective, and in terms of respecting human rights, given that most of the Group's suppliers operate in Italy and Europe, the risks relate to suppliers not complying with reference standards.

To mitigate these risks, the Group has set up specific controls throughout the supply chain (for more details, see the paragraph "Suppliers").

Corporate Governance

Corporate governance is the set of rules, systems and mechanisms designed to effectively implement the organisation's decision-making processes in the interest of all the Group's stakeholders. The parent company **Landi Renzo S.p.A. complies with the Corporate Governance Code drawn up by the Committee for the** Corporate Governance **of listed companies**. A traditional governance system is in place, which includes three bodies: the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors.

Board of Directors

The Board of Directors is the governing body that controls the company, with powers allocated in accordance with legislation and statute. It operates to ensure the efficient and effective implementation of its functions. The directors act and make decisions to achieve the aim of creating value for shareholders, and report on management issues during the Shareholders' Meeting. With regard to appointing and replacing the Board of Directors and/or its members, the company bylaws require the board members to be elected on the basis of candidate lists, in accordance with the methods outlined in detail in the *Report on Corporate Governance and Ownership Structure* (which is attached to this document) and the existing legislation on

gender representation. On 29 April 2022, the Shareholders' Meeting appointed the new Board of Directors for 2022-2024, and set the number of members at 9. On 11 July 2023, following the resignation of Cristiano Musi, the Landi Renzo Board of Directors co-opted Annalisa Stupenengo as Chief Executive Officer, also assigning her to the role of General Manager. Paolo Cilloni is once again the Group CFO.

Board of Directors

Name	Age	Sex	Position	Executive/Non-executive	Independence
Landi Stefano	65	M	Chairperson	Executive	
Stupenengo Annalisa	53	F	Chief Executive Officer	Executive	
Landi Silvia	63	F	Director	Non-executive	
Fornasiero Sara	55	F	Director	Non-executive	Yes
Iasi Sergio	65	M	Deputy Chairman	Non-executive	
Lucchini Massimo	50	M	Director	Non-executive	
Landi Andrea	39	M	Director	Non-executive	
Morassi Pamela	46	F	Director	Non-executive	Yes
Anna Maria Artoni	56	F	Director	Non-executive	Yes

The Board of Directors is 56% women and 44% men. For both genders, 20% of the directors are between 30 and 50 years of age, and the remainder are over 50 years of age.

Board Committees

There are no internal board committees other than those stipulated by the Corporate Governance Code, with the exception of the Related Party Transactions Committee, in order to comply with the requirements of the related party regulations.

The company has not set up any committees that carry out the functions of two or more of the committees set out in the Corporate Governance Code, nor reserved these functions for the entire Board of Directors led by the Chairperson, nor has it allocated those functions differently compared to the provisions of the Corporate Governance Code.

The following committees are under the Board of Directors:

- The ***Appointment and Remuneration Committee*** has the task of formulating proposals for the Board of Directors (in the absence of the interested parties if they are part of the Committee) regarding the remuneration of the Chief Executive Officer and that of key directors. It also periodically evaluates the criteria adopted for the remuneration of key managers, supervising the application of these guidelines and providing general recommendations. The Appointment and Remuneration Committee consists of three directors, i.e. Ms Pamela Morassi, Ms Anna Maria Artoni and Mr Massimo Luchini. All the members have suitable financial and accounting experience and knowledge. With regard to determining the remuneration of the Board members, an amount is allocated by the Shareholders' Meeting for the duration of the directors' mandate. The emoluments may be formed of a fixed amount and a variable amount that reflects the financial results and or/objectives achieved by the Company. For the purpose of obtaining STAR qualification, the stock exchange regulations require the Appointment and Remuneration Committee to make sure that a significant part of the executive directors' and top management's remuneration is in the form of bonuses.

  See the report on remuneration, published in accordance with Article 123-*ter* of the *Testo Unico* (Consolidation Act) for information about the general remuneration policy, share-based remuneration plans, the remuneration of the executive directors, the director general, key managers and non-executive directors.
- The ***Control, Risks and Sustainability Committee*** ensures that the assessments and decisions made by the Board of Directors regarding the Internal Control and Risk Management System, the approval of the full-year and interim financial reports, and the relations between the Issuer and the external auditor, are supported by suitable preparation. This Committee has three members with suitable financial and accounting experience, namely Sara Fornasiero as Chairperson, Sergio Iasi and Anna Maria Artoni.
- The ***Related Parties Committee*** is tasked with ensuring the integrity of all transactions with related parties, by giving an opinion on the company's interest in completing a specific operation, and on the

integrity and benefit of the corresponding conditions. This Committee consists of three Independent directors, Sara Fornasiero as Chairperson, Anna Maria Artoni and Pamela Morassi.

Board of Statutory Auditors

Members of the Board of Statutory Auditors are selected on the basis of their ability to meet the requirements of professionalism, independence and integrity in accordance with laws and regulations. The Company's Board of Statutory Auditors was nominated at the Shareholders' Meeting on 29 April 2022 and will remain in office until the approval of the financial statements on 31 December 2024.

Board of Statutory Auditors

Name	Age	Position	Sex
Zucchetti Fabio	57	Chairperson	M
Rizzo Diana	64	Statutory Auditor	F
Guarna Luca Aurelio	51	Statutory Auditor	M

Note: the board of statutory auditors includes alternate auditors Mr Luca Zanni, 46 years old, and Mr Gian Marco Amico di Meane, 51 years old.

Internal Control and Risk Management System (ICRMS)

The ICRMS of the Landi Renzo Group is the set of rules, procedures and organisational structures designed to enable the company to conduct its business correctly and in line with set objectives, through a suitable risk identification, management and monitoring process. The Board of Directors identifies the nature and level of risk compatible with the strategic objectives identified in the Company's strategic, industrial and financial plans. Its assessment includes an assessment of all the risks that may be significant from the perspective of sustainability of the Company's activities over the medium to long term. The Board of Directors has also defined the guidelines for the ICRMS, with the support of the Control, Risks and Sustainability Committee; the system is seen as an integrated process that is applied across all the company's activities, and is based on the international principles of Enterprise Risk Management (ERM).

The purpose of the internal control and risk management system is to help the Landi Renzo Group achieve its performance and profit objectives, obtain reliable economic/financial information, and ensure compliance with existing legislation, to avoid damage to reputation or financial losses. In this process, particular importance is given to the identification of corporate objectives and to the classification and control of business risks, by implementing specific actions to contain these risks.

There are various types of potential business risks - strategic, operational (related to the reliability of business processes), reporting (related to the truthfulness and accuracy of economic/financial information) and, lastly, compliance (related to compliance with existing legislation and regulations to avoid penalties, damage to the company's reputation and/or financial losses). In response, the Internal Audit Department performs a risk mapping activity for Landi Renzo and for the consolidated investees on an ongoing basis. This is then shared with the Control and Risks Committee, the Board of Statutory Auditors and the Supervisory Body. Based on this mapping and according to the level of risk represented in it, Group Internal Audit conducts specific audits (which are also identified in the risk based Audit Plan). The findings are then reported in summary or detailed form as necessary to the Control, Risks and

Sustainability Committee and to the Supervisory Body, as well as being reported quarterly to the Board of Statutory Auditors, and annually to the Board of Directors through the Control, Risks and Sustainability Committee. As part of the whistleblowing process, the Internal Audit department was also appointed as report manager and as such promptly participates to investigate the events subject to the report.

The Board of Directors of the Landi Renzo Group assesses the effectiveness and suitability of the internal control and risk management System annually, based on the information and evidence obtained with the support of the preliminary work done by the Control and Risks Committee, by the Internal Audit manager and by the Supervisory Body, created pursuant to Italian Legislative Decree 231/2001.

Organisational Model pursuant to Italian Leg. Decree 231/2001, Code of Ethics and fight against corruption

The Board of Directors of Landi Renzo S.p.A. (hereinafter, "**Landi Renzo**" or the "**Company**") adopted its "Organisation, Management and Control Model" ("**231 Model**") in accordance with Italian Legislative Decree 231/2001 ("**Decree**") on 20 March 2008. A Supervisory Body ("**SB**") was also appointed, which has its own budget and was assigned the duty of supervising the functioning and observance of the 231 Model, which currently consists of Jean-Paule Castagno (Chairman), Domenico Sardano (external member) and Filippo Alliney (internal member and head of the Internal Audit Department).

The 231 Model - drafted following adequate preliminary work, aimed at preparing the mapping of areas at "risk of an offence" and reinforcing existing controls, in compliance with the guidelines issued by Confindustria (Italian industry confederation) and in accordance with the relevant case law - sets out a series of standards for behaviour, procedures and management activities, in addition to powers and mandates designed to prevent the offences expressly outlined in the Decree.

Following its adoption in 2008, the Model was periodically updated in order to incorporate regulatory updates concerning the predicate offences of administrative liability pursuant to the Decree.

Following the in-depth corporate reorganisation, at the proposal of the SB, a revision of the 231 Model was planned in order not only to incorporate the regulatory changes that took place in the meantime but, moreover, to formalise the current controls specifically with reference to relevant business processes, in order to continue to fulfil the requirements of soundness and functioning of the internal control system over time in light of the Group's changed operating conditions; this revision will also take into account the results of the new Business Plan.

As far as the whistleblowing system is concerned, in accordance with Italian Law 179 of 30 November 2017 – entitled "Provisions to safeguard persons reporting offences or irregularities they receive knowledge of in connection with public or private working relations" and in keeping with current national and international best practices – the "Procedure for the management of reporting to the supervisory body (whistleblowing)" was adopted, subject to specific training for all Company representatives. Furthermore, in compliance with that procedure, on one hand, an ad hoc email address, disclosed to all recipients of the 231 Model and visible in the Investor Relations section of the website www.landirenzogroup.com, has been activated, while on the other hand a series of "physical" mailboxes have been installed for the submission of reports. These channels allow all employees and collaborators to write and make reports, even anonymously, directly to the SB, by encouraging the reporting of illegal acts or violations of the 231 Model. During the current year, no reports regarding the offence of corruption were received by the SB. Reports concerning any breaches of the 231 Model and the Code of Ethics are received and processed exclusively by the SB.

Safe S.p.A. (hereinafter, “Safe”) also has its own 231 Model, the effectiveness and suitability of which is evaluated by the SB, consisting of Jean-Paule Castagno (Chairman), Domenico Sardano (external member) and Filippo Alliney (internal member and head of the Internal Audit Department). The SB of the two Companies, Landi Renzo and Safe, sends the Board of Directors, the Board of Statutory Auditors and the Control, Risks and Sustainability Committee a written report every six months on actual knowledge and implementation of the 231 Model as well as the supervisory activities carried out. The implementation of suitable regular and/or sporadic information flows to the Supervisory Body is another important tool for the Board to meet its legal monitoring responsibilities, and hence for the effectiveness of the Model in preventing liability. The SB coordinates its audit plan with that of the Internal Audit Department, receiving periodic updates.

The audits conducted by Internal Audit did not reveal any conduct or reportable offences or any violations of the 231 Model, nor was there any other act or conduct that amounted to a breach of the provisions of the Decree.

Specifically with regard to corruption, all internal divisions of the Landi Renzo Group operating in Italy underwent an assessment, and were thus included in the risk mapping activity conducted by Internal Audit. Over the next three years, Internal Audit’s monitoring will also include Safe S.p.A. and Metatron S.p.A., which just recently joined the Group.

Also as part of activities intended to strengthen the internal control system and consolidate a corporate culture meant to prevent the risk of offences, Landi Renzo and Safe have their own Code of Ethics which expresses the corporate conduct principles that must inspire every part of the production process and must be constantly observed in partnership and collaboration relationships as well as commercial dealings, also illustrating the rules of conduct aimed at preventing the commission of offences and all conduct conflicting with the Company’s values.

The Code of Ethics was appropriately shared with all representatives of the Landi Renzo Group by email. Every update is distributed via an email communication sent directly by the Chairman.

Furthermore, an e-learning module has been activated in order to ensure that all Company representatives receive periodic training.

Cyber Security, an integral part of the business

Cyber security has become a veritable priority and a commonplace topic, with increasingly frequent cyber attacks caused by the pervasiveness of technological instruments and their now irreplaceable use. Any company across every sector is increasingly more exposed to risks deriving from hacker attacks and phishing. These critical situations can be identified at individual as well as company level, so companies need to set up essential oversight mechanisms to boost their capacity to respond and defend themselves, including organisational, technological and awareness-raising measures.

Specifically, the Group had adopted a number of security measures:

- Antivirus, antispam and Firewall updated to version v.10.01.
- Remote access permitted only via a secure channel (VPN and MPLS).
- Daily backups on Storeonce HPE and exported to magnetic tape monthly.
- Company policy distributed to personnel, which includes the proper use of the IT system.
- Organisation of activities to increase awareness concerning the prevention of phishing attacks.
- Operating instructions that govern the management of the IT system (disaster recovery).

Following the hacker attack, right away in 2022 the company decided to adopt cybersecurity measures above and beyond those already in place. In particular:

- Installation of xEDR Cynet software on all company computers and servers;
- Activation of a Security Operation Centre (SOC) active 24/7 which monitors any anomalous activity on the network, also thanks to Cynet and an SIEM platform. In the event of an attack, the SOC intervenes in real time, isolating the compromised part of the infrastructure;
- Multi-factor authentication for remote connections via VPN;
- Activation of a CTI service to scan the dark web and identify potential exchanges of data relating to the Landi network (e.g., access credentials, description of vulnerabilities);
- Red Team to regularly perform Vulnerability Assessments, aimed at identifying vulnerabilities that need to be promptly remedied, to prevent potential malicious access to the company network;
- Infrastructure assessment to update the back-up infrastructure and the relative policies in order to guarantee additional security and rapid restoration times in the case of disaster recovery;
- Adoption of a new antispam software and migration of email servers (Exchange) to the cloud;
- Review of the password policy for accessing the domain, increasing the length of the passwords required and decreasing the possibility of reusing an old password.

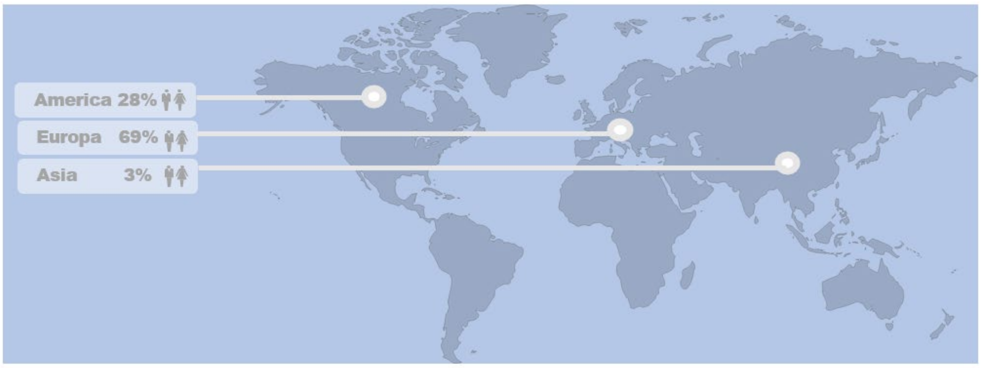
Furthermore, the company carried out initiatives to deliver anti-phishing communications, which contributed to raising user awareness and mitigating cyber attack risk.

People

People

Our Progress

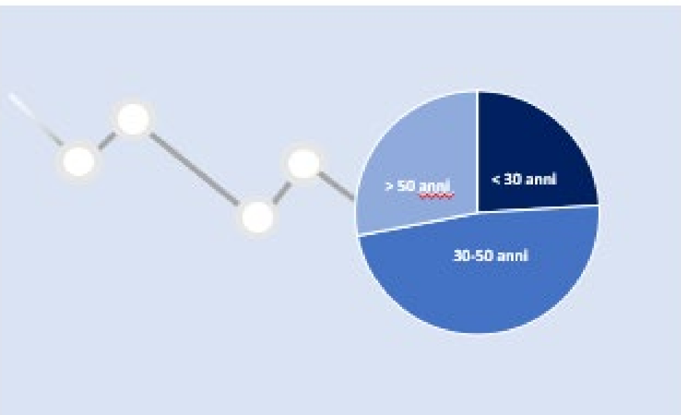
The Group's employees in the world



-9%

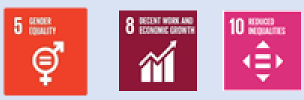
Rate of termination of employment relationships from 2022 to 2023

The Group's employees by age group...



Le nostre persone

La creazione di un ambiente di lavoro collaborativo e stimolante, capace di valorizzare le competenze individuali, rappresenta uno dei principali elementi della nostra politica di gestione del personale



Human Resources

The Group believes strongly in its **people**, and considers them to be a fundamental pillar for the achievement of long-term success. The creation of an inclusive work environment in which **people** are appreciated, while promoting sources of **cultural enrichment** by making significant investments in training, is one of the principal ways used to manage personnel. This is why the company is committed to fostering **inclusion** and promoting **diversity**, while also consistently focusing on the **continuous improvement** of its human resources strategies.

HR management and structure

With the conviction that success also depends on its people, the Group encourages a recruitment policy that prioritises the search for young candidates with significant potential who are offered stimulating development paths.

The Landi Renzo Group manages the personnel recruitment process through the **People Department**. At the start of the year, the staffing requirements for the entire Landi Renzo Group are identified, and one or more recruitment channels are chosen for each position. The main sources are recruitment firms, schools, universities, professional technical institutes, LinkedIn and unsolicited applications. To evaluate the technical profile and potential of each candidate, the recruitment process involves interviews, motivational and technical tests. During this phase, the opportunities available and company expectations are clarified in the interests of mutual understanding. The People Department draws up a shortlist for each vacancy. The Department Manager will then interview the applicants to complete the recruitment process and select the right candidate.

Once the candidate has been hired, the on-boarding process begins, providing the person with a welcome pack complete with all the information they need to integrate into the company as well as a personal training plan; get-to-know-you meetings are held so the new member of staff can become operational quickly and efficiently.

The recruitment policy adopted by Metatron S.p.A. calls for the identification of figures to be hired through collaboration between the management, the group HR manager, company HR and the heads of the entity. Once the new profile to be hired is outlined, it is shared with the recruitment companies and at the same time, spontaneously submitted applications are also viewed. In the second place, the CVs received from recruitment firms are analysed internally, and meetings are scheduled. During meetings, based on the role of the person to be hired, the personal and professional qualities and company expectations concerning the role in question are analysed in detail. The selection process concludes with a final step of candidate interviews.

As concerns Safe S.p.A., the personnel recruitment process is managed by the HR Department. Once the company's needs are identified, the figure sought is introduced via the main recruitment sources and at the same time, the spontaneous applications submitted are viewed. Afterwards, interviews are held and motivational and technical tests are given to evaluate the technical profile and potential of each candidate.

The selection process ends with the preparation by the HR Department of a short list, which is provided to the Department Director who will proceed with candidate interviews and select the most suitable person for the role.

The Group has always been known for its **multidisciplinary roles and the broad range of skills within its organisation**.

At the end of 2023, the Group had 964 employees.

Number of employees by geographical region and gender

GROUP EMPLOYEES BY GEOGRAPHICAL REGION AND GENDER	2023			2022			2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Italy	321	165	**486**	303	164	**467**	317	183	**500**
Europe (excluding Italy)*	128	34	**162**	127	31	**158**	129	35	**164**
Asia**	37	9	**46**	22	7	**29**	30	15	**45**
America***	222	48	**270**	229	52	**281**	230	48	**278**
Total	**698**	**252**	**964**	**681**	**254**	**935**	**706**	**281**	**987**

** Poland and Romania*
*** Pakistan, Iran, China and Russia*
****USA, Colombia, Brazil, Peru, Canada and Argentina*

Number of employees and contractors by gender

WORKFORCE - EMPLOYEES, STAFF AND ASSOCIATES	Total 2023	Total 2022	Total 2021
Employees	**964**	**935**	**987**
Temporary agency staff*	**210**	**193**	**147**
Other contract types**	**17**	**4**	**10**
Total	**1,191**	**1,132**	**1,144**

The trend in the number of employees, staff and associates hired by the Group shows a considerable increase in the number of non-employees supporting the company.

Approximately 93% of staff were hired on **permanent contracts**, which confirms the positive situation within the Group. In 2023 the average **length of service** was around **15 years**.

Number of employees by contract type and gender

EMPLOYEES BY CONTRACT TYPE AND GENDER*	2023			2022			2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent	649	247	**896**	578	235	**813**	596	251	**847**
Temporary	57	8	**65**	103	19	**122**	110	30	**140**
Total	**706**	**255**	**961**	**681**	**254**	**935**	**706**	**281**	**987**

* The group has 3 employees with a variable schedule.

Number of employees by contract type and geographical region

EMPLOYEES BY CONTRACT TYPE AND GEOGRAPHICAL REGION****	2023			2022			2021		
	Permanent contract	Temporary contract	Total	Permanent contract	Temporary contract	Total	Permanent contract	Temporary contract	Total
Italy	483	3	**486**	467	1	**468**	498	2	**500**
Europe (excluding Italy)*	115	50	**165**	87	70	**157**	82	95	**177**
Asia**	33	10	**43**	7	28	**35**	10	22	**32**
America***	265	2	**267**	252	23	**275**	257	21	**278**
Total	**896**	**55**	**961**	**813**	**122**	**935**	**847**	**140**	**987**

** Poland and Romania*
*** Pakistan, Iran, China and Russia*
****USA, Colombia, Brazil, Peru, Canada and Argentina*

**** The group has 3 employees with a variable schedule.

In terms of employee categories, **clerical workers** are the main category at 53% of the total, followed by manual workers (roughly 34%).

Number of employees by professional category and gender

EMPLOYEES BY PROFESSIONAL CATEGORY AND GENDER	2023			2022			2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Senior managers	51	8	**59**	66	39	**105**	34	6	**41**
Middle managers	52	8	**60**	50	13	**63**	70	15	**84**
Clerical workers	379	136	**515**	347	121	**468**	335	139	**473**
Manual workers	224	106	**330**	218	81	**299**	267	121	**389**
Total	**706**	**258**	**964**	**681**	**254**	**935**	**706**	**281**	**987**

Employee percentage by level of education and gender

EMPLOYEES BY LEVEL OF EDUCATION AND GENDER	2023			2022			2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Bachelor's Degree/Master's Degree	233	74	**307**	179	64	**243**	184	73	**257**
High school diploma /Qualification	293	105	**398**	347	105	**452**	314	105	**419**
Middle school diploma	182	77	**259**	157	83	**240**	119	85	**204**
Total	**708**	**256**	**964**	**683**	**252**	**935**	**617**	**263**	**880**

2021 data for IMW Industries LTD Canada is not available

The Group has always been known for its **multidisciplinary roles and the broad range of skills within its organisation**.

In terms of the workforce's educational qualifications, these are in line with the business requirements: approximately 27% of employees have a *lower middle school diploma*, 32% have a *university degree*, and 41% have an *upper middle school diploma*.

The more junior categories engage with the Group business via *work experience and apprenticeship* schemes. **20 work experience schemes** were set up in 2023 and mainly implemented at the Group's Italian premises.

The average age of employees during the year was **42** years, with the following breakdown by professional category:

Number of employees split by age

EMPLOYEES BY PROFESSIONAL CATEGORY AND GENDER	Less than 30 years			30-50 years			More than 50 years		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Senior managers	7	1	**8**	24	5	**29**	20	2	**22**
Middle managers	0	0	**0**	31	6	**37**	21	2	**23**
Clerical workers	128	28	**156**	170	72	**242**	81	36	**117**
Manual workers	59	8	**67**	110	52	**162**	55	46	**101**
Total	**194**	**37**	**231**	**335**	**135**	**470**	**177**	**86**	**263**

Employee turnover

In 2023, the Italian companies hired new employees, mainly to reinforce their internal capability to reflect changes in the organisation and the business strategies, but also to replace outgoing personnel.

Employees leaving the Group by age group, gender and geographical area and turnover rate

TERMINATIONS OF EMPLOYMENT RELATIONSHIPS	2023		2022		2021	
	Total	%	Total	%	Total	%
Total	**135**	**14%**	**221**	**23%**	**209**	**21%**

2023 data for Metatron Control System is not available

Human rights, diversity and equal opportunities

Human resource management in the Group is geared towards integration and respect for diversity, and focuses on preventing any type of discrimination based on gender, nationality, ethnicity, sexual orientation, class, appearance, religion or political opinion. In order to improve work-life balance, a remote working policy was defined in 2023 for the entire company population involved in work that can be done outside the office. Work-life balance and equal opportunities are guaranteed through part-time employment contracts for the company SAFE S.p.A. and remote working agreements equally distributed between male and female personnel, flexible working hours for clerical workers and a voluntary smart working policy introduced in 2023, which enables personnel who have a compatible role to work up to 6 days per month from home. Furthermore, in the summer, team building activities were organised in which Landi Renzo S.p.A. employees competed against each other in a padel tournament.

Aside from guaranteeing respect for diversity and equal opportunities, the Group has adopted a number of tools to promote the spread of respect for universal human rights and respect for local and national communities at Group level, via the adoption of the Group Code of Ethics, and at individual subsidiary level by defining specific Codes of Conduct or Regulations.

Note that the Argentine company AEB America has adopted a Code of Ethics that sets out the mission, principles, values and main ethical and professional behaviours to be respected within the organisation. The Argentinian company also has an "Internal Regulations Manual" approved by Top Management, which is circulated to all staff. It also contains a procedure for resolving disputes or issues raised by staff (the first port of call to respond to requests to resolve issues is the head of Department; after that, if the response/solution is not satisfactory, it is possible to request authorisation to take the issue to a higher level or to the HR Department).

Landi Renzo RO S.r.l. has a "Labour Code", and internal company rules. Furthermore, the Company Landi Renzo USA Corporation has adopted an "Employee Handbook" containing all company policies, which is provided to all employees when they are hired.

IMW Industries del Perù SAC Peru has adopted a code of ethics which reaffirms the value of equal opportunities and respect for people's integrity as well as respect for colleagues and team work, promoting dignified, respectful and courteous conduct with no discrimination, harassment or offence.

Lastly, based on the information available at the Group's head office, in 2023 no areas at risk of breaching human rights were identified, nor were there any reports of cases of discrimination or violation of these rights.

Employees by contract type

EMPLOYEES BY CONTRACT TYPE (no.)	2023			2022			2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Full-time	695	226	**921**	672	224	**896**	699	250	**949**
Part-time	13	30	**43**	9	30	**39**	7	31	**38**
Total	**698**	**252**	**964**	**681**	**254**	**935**	**706**	**281**	**987**

There are 93 people belonging to **protected categories** within the Group's Italian companies.

Company policy is to select personnel belonging to these categories according to the roles and skills required by the company, through agreements with the relevant organisations, instead of making exemptions.

Employees belonging to protected categories

EMPLOYEES BELONGING TO PROTECTED CATEGORIES (no.)	2023			2022*			2021*		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
No. of employees belonging to protected categories	49	44	**93**	15	11	**26**	17	8	**25**

* In 2021 and 2022, the figures refer to the Italian companies.

In 2023, the figures refer to the Italian companies and Landi Renzo Rus.

Trade union relations and employment protection

The quality of industrial relations is a key issue for the Landi Renzo Group, whose aim is to build a collaborative, proactive relationship with the trade union representatives. Over the years, the Landi Renzo Group has always applied a policy of debate and open, transparent dialogue with the trade union organisations.

All the staff at the Landi Renzo Group's Italian companies are covered by the National Collective Labour Agreement for the metalworking industry. In the course of 2021, contractual harmonisation took place for the personnel who at the end of 2020 were transferred to Landi Renzo S.p.A. after the merger by incorporation of Lovato Gas S.p.A.; therefore, starting from 2021, the National Collective Labour Agreement for the metalworking industry has been applied.

For Landi Renzo S.p.A., a supplementary company agreement is in force which is valid for the 2021-2023 three-year period. Its conditions guarantee variable elements such as a performance bonus for all workers in addition to favourable conditions especially as regards other economic benefits like company welfare.

In the early months of 2023, discussions began with the trade unions concerning the company's decision to contract out the via Nobel warehouse, but despite this, there were no impacts on workers, who maintained their employment relationship in force with the company and were assigned to new working areas.-

As concerns Safe S.p.A., the company has had second-level contracts in place since November 2017, when the first supplementary agreement, still in force, was signed, which defines more favourable conditions than the reference National Collective Labour Agreements.

The Managers and employees of the Safe S.p.A. companies are covered by the National Collective Agreement for Industrial Executives and Small and Medium-Sized Industry Executives and the National Collective Agreement for the small and medium sized metalworking industry (Confapi) and the metalworking industry.

All the staff of Metatron S.p.A. are covered by the National Collective Labour Agreement for the metalworking industry.

Training

The Group considers staff training to be a fundamental priority in personal development, and to increase the company's assets. Developing, optimising and spreading knowledge and cross-cutting skills will ensure effectiveness, flexibility and a tendency towards innovation. The learning process is seen as an ongoing experience that accompanies people throughout their career. People's knowledge and ability to innovate are critical for success and must be nurtured continuously. In order to optimise the management of its training programme, in 2014 the Landi Renzo Group introduced a procedure that allows management to define the needs for each job description and to identify the specific skills needed for each role. Each year, in collaboration with management, the People Department defines a training plan based on the skills required for each employee and the specific training needs for the area, identified by the departmental leader or head of department.

In the course of 2023 in the company Landi Renzo S.p.A. a company training plan was activated and implemented which involved 215 employees with a financial investment of Euro 52,800, and in line with the objectives established for the year, in the course of 2023 work was done especially on managerial and safety training and instruction for production area personnel. Two important individual managerial courses continued, with a specific focus on Innovation Management and Project Management. All safety training obligations established by law were met, and the work that began in 2023 for the development of safety initiatives in the production area continued, in order to prevent workplace accidents.

At the end of the second quarter of 2023, for the company Landi Renzo S.p.A., a 12-month Training Plan was initiated with a focus on transversal skills for those who play a central role in the various company processes, as they represent the link between the Group Strategy and personnel. The training courses deal with the typical topics required for manager positions ("Leader Shape for Middle Management"), shift managers and line managers in the production areas ("The job of department manager", "Resilience, assertiveness and positive thinking" and "Stress management, always ahead of the game, loads and without stress") and the fundamental topics to be worked on in the area of Human Resources ("Master's in human resource management and development" and training course on the HRC Community platform). Aside from the development of transversal skills, activities are also carried out on technical topics ("Demand Driven Planner", "Project Management", "Course on H2 hydrogen") and language skills (2 English language courses). The training plan, which is currently under way, will enable participants to consolidate and acquire complete skills to make their role and function effective and efficient.

All safety training obligations established by law were met, and the work that began in 2022 for the development of safety initiatives in the production area continued, in order to prevent workplace accidents.

In the production areas, specific courses were held on several lines in production (Loccioni predictive maintenance, VOC master transition methods). Lastly, space was also dedicated to technical and transversal training, with Excel refresher courses and technical workshops for R&D area personnel (BSIM, CAE Tour).

In continuity with the previous year, during 2023 all new recruits received an anti-corruption e-learning course in their on-boarding kit.

Furthermore, the People Department monitors and evaluates the training activities organised. A satisfaction questionnaire is administered to a sample of participants at the end of each course. The questionnaire focuses on the topics under discussion, the competence and capability of the trainer, and the organisation of the course.

At the end of the year, the effectiveness of the training provided is analysed, and at the end of significant training activities, a course satisfaction form is completed. The assessment scale in both cases is:

- 1 - Insufficient
- 2 - Sufficient

- 3 - Good
- 4 - Very Good
- 5 - Excellent

The company has set the target of obtaining an assessment of higher than 3.75 for training effectiveness and a satisfaction value above 4. The analysis will be concluded by the end of April 2024.

The courses delivered by the Company Landi Renzo in 2023 were assessed overall as very satisfactory, with an average score of 4.15 on a scale from 1 (unsatisfactory) to 5 (excellent). Following the completion of the annual training plan, the courses are assessed in terms of their efficiency in delivering knowledge, with an evaluation sheet to be given to all the departmental managers.

With regard to Safe S.p.A., in 2023 more than 1,320 hours of training were provided in a number of areas, in some cases implementing on-the-job training. Although it has identified an improvement trend in the process of recording training hours delivered with respect to 2022, Safe S.p.A. continues to attempt to reach the goal of raising the awareness of the heads of the reference area with a view to precisely recording employee and temporary personnel training hours.

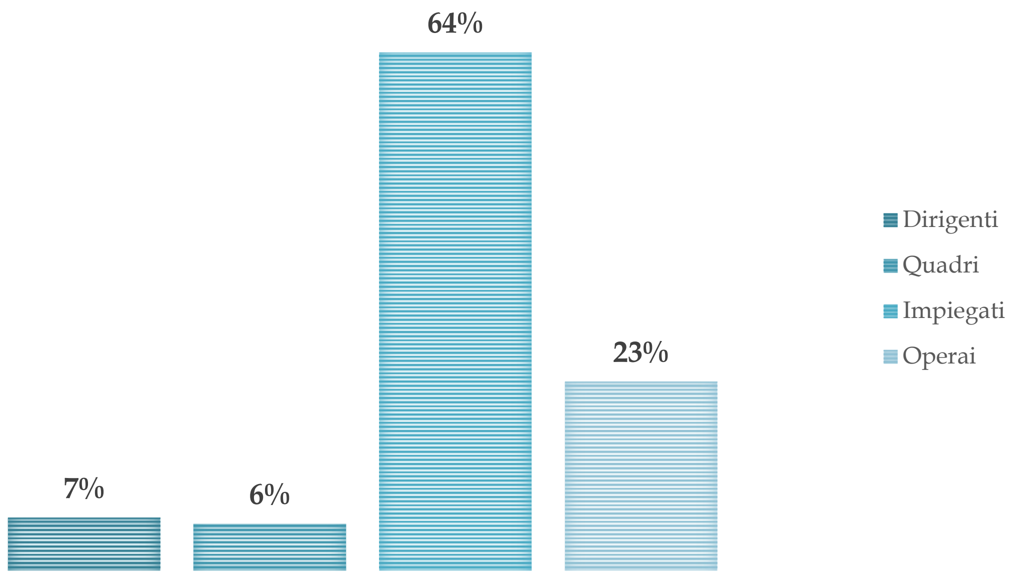
For Metatron S.p.A., employee training is managed annually based on the Training Plan drafted by the Head of HR in collaboration with the company management. Following the integration process between Metatron S.p.A. and Landi Renzo, the Metatron S.p.A. Training Plan for certain individuals operating at group level was integrated with the Landi Renzo Training Plan, and therefore the Group plan. The objective for 2023 is to fully resume technical training and continuous education for the Research & Development area and language training, which was suspended in the course of 2022.

Furthermore, in keeping with 2023, Landi Renzo aims to launch manager growth and development projects. The Group is constantly committed to developing new skills on multiple levels, while enhancing those already present within the organisation. In 2023, clerical workers were the main category receiving training (in line with the previous year).

Employees who received training by professional category

EMPLOYEES WHO RECEIVED TRAINING BY PROFESSIONAL CATEGORY (no.)	2023			2022			2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Senior managers	34	4	**38**	12	0	**12**	22	2	**24**
Middle managers	28	3	**31**	18	6	**24**	49	11	**60**
Clerical workers	275	78	**353**	145	42	**187**	179	84	**263**
Manual workers	71	55	**126**	102	70	**172**	193	99	**292**
Total	**408**	**140**	**548**	**277**	**118**	**395**	**443**	**196**	**639**

Employees who received training in 2023 by category



The Group is constantly committed to developing new skills on multiple levels, while enhancing those already present within the organisation. In 2023, clerical workers were the main category receiving training (in line with the previous year).

Hours of training per capita by professional category

HOURS OF TRAINING PER CAPITA (h)*	2023			2022**			2021*		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Senior managers	16.2	16.9	**15.7**	15.3	-	**15.3**	7.3	13.3	**7.8**
Middle managers	12.1	3	**11.2**	14.6	8.5	**13.1**	21.5	10.8	**19.5**
Clerical workers	19.8	16.1	**18.7**	12.6	11.1	**12.3**	31.7	13.6	**26.0**
Manual workers	7.6	5.3	**6.6**	9.7	4.6	**7.6**	8.7	5.1	**7.4**
Total	**16.8**	**11.6**	**15.3**	**11.8**	**7.1**	**10.4**	**19.4**	**9.1**	**16.2**

* The 2021 figure excludes Landi Renzo USA Corporation, as the data is not available.
**The 2022 figure excludes IMW Industries LTD Canada, as that information was not available.

Technical training for the Network of Dealers and Workshops

Landi Renzo provided intense technical training for the network of Landi Renzo Group retailers and workshops in the course of 2023. More than 600 training hours were organised, involving around 140 training sessions.

Landi Renzo training courses represent a crucial aspect for workshop growth and continuous education, and also provide the opportunity to acquire technical information dedicated to the pre-sale and after-sale phases. All courses provide the right to receive a participation certification issued in the name of the course participant. Certain courses include a learning test intended to identify any critical areas.

All participants are always invited to offer suggestions to ensure continuous improvements in available training. The training offered includes various levels:

BASIC

Gaseous fuels for vehicles: general overview of the main features of gaseous hydrocarbons and their use in the transport sector. Main features of gas conversion systems and components.

Features of conventional systems and their application: general overview of the Conventional System and differences between available choices. Functions and application on different types of cars, three-wheeled vehicles, generators, and more.

Features of sequential systems and their application: General overview of the sequential system and differences between the various available choices, functions, characteristics of mechanical and electronic components.

INTERMEDIATE

Port Fuel Injection (PFI): Full description of the functioning of the Port Fuel Injection software, understanding of its functions. Identification of calibration best practices and the

Direct Injection (DI) strategy: Overview of direct injection fuel systems. Full description of Direct Injection software and its features. Calibration best practices and strategies, calibration research and optimisation.

Open Loop and Advance variators: Full description of Open Loop & Advance variators process software and its features. Calibration best practices and strategies, calibration research and optimisation.

Troubleshooting (Port Fuel Injection) and maintenance: Simulation of the main issues that could take place in the vehicle, checking proper component assembly (position of nozzles, tubes and signal via SW, etc.). Learning to follow a logical process to solve problems, analysing the cause and identifying the best solution.

EXPERT

DDF systems: Overview of Diesel Dual Fuel systems. Description of DDF software, its features and its significance.

Training of the foreign sales/installers network was primarily monitored by the Landi Renzo branches and/or local outsourcers.

Updates: Updates associated with new product development or the need to modify existing installation procedures. Possibility of consolidating and strengthening skills already acquired. Training on the most common problems and how to deal with them.

Personnel assessment and professional development

In 2009 the Landi Renzo Group's Italian companies introduced a Management by Objectives (MBO) system and individual performance appraisals.

In 2023, for the companies Landi Renzo S.p.A. and Metatron S.p.A., also by virtue of the particularly difficult and unpredictable business environment, the individual performance assessment process was not completed.

On the other hand, for Safe S.p.A., individual assessment and development was carried out based on three methods:

- Management by Objectives (MBO) System which will assign business and personal objectives on an annual basis which, when reached, will trigger the disbursement of an individual bonus. This methodology is applied to managers, certain specialists based on their individual labour agreements and sales area managers.
- Assignment of business objectives (turnover, EBITDA, lead time) which, when reached, trigger the disbursement of the performance bonus, as established by the supplementary company agreement signed with the trade unions. This is applied to all company personnel with the exception of managers. In 2022, the objectives were regularly assigned and final reporting will be completed in 2023 following the approval of the financial statements.
- The third method is applied when, while the annual budget is being prepared, meetings are organised between HR and the area heads/managers, during which any training needs, growth/development paths and level/salary reviews are analysed for each worker, and the effectiveness of the training provided in the previous year is assessed. The information is then collected by HR and shared with department managers.

In 2023, no one was involved in International Mobility plans.

For the company Metatron S.p.A., no Management by Objectives (MBO) systems were introduced.

Remuneration and benefits

The Landi Renzo Group's remuneration policy aims to show a fair, concrete recognition of people's hard work and contribution to the success of the business. Salary scales depend on employee roles and responsibilities, and reflect the level of experience and required skills, the level of excellence demonstrated, and the general contribution to the business, without any type of discrimination.

For Landi Renzo S.p.A., the process of defining the variable pay component takes the form of the performance bonus. This is linked to the business performance appraisal for all staff, the results achieved by leading roles and – limited to certain specific positions such as the Employer's delegate and the managers of production sites – various health, safety and environment objectives. While for Safe S.p.A., as set forth in the supplementary agreement for 2022, the performance bonus was also confirmed for 2023. The performance bonus is for employees as well as temporary staff (in the categories of manual workers, clerical workers and middle managers), and the amount is calculated on the basis of the results achieved by the company in the reference year. When specific conditions are met, the worker may decide to have the performance bonus paid out in the form of flexible benefits.

The Group's focus on its people also means providing advantages through a set of non-financial benefits designed to increase the socio-economic well-being of employees and their families. These include work equipment such as company cars, laptops and mobile telephones, in addition to resources allocated to meet employee social, social security and welfare requirements. Landi Renzo S.p.A. has supplemented its company welfare policy with an additional amount of Euro 50 (company supplement) to be used on a company welfare portal which provides a range of products and services (such as discount vouchers, reimbursements, healthcare services, etc.).

Agreements were also activated with food service and catering companies for the delivery of meals to the office.

Furthermore, a car sharing service has been active since 2020 for the shared use of vehicles for staff from the city of Bologna.

Ratio of standard salary for new hires to local minimum salary by gender

RATIO OF SALARY FOR NEW HIRES TO LOCAL MINIMUM SALARY	2023		2022		2021	
	Male	Female	Male	Female	Male	Female
AEB America S.r.l.	1.94	2.43	1.88	2.43	1.90	2.14
Landi Renzo Polska Sp.Zo.O.	1	1	1.20	1.36	1.37	1.27
Landi Renzo RO S.r.l.	1.16	1.16	1.04	1.04	1.22	1.22
Landi Renzo Pars Private Joint Stock Company	2.18	1.89	1.56	1.52	1.23	1.17
Landi Renzo S.p.A.	1.17	1.17	1.18	1.18	1.18	1.18
Landi Renzo USA Corporation	4.59	3.96	-	-	-	-
Landi Renzo Industria e Comercio	1.71	1.62	4.08	2.13	-	-
Landi Renzo Rus	28.01	11.67	-	-	-	-
Safe S.p.A.	1.23	1.32	1.05	1.05	1.06	1.06
IMW Industries LTD Canada	1.05	1.01	1.15	1.15	1.04	1.04
IMW Industries del Perù SAC Peru	1.46	1.66	1.46	1.66	1.48	1.83
IMW Industries LTDA Colombia	1.04	1.04	1	1	1	1
Metatron S.p.A.	1.23	1.32	1.03	1.03	1.03	1.03
Metatron Control Systems Co., Ltd	11.00	8.18	6.33	5.06	3.99	5.06
Average Group total	**4.27**	**2.82**	**1.96**	**1.82**	**1.59**	**1.72**

Minimum local salary: this refers to the legal minimum wage or the salary indicated in the National Collective Labour Agreement.
New hire salary: the wage offered to a full-time employee in the lowest category.

The 2021 figure excludes Landi Renzo USA Corporation, Landi Renzo Industria e Comercio and L.R.Pak (Pvt) Limited, as that information was not available.
The 2022 figure excludes Landi Renzo USA Corporation, IMW Industries LTD Shanghai and IMW Energy Tech LTD China, as the data is not available.
The 2023 figure excludes IMW Industries LTD Shanghai and IMW Energy Tech LTD China, as the data is not available.

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Agreements were also activated with food service and catering companies for the delivery of meals to the office.

Furthermore, a car sharing service has been active since 2020 for the shared use of vehicles for staff from the city of Bologna. Lastly, the use of smart working continued, in order to guarantee worker attendance and operational continuity.

The ratio between the annual total compensation of the highest paid person in the organisation and the median annual total compensation of all employees (excluding the highest paid person) is shown below.

Annual total compensation ratio

ANNUAL TOTAL COMPENSATION RATIO	2023	2022	2021
Landi Renzo S.p.A.	6.79	6.47	6.30

Protection of Occupational Health and Safety

The Group has always focused on its people: it demonstrates this through its commitment to health and safety in the workplace, which is implemented through robust management systems. Landi Renzo S.p.A. has adopted an occupational health and safety policy and management system (OHSMS) certified in accordance with the requirements of standard ISO 45001:2018, to enable ongoing improvement and maximum performance in relation to safety in the workplace and safeguarding the environment.

In accordance with Italian Legislative Decree 81/2008, the Group's management system consists of a cohesive, detailed body of work instructions and procedures covering all safety activities (safety training, working methods, the use of personal protective equipment etc.), and goes into greater detail for activities that involve specific risks. The system is based on a thorough risk map, in the form of a Risk Assessment report (DVR) prepared by the Employer and the Health and Safety Manager. It is then checked by the Company Doctor and submitted to the workers' safety representatives in order to identify the severity and probability of specific risks occurring, for each activity and role carried out by Landi Renzo employees.

Over time, the OHSMS relating to the Landi Renzo Group has fostered a culture of safety, which has gradually influenced the habits, awareness and mindset of all staff. This has underlined the importance of ensuring personal and collective safety when working for or with Italian companies in the Landi Renzo Group, and has prioritised a proactive approach to health and safety, as potential issues are raised before they become a fully-fledged incident.

As regards occupational medicine services, the health protocol is defined by the Company Doctor. In-company health monitoring is guaranteed by the Company Doctor, that sends aggregate health data and information on the risk of workers that undergo health surveillance, in Attachment 3B (as defined in Article 40, paragraph 1 of Italian Legislative Decree 81/2008) to competent entities. For all inspections made, the Company Doctor writes up a report based on his/her findings. The Company Health and Safety Manager also attends the inspections.

The quality of occupational medicine services is ensured by workers' facilitated access to these services. The Company Doctor may give check-ups, also on the written request of workers, using the form "FS 22 - Request for a medical check-up". All workers are suitably informed of this possibility to request medical check-ups.

The Group's focus on health and safety in the workplace is defined in standards that all personnel must observe in order to ensure that policies, procedures, technologies and skills contribute to the awareness and prevention of risks.

In order to give access to and notify important occupational health and safety information to workers, at

Landi Renzo S.p.A, all documentation on accident prevention is available on a Safety portal and on a noticeboard, on company premises, and in an electronic version on the company Intranet, along with reports on company accident trends. Although no formal management/worker committees for health and safety exist at present, Landi Renzo S.p.A. undertakes to organise periodic meetings for the Workers' Safety Representatives, Health and Safety Manager and company trade union representatives with a view to guaranteeing communication flows on health and safety matters to all employees. The Group HSE Department expects to define the frequency, schedules and procedures for holding meetings in 2024, as it has taken responsibility for these activities as of January.

In addition to intensive information and training on the ISO 45001:2018 and ISO 14001 standards, through which Landi Renzo S.p.A. personnel are informed of the main safety concepts and new developments in this area, performance objectives for safety in the workplace have been set, which are linked to specific KPIs. Against an observation that was remedied in the last 14001 audit, every employee is asked to sign a form committing to conduct consistent with ISO 14001.

To meet these objectives, the Landi Renzo Group has a Health, Safety and Environmental Department (HSE), which aims to adopt a standardised, cohesive approach to ISO 45001:2018 certification and to include all the work processes, regardless of their position in the company, within the risk assessment. This structure is based on two levels of activity: one is entrusted to the central departments and establishes, coordinates and monitors the policies and guidelines, as well as providing specialist and local technical/operational management support. The other level of action is through the health and safety managers/officers at the level of the local branches or companies, who implement management guidelines according to the specific technical/installation/environmental conditions of the local sites.

Planned inspections also contribute to increasing the focus on legal compliance and conformity to the ISO 45001:2018 standard.

For Landi Renzo S.p.A. Group, in the course of 2023 audits were performed on the management system. These audits were assigned to an external consulting firm and the certifying entity Bureau Veritas. In particular, in June 2023 Bureau Veritas performed a joint ISO 1400:2015-ISO 45001:2018 audit, which brought to light 3 observations.

In addition to the certifying body's audits, audits are carried out every year by the consulting firm M2 Engineering to support the maintenance of the HSEMS, in order to verify the proper application of the ISO 14001:2015 and ISO 45001:2018 standards.

Furthermore, in 2019 the company used the "FE 16" form to draw up a "Risks and opportunities matrix" linked to internal and external factors as required by UNI EN ISO 14001:2015 and UNI ISO 45001:2018, which is updated and revised every year. For the environmental aspects, the "FE 17" form was prepared "Assessment of conformity to requirements of workers and other interested parties", UNI EN ISO 14001:2015 and UNI ISO 45001:2018. Furthermore, in 2019 the company used the "FE 16" form to draw up a "Risks and opportunities matrix" linked to internal and external factors as required by UNI EN ISO 14001:2015 and UNI ISO 45001:2018, which is revised every year. For the environmental aspects, the "FE

17" form was prepared "Assessment of conformity to requirements of workers and other interested parties", UNI EN ISO 14001:2015 and UNI ISO 45001:2018.

All the company operations of the Landi Renzo Group are covered by the HSEMS, and they include not only permanent staff but also contractors from other companies, such as temporary agency staff and the workers of contracting firms. For service contractors, there is a specific procedure that allows a pre-check of the contracting requirements imposed by Italian Legislative Decree 81/2008 on contracting.

For suppliers and outsourcing firms, an audit plan for quality audits was prepared in November 2019 for the renewal of the certification with migration to ISO 45001:2018. The form "FA 50 – Supplier Qualification" used in the quality procedure was changed to include references to HSE. In the course of 2023, 2 audits were carried out at suppliers.

For Safe S.p.A. and Metatron S.p.A., there is currently no company occupational health and safety management system. The Companies manage this topic by defining procedures and operating instructions in compliance with Italian Legislative Decree 81/08, defining a safety organisational chart which shows the appointment of people to the required positions and drafting a Risk Assessment Document. Furthermore, the company's health situation is monitored based on a medical protocol linked to the risks mapped in the Risk Assessment Document, and training and information is provided to all workers on occupational health and safety.

IMW Industries LTD Canada recognises employee well-being as a priority, through a solid occupational health and safety management system governed by WCB (WorksafeBC). WorksafeBC provides advice to and instructs employers and workers on safe working practices. The company also applies the occupational health and safety regulation and the law on worker compensation. Some key notes on safety are provided below:

- Commitment to employee well-being: IMW Industries demonstrates a strong commitment to employee well-being, underscoring the importance of occupational health and safety within the corporate culture.
- Compliance with regulatory standards: the management system is aligned with WorksafeBC requirements, guaranteeing that the company can operate in compliance with the regulatory standards established for safety in the workplace.
- Detailed safety procedures: IMW Industries has comprehensive, well-defined procedures for a range of activities linked to safety. These procedures regard training on safety, work methods, the use of safety equipment and periodic meetings regarding instruments to reinforce safety protocols.
- Risk assessment and mitigation: The company performs a detailed risk assessment through the Risk Assessment Document, involving the employer and the Prevention and Safety Protection Manager. This document identifies and evaluates the specific risks associated with different roles

and work activities, allowing for an informed decision-making process concerning risk mitigation strategies.

- Employee engagement: the joint internal committee for health and safety meets regularly to discuss the severity and likelihood of risk, involving employees in the process and promoting a culture of collaboration and awareness with regard to professional risks.
- Defined safety principles: IMW Industries has established fundamental safety principles that all employees are required to follow. This guarantees that policies, procedures, technologies and knowledge can contribute towards improving risk awareness and prevention throughout the organisation.
- Accessible safety information: the company makes relevant information concerning occupational health and safety available promptly to workers through the Safety Admin system and physical and electronic bulletin boards. This guarantees that employees have easy access to fundamental documentation concerning safety in order to prevent accidents.

The above highlights the laudable efforts of IMW Industries in prioritising occupational health and safety through a structured, comprehensive system. Continuous enforcement of these practices will further strengthen a safe and protected working environment for all employees.

The company IMW Industries del Perù SAC Peru has an occupational health and safety system and policy aligned with compliance with Peruvian legal regulations in force, the main commitment of which is linked to strengthening best practices to guarantee worker health and safety while engaged in work activities. In the course of 2023, the safety management system was externally audited by the government through SUNAFIL[8], which represents the country's ministry of labour, or the entity that guarantees compliance with legal standards on safety and respect for social and labour regulations and verified compliance with the above-mentioned social and labour requirements. In the last year, to reinforce the protection of our workers' health and safety, many customers performed complementary audits relating to procedures, training, the delivery of accident prevention protection equipment to employees, inspections prior to equipment use and the proper maintenance of our equipment, amongst others, as well as hired services, and after certifying the compliance of the safety mechanism adopted, duly authorised scheduled maintenance. Some of the targets set by the company include constant updating with regard to the identification of hazards and risks, the assessment and updating of control mechanisms, processes carried out and structures, in order to enable us to respect applicable legal requirements, feedback in the service provider chain, relating to high-risk activities, where compliance with such requirements is important,

[8] SUNAFIL Peruvian National Labour Inspectorate. It promotes, supervises and controls compliance with the legal social and labour system and occupational health and safety. Furthermore, it provides technical consulting, performing research and proposing the issue of labour standards.

reinforcement of OHS training for personnel, evaluation of occupational monitoring recommendations, putting the recommendations provided into practice, and also the evaluation of ergonomics-related programmes. All of this leads us to guarantee and improve worker health and wellness, with the expected consequence of reducing the accident rate.

During 2023, IMW Industries LTDA Colombia participated in a number of internal and external audits, which are part of a logical, planned process that the company has implemented year after year. For more than 10 years now, IMW Colombia has performed safety, occupational health and environmental management system audits. For the year 2023, this process was carried out with the support of the Colombian Safety Council according to the RUC (Single Contractor Register) guide methodology. The aspects evaluated at that time were:

- Management leadership and commitment
- SG-SSTA development and execution
- Risk management
- Risk processing
- Assessment and monitoring
- Accident impacts

At the end of this process, a favourable result corresponding to 91% was obtained, which makes it possible to generate legal compliance with regulatory requirements in customers and, especially, safety in processes carried out in delivering the service. Through its operational commitment, the company has adopted safety, occupational health and environmental policies and expresses the organisation’s efforts to identify hazards and evaluate and control risks in order to create safe work environments for all employees, thus allowing for maintenance and continuous improvement across all Safety, Occupational Health and Environmental Management System processes, also with an awareness of the negative effects that alcoholism, drug addiction and drug abuse can have on people’s performance, which significantly impact the health, safety and productivity of human resources as well as the company.

The company AEB America S.R.L respects Law 19,587 and Decree 351/79, which establishes the technical and health, precautionary and protection standards concerning occupational health and safety.

With regard to the Landi Renzo Group’s US plant, the continuous commitment to following and complying with safety rules and regulations imposed by the state of California, where the facility is located, is reaffirmed. For example, in the area of welfare benefits, all Landi Renzo USA Corporation employees are offered and provided health, dental and vision insurance. All employees are entitled to 5 sick days per year, as required by the state of California. The company also offers medical and maternity leave.

As regards the company Landi Renzo Rus LLC, all workers are covered by federal protection for illness, maternity and paternity leave and retirement, as required by law. The company also provides private health insurance to all workers.

Health and safety training

As in previous years, staff training is organised by the HR Department, taking into account the guidelines provided by the health and safety manager and the contents of the Italian State-Regions Conference Agreement. Currently, the procedure allows for the regular training of all staff, and for periodic refresher courses for workers and staff in the roles of emergency management, first aid, forklift drivers, workers' safety representatives, HS managers and officers.

The company has not introduced courses on OHS that involve the workers' families.

No. of people and hours of training on Health and Safety

HOURS OF TRAINING BY ROLE	2023	2022	2021
Senior managers	120	123	91
Middle managers	298	200	368
Clerical workers	1,810	976	395
Manual workers	1,597	2,375	2,014
Total	**3,825**	**3,674**	**2,868**

The 2021 figure excludes Landi Renzo USA Corporation.
The 2023 data excludes Landi Renzo Rus, Landi Renzo USA Corporation and Landi Renzo RO srl.

PEOPLE WHO RECEIVED TRAINING BY ROLE	2023	2022	2021
Senior managers	13	13	8
Middle managers	92	23	34
Clerical workers	413	135	82
Manual workers	227	232	220
Total	**745**	**403**	**344**

The 2021 figure excludes Landi Renzo USA Corporation.
The 2023 data excludes Landi Renzo Rus, Landi Renzo USA Corporation and Landi Renzo RO srl.

In 2023, in light of the expansion in the scope due to the Idromeccanica acquisition, the safety training trend has increased slightly; furthermore, all necessary continuing education courses were held. For the Italian companies of the Landi Renzo Group and the Company Metatron S.p.A., a programme is drawn up each year in collaboration with HR with regard to HS training. It takes into account the requirements for new hires, and the periodic refresher courses for existing staff.
In 2023, two managers at the Landi Renzo Group's Italian companies took part in the health and safety training. The role of manager brings with it considerable decision-making autonomy in managing employee safety. This is designed to provide training on how to identify parties involved and their

obligations, define and identify risk factors, and identify technical, organisational measures for prevention and protection. The course must be completed by new managers and a refresher course is completed by all company managers every five years. On the basis of the requirements set out in the Italian State-Regions agreement, the first type of course contains 16 hours of training and the second course 6 hours. The new Workers' Safety Representatives were elected at year-end, and the relative training activity will be activated soon.

The future commitments of the Italian companies of the Landi Renzo Group are closely related to the requirements of Italian Legislative Decree 81/2008 and the HSE management system. Monthly monitoring of injuries and near miss reports will continue, with this data being provided to the health and safety officers. Periodic HSEMS audits will be carried out by third parties (accreditation bodies) and by second parties (customers or suppliers) if required. In order to take pre-emptive action in relation to work-related injuries or illnesses, it has been agreed with the trade union representatives to provide all workers with information about the specific risks of their equipment and workstations, with the level of exposure to each risk to be specifically indicated. With regard to safety issues, the necessary courses will be planned in accordance with the Italian State-Regions Conference Agreement, and internal informative meetings with all workers will continue.

Ongoing monitoring of indicators

Safety key performance indicators are monitored continuously, and are constructed according to a statistical criterion relating to the UNI 7249:2007 standard on the statistics of occupational injuries. In the course of 2023, 24 **non-serious** accidents at work were recorded out of roughly one million hours worked; of which 4 concerned non-employees relating to the company Safe S.p.A., and for Landi Renzo S.p.A. 3 occupational illnesses were recorded, for a total of 331.5 days lost.

Number of employee injuries by geographical area and gender

NO. OF INJURIES (no.)	Total 2023	Total 2022	Total 2021
Italy	8	9	11
Europe (excluding Italy)*	0	0	0
Asia**	0	0	0
America***	4	4	9
South America ****	8	3	5
Total	**20**	**16**	**25**

The 2021 figure excludes Landi Renzo USA Corporation.

** Poland and Romania*
*** Pakistan, China and Iran*
**** US and Canada*
***** Colombia, Brazil, Peru and Argentina*

A key factor in preventing injuries is the ability to report, gather and analyse information on accidents and near misses. The Company Landi Renzo S.p.A. has adopted a near-miss information gathering system where incidents are logged, monitored and analysed regularly to check that they meet the specific targets assigned to different management teams. During 2023 there were no deaths or accidents with serious consequences relating to work activities by employees.

The accidents taking place in 2023 involved production staff and were evaluated by the Company, which adopted disciplinary measures for everyone who had not followed health and safety regulations (e.g., failure to use personal protection equipment provided by the Company, moving through a prohibited area).

As regards the Group's Italian companies, hazards in the workplace that constitute an injury risk have been specified in the company risk assessment report, which indicates not only the hazard itself but also the risk of exposure. Hazards in the workplace that may cause potential risks of occupational illnesses are mainly related to repetitive movements and the handling of loads, and also to the natural ageing of workers. As for their management, the Company Doctor identifies and reports possible cases at risk of illnesses; the frequency of check-ups is indicated in the health protocol. In addition, workers can also report potential and/or evident cases of occupational illnesses to trade union representatives. Reporting is followed up with the opening of an occupational illness request by the trade union representative. The request is then sent to INAIL (the Italian institute for insurance against industrial accidents), which evaluates it before starting a recognition procedure, if applicable.

Any accidents reported by supervisors or workers at Landi Renzo are reported on the form "FS 32 - **Report of accident/injury or near miss**"- these events are then analysed to evaluate the causes. After the injury or near miss analysis, corrective action will be started to identify the steps that need to be taken to avoid any repetition of the incident, by eliminating any hazards that may be caused by deficient equipment or tools, or incorrect behaviour by staff.

Employee injury figures by geographical area and gender

RATE OF RECORDABLE ACCIDENTS IN THE WORKPLACE / FREQUENCY RATE	2023	2022	2021
Italy	10.73	11.81	16.95
Europe (excluding Italy)*	0	0	0
Asia**	0	0	0
America***	22.38	21.32	51.03
South America ****	22.70	31.90	12.25
SEVERITY RATE			
Italy	0.16	0.21	0.41
Europe (excluding Italy)*	0	0	0
Asia**	0	0	0
America***	0.12	0.15	0
South America ****	0.18	0.55	1
INCIDENCE RATE			
Italy	1.65	1.93	2.20
Europe (excluding Italy)*	0	0	0
Asia**	0	0	0
America***	3.36	3.13	7.20
South America ****	6.15	1.96	3.27

* Poland and Romania
** Pakistan, China and Iran
*** US and Canada
**** Colombia, Brazil, Peru and Argentina

Incidence rate: no. of injuries/no. of employees *100
Severity rate: no. of days of absence/no. of hours worked *1,000
Frequency rate: (no. of work-related injuries/total no. of hours worked) *1,000,000

Internal communication activities

Given the high value it places on its employees, the Landi Renzo Group is committed to maintaining constant dialogue with personnel and to increasing its involvement in the various activities. The Landi Renzo Group uses various forms of internal communication, both traditional and innovative. The more traditional channels include the Intranet, notice boards and in-house screens. The company Intranet enables everyone in the Group to access official information and initiatives, facilitating company processes, communication between departments and internal communication. Company notice boards and screens are used to notify employees of official communications. Policies, agreements, internal procedures, company indicators and figures are just some of the content available via these communication channels.
Lastly, for the Landi Renzo Group in the course of 2020, a new communication channel was activated: an SMS messaging platform to reach all employees with information, notifications, instructions and videos.

This instrument was used to convey communications and information regarding company decisions to close/reopen the plants, informational notices from the management and communications on worker safety and urgent communications during the hacker attack.
Remote collaborative work tools were also activated to allow clerical personnel to work from home based on smart working arrangements (Webex platform, VPN links and IT tools which can also be used remotely).

The local community and area

Despite being an international organisation, the Landi Renzo Group remains closely linked to local values wherever the company is operating. For this reason the Group is committed to proactively supporting events and initiatives promoted by associations and organisations that are long-standing partners. The company also takes this approach to the promotion and support of development projects in social, educational, cultural and sporting contexts. The Landi Renzo Group has renewed its commitment to the community through charitable/socially beneficial donations. Specifically, the following donations were made by Landi Renzo S.p.A. and Landi Renzo USA:

- Euro 1,500 for donations provided to the Italy-Vietnam Foundation;
- USD 5,000 in sponsorship money in favour of the Italian Consulate in Los Angeles to fund the "Celebration of the Feast of the Republic" initiative;
- USD 5,000 Little Italy Los Angeles Association.

Tax management

The Group undertakes to respect the ethical principles and business integrity rules set forth in the Code of Ethics, including as concerns taxes. Although it has not formalised its tax strategy in writing, it continuously implements the principles of proper management of tax matters, guaranteeing that all Group companies respect the tax obligations of the jurisdictions in which they operate. Indeed, the Group fosters and promotes increasing the knowledge of its directors and employees concerning tax risk, with the support of the Officer in charge of preparing the accounting documents/Chief Financial Officer (CFO) and external professionals. At individual Group company level, this responsibility is assigned to the local managing director, supported by the Finance Manager and the relative external tax advisors.
At Group level, tax risks are monitored and analysed by the CFO/Officer in charge of preparing the accounting documents, supported by the tax advisor and the relative Finance Manager (for tax matters identified in foreign subsidiaries). The matters with the most fiscal complexity are brought to the attention of the Chief Executive Officer, so he can express his assessments. For the Companies Landi Renzo S.p.A. and Safe S.p.A., the critical tax issue reporting mechanisms are the same as those adopted by the Group for other unethical or unlawful conduct (email account managed by the Supervisory Body, of which all Model addressees are informed, and visible in the Investor Relations section of the website www.landirenzogroup.com).

As regards the parent company and the subsidiaries whose financial statements are subject to auditing, taxes, prepared with the support of the tax advisor, are reviewed by the relative Finance Manager and audited by independent auditors. For the unaudited subsidiaries, the verification is performed by the Finance Manager.

The Group engages in and maintains collaborative and transparent relationships with tax authorities and responds to the requests received as quickly and transparently as possible. With a view to consolidating transparency with respect to the tax authorities, the Group follows the transfer pricing documentation regulations, in compliance with the OECD's Transfer Pricing Guidelines.

TAX CONTRIBUTION BY COUNTRY (2023 data)	**No. of employees**	**revenues from sales to third parties**	**revenues from intra-group transactions with other tax jurisdictions**	**earnings/losses before taxes**	**tangible assets other than cash and cash equivalents**	**income taxes defined on a cash basis**	**corporate income taxes accrued on earnings/losses***
Italy (Safe Spa suppliers)	486	192,237,645	12,269,489	-34,057,085	11,543,766	-312,602	-225,097
Brazil	5	1,007,752	10,589	215,363	0	-13,728	0
Peru	20	905,353	2,716	136,255	39,444	0	-53,184
Canada	114	25,179,084	767,276	1,413,782	801,386	0	-12,599
Poland	104	12,149,775	9,994,244	383,534	866,952	-243,005	-101,986
Pakistan	2	0	0	-455,728	598	0	0
Romania	53	32,272,580	6,166	-4,523,943	42,046	0	0
Iran	27	1,865,020	0	84,075	23,733	11,137	14,504
USA	16	3,613,896	205,828	-1,703,188	405,707	0	0
Colombia	103	3,357,400	57,495	92,489	66,484	0	-66,631
Argentina	13	1,416,282	0	-751,692	37,403	-28,769	-35,830
China	18	21,691,342	519,276	2,454,866	11,976	-599,389	-593,001
Russia	3	2,376,944	0	104,841			-22,256

*excluding deferred corporate income taxes and provisions for uncertain tax positions.

TAX CONTRIBUTION BY COUNTRY (2022 data)	No. of employees	revenues from sales to third parties	revenues from intra-group transactions with other tax jurisdictions	earnings/losses before taxes	tangible assets other than cash and cash equivalents	income taxes defined on a cash basis	corporate income taxes accrued on earnings/losses*
Italy	468	206,450,823	16,625,319	- 17,522,319	367,667,199	- 106,674	- 206,573
Poland	101	11,564,667	7,791,530	187,469	14,502,570	-	98,689
Romania	56	24,739,575	1,556	- 3,647,889	12,544,220	-	-
Pakistan	-	32,999	-	- 410,873	305,104	-	-
China	18	11,593,405	1,107,303	- 264,125	13,211,738	-	234,556
Iran	17	1,262,064	-	26,956	1,898,196	-	9,909
USA	17	4,927,907	133,885	- 462,082	5,233,159	-	- 33,043
Colombia	96	3,497,974	362,667	380,046	3,272,832	-	166,047
Brazil	12	4,927,653	76,291	532,892	5,949,692	17,927	139,253
Peru	26	1,275,692	-	216,976	2,211,170	-	71,450
Canada	111	33,293,588	161,407	505,482	28,568,485	-	-
Argentina	13	3,293,790	45,995	- 1,433,677	2,823,355	-	93,312

*excluding deferred corporate income taxes and provisions for uncertain tax positions.

Dialogue with providers of risk and debt capital

The Landi Renzo Group believes that the level of reliability and credibility that a company must offer to investors and to the financial community in general depends on the relations between the company and its stakeholders. Group Investor Relations (IR) department:

- provides an assessment of the company in the light of the competitive scenario;
- provides accurate, extensive information from various sources to give management a clear, comprehensive overview of the market's ratings of the company;
- transmits information about the company to the financial markets, in order to allow investors to accurately assess the value of the shares and other equity instruments, and support them in interpreting the company's strategy.

At Landi Renzo, IR activities are managed directly by the CFO as they are considered extremely important for the Group.

Investor Relations focuses on compulsory and voluntary communication and dialogue with two important stakeholders - shareholders and debtors, mainly by means of scheduled conference calls and meetings both in Italy and abroad.

The compulsory communication activities take place at intervals based on legislative requirements or certain unforeseeable company events; they have to do with anything that may impact share prices or other listed financial instruments. They also include communications relating to periodic financial data and Group Business Plan updates.

These events are communicated via press releases, regular financial reports and investor presentations, which are made available to stakeholders on the Group's website, in the Investors section. Furthermore, Investor Relations discusses environmental, social and governance ("ESG") issues with investors, which may have significant financial repercussions in the medium and long term.

Voluntary communication activities include financial marketing activities such as roadshows, reverse roadshows and conference calls and occur more regularly. These types of activities are useful for further explaining anything outlined in compulsory communications, and enable more interaction between investors and the company.

Product

Product

Our Progress

IATF 16949

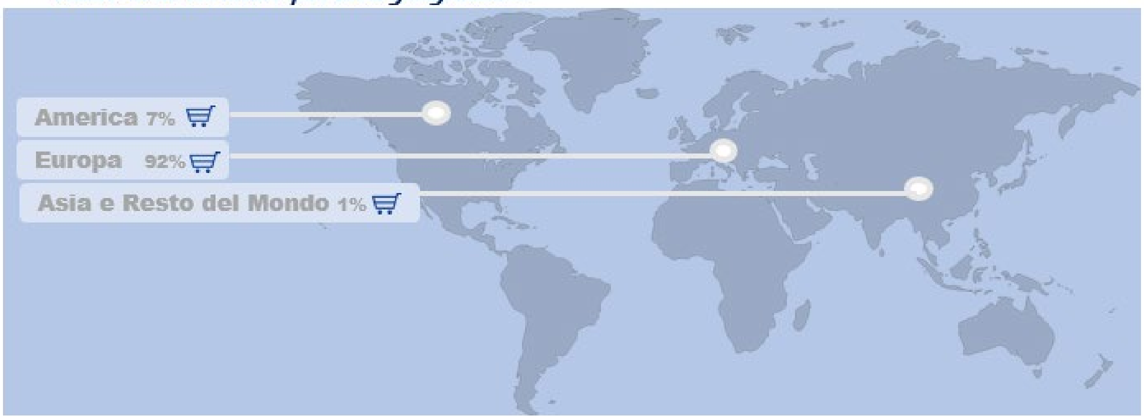
- ✓ Landi Renzo S.p.A.
- ✓ Landi Renzo Polska S.p.Z.o.o.
- ✓ Landi Renzo Pars Private Joint Stock Company
- ✓ Metatron S.p.A.

SILVER 2021 ecovadis Sustainability Rating

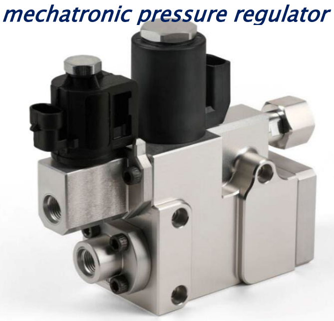
- ✓ Landi Renzo S.p.A.

LANDIRENZO

Valore delle forniture per area geografica...



The new mechatronic pressure regulator for hydrogen...



The value that we create for...

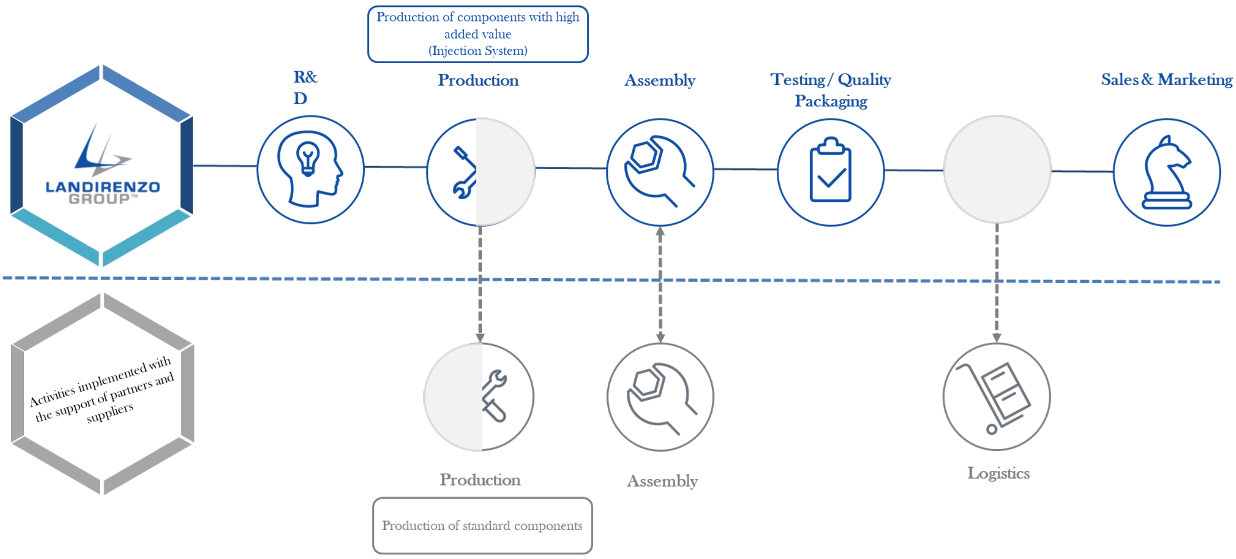
Our products

Guaranteeing products in compliance with Group values, supporting the integration of sustainable solutions in the development of our products.

The value chain: research, innovation and customer satisfaction

The business model of the Group is based on numerous phases, such as research and development, planning and procurement, production and assembly of components and systems, as well as quality control, marketing, distribution and sales.

Value chain



Continuous monitoring of the quality of incoming materials and outgoing products and their compliance with the quality standards adopted, in addition to flexible production and distribution, enable the Group to meet different market requirements and fluctuating demand.

Within the Group, a team of expert technicians and engineers focus on **research and development** on power systems and components and the design of new products.

Components and systems are assembled internally by the Group, using sub-components produced by carefully-selected third parties that have well-established and long-standing relations with the Group.

The production process is organised to ensure the ongoing control and monitoring of third-party activities, and the quality of products and their compliance with the quality standards adopted by the Group.

Innovation and Research & Development: a model of excellence

The Landi Renzo Group is deeply convinced that its success hinges on the **ability to innovate**, by relying on low-impact fuels or gases. Innovation in alternative mobility and the development of the associated infrastructure has always been a distinctive element of the Landi Renzo Group's strategy.

Green Transportation (mobility) research & development projects

Powertrain innovation involves the collaboration of a number of technicians and researchers, ongoing work with leading national and international specialist centres and universities, in addition to partnerships with the largest automotive manufacturers. The Group's activities are based on numerous lines of research, including the ongoing optimisation of LPG and CNG systems, and studies on fuel systems for completely innovative fuels such as hydrogen.

The Technical Department has two distinct areas, one relating to mechanical and mechatronic components, while the Electronic & Application Engineering division operating at the local unit in Volvera (Turin) handles the design and development of Natural Gas engine control units for Heavy Duty Vehicles, as well as the development of the electronic component and the control logic of electronic pressure regulators, for both NG and hydrogen.

The Business Plan developed by company management focuses on CNG and LNG (liquefied natural gas) components for Medium and Heavy-Duty vehicles, the further development of CNG components for cars, and research and development of low and high pressure components for hydrogen applications. This is rounded off by a team dedicated to developing the "brain" of the system, which is the mono-fuel control unit for heavy-duty applications. The Group's commitment is demonstrated with over **165 patents filed** over the years, which have contributed to opening up new avenues and outlining important targets for the entire industry. The Group has also filed dozens of designs and models, mainly relating to the electronic control units, in an attempt to prevent illegal cloning of these products by competitors.

The aim is to develop increasingly innovative products for automotive manufacturers and end clients while meeting targets to safeguard the environment. An effective product is one that enables the original fuel to be replaced totally by an alternative fuel. This maximises the reduction of greenhouse gases and often also maximises the reduction of pollutants.

R&D activities specifically aim to identify technological solutions that improve these aspects, through targeted component research and development.

Moreover, Landi Renzo systems can already use methane from renewable sources (such as biomass), further reducing the impact on the production of greenhouse gases. It is thus very important for the Group to keep pace with new technologies to be able to meet market requirements for cutting-edge solutions.

Over the years, a series of long-term initiatives was launched in which the R&D team and the company were committed to:

- Improving the **gas system self-calibration strategies (in 2020, a European patent was granted on this topic)**, to allow for easier installation and adjustment, thus minimising human error. The patent was followed up by the refinement and finalisation of strategies in countries with specific (application and fuel quality) conditions.
- Finalising research and development activities; in the course of 2021, the patent application was filed for the automatic detection of LPG composition. This important finalisation of research and development activities makes it possible to fully exploit the potentials of LPG in all vehicle usage conditions.

- Performing in the field validation of new modular control units capable of being more versatile for various vehicle needs.
- Defining, designing, validating and producing a new line of modular pressure reducers for passenger cars and medium and heavy-duty vehicles, with the possibility of controlling output pressure and adapting it to different conditions of use.
- Designing, validating and field-testing new solutions for injectors in the passenger car and mid/heavy-duty sectors.

Analysis and design activities have concluded, in partnership with the European automotive manufacturers. All of the experience gained was exploited to refine and begin production of solutions compliant with the "Euro 6d-Final" emissions standards.

Partnerships are also ongoing in non-European markets with leading automotive manufacturers, particularly in South America and North Africa. In the USA, work has continued on the production of conversion kits approved by automotive manufacturers holding QVM (qualified vehicle modifiers) certification. After obtaining the **CARB** (California Air Resources Board) MY2021/MY2022 certification on FORD vehicles for the conversion and marketing of CNG vehicles in the US, the application phase continued in order to improve the system for diagnosing and improving the efficiency of the installed systems.

The range of LPG and CNG conversion kits was extended, with different systems being provided for installers that ensure conversion to an alternative fuel for all cars on the market. In the course of 2023, certification activities continued (DGM and R115) for a large fleet of LPG and CNG vehicles, with the extension of the certifications to certain hybrid "tri-fuel" vehicles (petrol-CNG-electric or petrol-LPG-electric). During the year, the type of approvals was expanded further for new manufacturers and families of vehicles. Landi Renzo was a pioneer in the definition of testing procedures with institutional bodies and in the approval of the first family of hybrid plug-in vehicles.

The new generation of more compact and higher performing components, such as injectors, reducers and electronic control units, has facilitated the kit installation phase and system optimisation.

In 2023, the Landi Renzo Group continued to play a leading role in groups for the definition and coordination of various industry regulations, primarily the **international regulation** on the approval of LPG and CNG conversion systems for the AM (After Market). Furthermore, Landi Renzo also played a role in supporting Indian trade associations and government bodies to define the reference standards and regulations for the aftermarket approval of vehicles according to the BS-VI standard. In 2022, the new "Bharat Stage VI" approval regulation entered into force in the Indian market. As a result, Landi Renzo initiated approval and certification procedures on its own systems in order to come into compliance with the new legislation. In the course of 2023, these activities continued, making it possible to reach the objective of being able to obtain BS-VI certification for Indian market vehicles. Lastly, it is also worth mentioning that starting in 2022 and continuing throughout 2023, Landi Renzo collaborated with trade associations in defining the proposals to be sent to the European Commission to define the new Euro 7 Regulation and revise the CO2 Regulation. In both cases, the Landi Renzo Group actively contributed with industry associations to transmitting data and suggestions to the European Commission as part of public inquiries.

In the transport sector, the ongoing transition towards electric technology has experienced a series of accelerations in recent years in the passenger car arena, while for Heavy Duty systems (which, as is well known, constitute the keystone asset of cargo transport and public transport), the transition is and will be decidedly slower. It is clear that the adoption of a natural gas (NG) fuelling system for heavy duty vehicles makes it possible to safeguard, at least in the medium term, the downstream industrial market linked to conventional engines and plant production lines, slowing the process of dismantling the traditional industrial fabric. Furthermore, the opportunity to use LNG makes it possible to achieve levels of autonomy fully aligned with those of diesel, thus overcoming another well-known limit of full electric systems.

In this direction, the acquisition of Metatron further increased the focus on innovation in the mid- and heavy-duty vehicle segment, exploiting a solid background in the design, development and manufacture of pressure regulators (PR) and electronic engine control units (ECU) for phased sequential injection NG fuelling systems for internal combustion engines. These systems are the industry standard for the management of emissions from NG fuelled public and private transport vehicles, stored in the vehicle under high pressure (CNG) or liquefied under low pressure and extremely low temperature (LNG).

All PR models have "for life" technology that guarantees the utmost system reliability and sustainability for the entire life of the vehicle. The company has leveraged its experience in NG to develop mechanical and mechatronic regulators for hydrogen fuel cell fuelling systems for automotive applications on heavy vehicles (FCV, Fuel Cell Vehicle) and since 2022/23 for ICE-H2 as well. In FCV vehicles, propulsion is provided by an electric engine (in place of a conventional thermal engine) fuelled by a battery charged by the fuel cell and the discharge product is only water; in vehicles with a conventional ICE, the adoption of H2 allows for, on one hand, the practical elimination of CO2 emissions, and on the other a drastic abatement in polluting emissions in keeping with new, highly stringent directives.

The mechanical PRs for 350 barG and 700 barG applications have met with excellent appreciation in the market, although they are only at the start of a technological transition that will see hydrogen as one of the main players in the energy transition scenario.

A number of mechatronic PR prototypes are encountering a positive response from several OEMs in China and Europe in the experimentation of ICE-H2 and FCV pilot programmes.

In the course of 2023, developments continued on mechanical regulators for H2 and NG applications.

In particular, work continued for the development and validation of:

- the LNG1 HP model for uses in new high cylinder engines (13 L)
- the MDS EVO model against the feedback received from customers to make it more suitable for layouts other than those originally considered and to make the first regulation phase more robust,
- the M-H35 and M-H70 model, to make it more robust with respect to process contamination and interactions with the fuelling system on-board the vehicle; new functions were also implemented, such as the introduction of a shut-off valve, requested by customers based on the evolution of FCV

and ICE H2 applications.

The EM-H mechatronic regulator platform has continued its validation and prototyping, as well as the revision of requirements. The year 2023 saw a veritable boom in interest in this type of component, particularly linked to its ability to be able to guarantee a broad range of pressure regulation, while also ensuring excellent accuracy levels. Obviously, the presence of an electronic system on the component makes it possible to provide it with a range of flexibility that mechanics alone could not provide. Requirements and requests have arrived from customers all over the world and for different applications, with a strong increase as regards H2 internal combustion engines. For the latter, the need to have variable and precise pressure in the injector rail is a fundamental requirement to be able to adequately develop stable and efficient combustion in H2 engines.

Indeed, in the course of 2023, the Group officially launched a new project, as a result of a fruitful collaboration with the German company Bosch, one of the main automotive suppliers at international level, which has as its main objective that of manufacturing and marketing hydrogen fuelling systems, applying latest generation mechatronic pressure regulators. The project is an important step forward to reduce emissions in the automotive and transport segment, as the zero-emissions engines of the future require pressure regulators that are not only robust and reliable, but which have performance features that have never before been imagined. The EM-H pressure regulator guarantees optimal management and calibration of hydrogen pressure depending on vehicle requirements, accompanied by a high level of precision and performance through two stages: a mechanical stage to reduce pressure from high to medium, and a second electric stage that reduces the pressure from a medium level to that required for vehicle operation.

Figure 1-EM-H Mechatronic pressure regulator for hydrogen

Thanks to its innovative design, the EM-H regulator is able to guarantee the ideal pressure for injectors at any speed and flow, while also optimising combustion for high pressure injection systems. Furthermore, to guarantee safety, the new pressure regulator is designed to guarantee the complete absence of gas leaks.

In terms of ECU development, the evolution of new models continues, which have specific control strategies that make them particularly suited to engine conversions from diesel to NG as well (after mechanical type interventions like the reduction of the compression ratio, replacement of the injector with the spark plug, modification of the metallurgy of intake/discharge valves, etc.).

Recent analyses are under way for the extension of the use of the electronic Natural Gas HDS (Heavy Duty System) platform for ICE-H2 applications and applications in the EV sector. These analyses aim to evaluate, through appropriate hardware and software adjustments (both developed internally), the product's application potential in these emerging and highly promising production sectors.

Maintaining our traditional leadership in terms of technology, which has always set Landi Renzo S.p.A. and its gas conversion systems apart, is based on continuously reviewing processes and sharing ideas and experiences. The Group's research and development operations are mainly carried out at the head office of Landi Renzo S.p.A., which coordinates the requirements of all the Group's international subsidiaries and branches.

As mentioned above, during 2023 various LPG, CNG and hydrogen fuel system projects have continued; these include:

- A CNG pressure regulator for medium/heavy-duty vehicles;
- An integrated manifold for hydrogen fuel cells;
- The redefinition of an innovative, compact CNG pressure regulator for OEM (Original Equipment Manufacturer) customers;
- Gas injectors for HGVs;
- Modular control units to be used for LPG and NG conversions;
- Strategies for direct injection vehicles;
- A dosing system for hydrogen fuel cell applications;
- An innovative system for blending methane and hydrogen in ICE applications, for which the Landi Renzo Group has filed two patent applications with its partner;
- A Diesel Dual Fuel fuelling system with the replacement of a percentage of diesel with hydrogen.

In 2023, work continued in support of support the Group's development of new products and systems, through a partnership with the AVL Group, which is a world leader in the construction of vehicle testing and emissions measurement systems. The partnership with AVL involves testing LPG and CNG systems using engine test benches and roller simulators to study new technologies designed to cut polluting exhaust emissions. Modern plants enable test vehicles to be powered with all fuels available for the

automotive industry - diesel, petrol and all fuel gases including hydrogen.
The collaboration with AVL has been joined by intense activities carried out at the Volvera plant, aimed at verifying and validating monofuel control unit development activities and developing and deciding on the calibration of a new monofuel engine of an Indian customer for application on tractors.
The solidity of the Group's technology and innovation comes from the full vertical integration of the process of developing the components and systems, from the definition of the concept through to industrialisation, also including testing and validation. All the mechanical and electronic components are tested internally at the Landi Renzo laboratory, led by a team that follows the internal test specifications and validation processes. These specifications are derived from the Group's experience and its integration with the regulatory requirements and specific demands of each customer. Several selected partners (REI Lab, TUV and KIWA) made it possible to meet all testing requirements by providing testing equipment, laboratories and capacities not currently available within the group.

Heavy-duty vehicles powered by CNG and LNG are particularly popular with local councils and logistics operators, thanks to the advantages of reduced emissions, lower noise levels and cost savings, as well as the absence of limitations in cities that impose restrictions on diesel traffic. In addition to all of these benefits, it also has the unquestionable value of further reducing CO2 emissions when biomethane is used. Furthermore, it is also possible to use natural gas fuelled engines for the co-generation of electricity (GENSET) in order to run electric engines (such as in the railway sector) or generate electricity in remote areas.

Clean Tech Solutions (infrastructure) research & development projects

SAFE&CEC is a leader in the manufacture of compression systems throughout the energy chain, from post-generation to vehicle fuelling stations. The company therefore operates in the sustainable energy sector, and in particular it is gradually gaining market share in the biomethane and hydrogen segment.
The strong drive in terms of public investments for the creation of adequate infrastructure bears witness to the growing importance of hydrogen as a green fuel; with the acquisition of Idromeccanica and hydrogen compression system development activities (with Idromeccanica and Safe legacy compressors with pressures up to 900 bar), SAFE&CEC covers all applications and is established as a market leader by virtue of the experience gained with a number of projects.
During 2023, the company concluded a consulting agreement with CST for the development of alternative hydrogen compressors, finalised the study of the Safe SW compressor for hydrogen, hydrogen-CNG blending and performed a detailed structural mechanical analysis for the Idromeccanica Hydrus compressor capable of reaching pressures up to 900 bar; the first hydrogen distributors were also commissioned.
For the Canadian plant, an alignment and technical-commercial training plan was created on Idromeccanica hydrogen projects, and projects for biogas were developed with products imported from Europe in compliance with Canadian regulations. Furthermore, the test bench and ensuing preliminary

hydrogen compressor tests for high pressures up to 900 bar were completed.

Research and development activities concentrated on:

- Development of the SW compressor for hydrogen and hydrogen-CNG blending, to cover applications with low intake pressure and high capacity with respect to Idromeccanica compressors.
- CFD calculations for Idromeccanica cylinders to minimise pressure losses and gas temperatures
- Study of finished seal system elements to optimise endurance, trials on new materials to increase MTBM.
- Bibliographic and regulatory study on materials suited for use with hydrogen
- Development of study on finished elements of high-pressure Idromeccanica compressors with a view to optimising duration and performance.
- Design of Idromeccanica compressor testing inspection area at the San Giovanni in Persiceto facility and creation of CNG testing area.
- Optimisation of the inspection, assembly and testing process for Idromeccanica hydraulic compressors.
- Introduction of chemical engineers specialised in process research and introduction of specialised software for design/optimisation of hydrogen, hydrocarbon and CO2 related processes.

Constant focus on quality

The Group has always viewed quality as essential for market success.

The parent company Landi Renzo S.p.A decided to adopt an ISO 9001 quality system as early as 1996, to ensure that its design, production, sales and customer support systems met market requirements. Among the foreign companies, the Landi Renzo USA Corporation holds QVM (Qualified Vehicle Modifiers) certification, which requires an assessment by the Ford Motor Company and acceptance of the QVM guidelines.

In 2001, Landi Renzo S.p.A. was one of the first Italian companies in its industry to obtain the prestigious ISO/TS 16949 certification, which specifies the quality system requirements for design, development and production in the automotive industry supply chain. That certification, which ended in 2016, was replaced by the first edition of IATF 16949.

The International Automotive Task Force (IATF) standard places a clear emphasis on continuous improvement (preventing flaws in product design and planning) in order to fully meet customer requirements. It has also introduced important new developments which include a greater emphasis on corporate social responsibility, more focus on product safety and greater clarity in supplier and sub-supplier management processes.

The company Metatron S.p.A. has the IATF 16949 certification.

In December, the companies Landi Renzo and Metatron obtained IATF 16949 certification according to the

Corporate scheme from Kiwa Cermet.

The companies Safe S.p.A. and IMW Industries LTD Canada also have the ISO 9001 certification.

In 2021, Landi Renzo obtained the SILVER MEDAL for complying with sustainability requirements as an automotive supplier, following a survey by EcoVadis (the leading collaborative platform providing sustainability assessments of suppliers along global logistics chains).

An OEM (Original Equipment Manufacturer) customer asked us to participate in this platform, because they considered this approach to be an asset in their supplier assessment process as it is in line with current trends. Landi Renzo is positioned in the 83rd percentile, out of all the participants, which is an excellent result.

Furthermore, also in the course of 2022 Continuous Improvement Plans were updated with new points for improvement, valid for all the Group's sites, so that the corrective actions identified in response to customer complaints could be implemented, and in order to monitor the trend in complaints to further increase procedural efficiency. Procedural efficiency is measured using three Overall Equipment Effectiveness (OEE) factors:

- *availability*, which is the time the machine is effectively used;
- *performance*, which is the speed at which the system operates and produces;
- *quality rate*, which is the number of valid parts produced, compared to total parts.

To achieve these quality objectives, the organisation cannot operate without responsible personnel management.

A series of essential activities have been implemented; of these, the use of professional development courses has been fundamentally important. All Quality, Health and Safety documentation is available to personnel at all times.

Through a number of automotive standard practices and IATF16949 and ISO9001 certified quality systems, the company enacts a series of activities to minimise the risk of safety issues for end users.

Product planning is implemented using an integrated project management approach, which requires the appointment of a Chief Engineer and a Program Manager working alongside a multidisciplinary team who are assigned specific resources and responsibilities. All projects are managed according to a Stage & Gate method, which requires the company Board to approve every phase of the project.

The Advanced Product Quality Planning (APQP) framework is used in order to meet the production quality requirements. Once planning is complete, the equipment, tools, resources and staffing capacities needed to achieve the required quality will be identified. During each phase of production, audits and validation activities are carried out (based on the PPAP – Production Part Approval – Process method); these activities are then included in the Quality documentation.

Process and product audit tools are also used to verify compliance with the standards established over time and the use of lessons learned to capitalise on every event to prevent any new occurrences.

Compared to the objectives set last year, as confirmation of the Group's focus on quality, the key indicators

have further improved on previous years (for example *After Market warranty values compared to sales* < 0.5%, *Customer complaints indicator* < 2.6%); this is a sign that we are on the right track. Conversely, thanks to the objective of reducing OEM (Original Equipment Manufacturer) customer warranty costs, specific Product Improvement Plans have been adopted, which entailed a significant reduction in rejected products.
One of the more challenging objectives set for Landi Renzo by its OEM (Original Equipment Manufacturer) customers is the "0 km accidents" target below 1 (or 1 non-compliant part out of 1 million delivered on acceptance at customer plants). This objective in 2023 is just above the target, but considered acceptable in light of the situation in 2023.
The objectives that the Landi Renzo Group undertakes to meet in 2024 will include prompt reactivity to supply and internal issues to make production indicators even more efficient. This will be possible through the use of tools for the analysis and monitoring of supplier performance (vendor rating) in the course of implementation in 2024 and tools for monitoring supplier complaints and the relative response times.
For the Company Safe S.p.A., quality control is a fundamental part of its production chain: from the arrival of the materials, to their processing, to the assembly and inspection of the entire solution. Starting from the acceptance of the raw materials, documentation is verified and subject to controls. When controls for compliance with SAFE specifications have a negative outcome, the material may be disposed of and returned to the supplier or reprocessed. In the assembly phase, control lists are defined which identify the worker and the supervisor, and are collected by the quality department to ensure that all controls have been completed. Furthermore, the Company subjects its products to final testing before being shipped, during which time any defects are corrected and checked by the quality department.

Consumer health and safety

The Group's primary aim is to manage any risk that could jeopardise the safety of products for end consumers. For this reason, failure mode and effects analysis (FMEA) is used systematically in the Group's manufacturing companies, both during the product design and development phase, and in production. This enables the achievement of excellent results in terms of reducing risk and producing effective action for customers. All products undergo testing and approval according to the "R10 regulation procedure" to verify electromagnetic compatibility. Additionally, all methane products must be R110-approved and LPG products must be R67-approved.
The safety characteristics are highlighted on the drawings approved by the customer, and all products are fully tested at end-of-line (for example, the leak test is carried out on 100% of products). For Landi Renzo and for the Company Metatron S.p.A., safety inspections, particularly those concerning gas seals, are carried out with automatic machines and state of the art technologies for leakage detection.
To guarantee that product safety is adequately managed throughout development, all Landi and Metatron products are developed according to IATF certified APQP "Advanced Product Quality Planning" automotive standards, which first and foremost require a multidisciplinary team, a product design and validation phase, repeated based on development stage, and a production process design and validation phase, with a final qualification.

All activities are based on the receipt of customer and legally binding requirements, which regard both products (e.g., materials) and processes (e.g., ergonomic standards, environmental compatibility, supplier qualification).

In order to achieve the utmost performance and support customers in selecting products, the Group typically provides technical sheets accompanying the products and kits sold as per legislative requirements and, when requested by customers, also specific detailed assembly instructions for the various components.

With regard to legal requirements, Landi Renzo applies a stricter safety level, either by reducing the legal thresholds or by including additional safety devices on certain components.

Before being marketed, all products undergo the "APQP" process, which involves several validation steps carried out in a laboratory, according to a test plan. The components are placed under stress in order to simulate their functioning on the road, with a particular focus on ageing and operating in extreme conditions.

To guarantee the necessary technical support, all the Group's components and systems are accompanied by assembly instructions and technical manuals (intended for professional users), which illustrate the correct method of installation and maintenance, as well as instructions on use (for the AM market) which illustrate how the product should be used by the end consumer.

Internal and external support centres continually feed back product information on reliability, maintainability and ease of installation, and monitor the progress of anomalies to ensure ongoing improvement.

To prevent non-conformities, a series of information obtained from customer relations and company quality processes is also used and analysed. Following this analysis, the preventive actions are identified and assessed according to the effect on the issue to be resolved. A documented procedure *(PSQ 14-1)* has been put in place for this purpose. It outlines the requirements for identifying potential non-conformities and their causes, evaluates the need to take action to prevent non-conformities from occurring, outlines how the necessary actions should be identified and implemented, and the process for logging and reviewing the results.

The way in which non-conformities are dealt with will depend on the extent of the issue. Minor non-conformities identified for the AM (After Market) or OEM (Original Equipment Manufacturer) markets will be managed internally with management system, using the "8D" problem-solving methodology (identification of root cause, corrective action, preventive action, check of implementation effectiveness).

For the entire Group, in 2023, as in previous years, no cases of non-compliance with regulations or voluntary codes relating to product health and safety led to any complaints and/or fines.

A few cases of non-compliance in the systems on which Landi Renzo products were assembled were confirmed, but without involving the safety function of such systems.

Customer relationships - contact channels, satisfaction monitoring and training

The Landi Renzo Group is committed to customer satisfaction, and has always adopted a transparent business policy geared towards building long-term relations, collaboration, rapid troubleshooting and maximum professionalism.

Landi Renzo S.p.A., Landi Renzo Polska Sp.Zo.O. and Landi Renzo RO S.r.l. provide each OEM customer with a dedicated team made up of sales, technical and quality personnel who the customer can contact for their technical, logistics and quality requirements.

For AM (After Market) customers, the Landi Renzo Group has set up a special communication channel with a landline number, e-mail address and two mobile phone numbers, to ensure that the best technical support is available for local dealers and workshops.

For this market, it is important to guarantee the same level of service in every country. The Landi Renzo Group relies on the official importers and its branches to provide good technical support, and to fast-track procedures to make sure that end-users are without their vehicles for as short a time as possible.

The Companies Safe S.p.A. and Metatron S.p.A. have adopted a number of dedicated telephone and email contact channels that customers can use depending on request type. For Metatron S.p.A., for example, the Commercial Department responds with respect to prices, deliveries and general complaints, Quality for complaints relating to product functions and the Program Manager Department for issues relating to product programme and definition timing.

On the other hand, for end users, the Group has a series of *traditional* contact channels, such as e-mail, the head office phone number and *social media networks* such as Facebook, X and YouTube. End-users can request information about our products and how to buy them, report aftersales issues or make complaints, but they can also receive information about topics such as ecology, sustainability and the events or campaigns organised by the Group.

By visiting http://preventivo.landi.it, end clients can also clearly identify the best LPG or CNG system for their vehicle, plus details of tank capacity, the cost of a ready to use installation, and a local garage who can correctly install the system.

In order to engage even more with our customers and understand their expectations and needs, marketing and communications are playing an increasingly important role. In order to raise awareness of the Landi Renzo Group brands among business customers and end clients, the companies also attend industry trade fairs, international forums and local events run by dealers and importers.

Informative brochures and corporate adverts are placed in both industry and non-industry publications and web campaigns are published, mainly on social media networks and Google. These activities are managed in a way that guarantees the utmost transparency for customers. During 2023, no instances of incorrect product labelling were reported for Landi Renzo S.p.A.

Label content is defined in the design phase and reported on documents shared with customers, and all labels undergo thorough checks at the shipment stage.

Monitoring customer satisfaction

The Landi Renzo Group monitors customer satisfaction using two different methods, depending on customer type. For the OEMs (Original Equipment Manufacturers) monitoring is done using specific indicators on the websites of car manufacturers: warranty defect rates, "0 km" defect rates and timeliness of deliveries. Automotive manufacturers compile a 'bid list' showing the company service level compliance and any areas for improvement.

Customer management has always been structured with the use of specific complaint management procedures (procedure 13.1 "Non-Conformities Management"), and from 2017 additional progress was made in terms of standardising the management of the foreign branches.

The Non-Conformities Management procedure is set up to provide end-users with prompt feedback in the case of a system malfunction, and in the rare cases where vehicular damage or an accident is reported as potentially being due to the installation of a Landi Renzo LPG or CNG system. The process of managing and monitoring complaints involves gathering information on the incident, analysing the event and the system components, and informing the end clients or dealers of the results of the analysis.

To ensure that customers are fully satisfied from a technical, logistics and quality point of view, an *interdepartmental team* deals with their requirements and any complaints.

Thanks to a structured process of quality management development, and with the support of the Purchasing Department, which has led to a clear improvement in the quality of end products by improving supply operations, the number of OEM (Original Equipment Manufacturer) customer complaints has decreased, thanks to a plan of internal quality improvements carried out after several customer audits.

Complaint responses are managed automatically by customer portals, with rapid response times. This is typically 48 hours for a containment action, and 5 days to identify the root cause of the problem and implement corrective actions. End-users complaints are managed by the Technical Support department, together with the workshop that carried out the installation, with the supervision of the local dealer.

In the OEM (Original Equipment Manufacturer) customer category, the Group set up collaborations with leading international automotive manufacturers some time ago. The electronic complexity of newly-manufactured vehicles means that steady, ongoing mutual cooperation is essential in order to design and build systems that are fully compatible with the mechanical and electronic design of vehicles. Consequently, Landi Renzo has set up an initiative with various automotive manufacturers, with the aim of supporting customers in the early diagnosis and resolution of issues raised by end clients.

The **quality** of the installation process, system safety and performance levels, and customer satisfaction are possible thanks to the network of workshops that are a crucial asset for the success of the Landi Group. Training and up-to-date information for the network of workshops are the main tools through which the Group pursues these objectives (for more information, see the paragraph "**Technical training for resellers and workshops**").

With a view to safeguarding customer satisfaction, the Company Safe S.p.A. is implementing an adequate organisation to define specific KPIs.

For the Company Metatron S.p.A., customer satisfaction remains a priority target and is the starting point of every company activity. In this respect, the company has adopted a series of specific KPIs to monitor its activities and relationships with current customers (number of customer complaints per year; offer effectiveness index from feasibility testing performed).

Landi Renzo S.p.A. works proactively to mitigate material risks relating to consumers and end users by making use of planning, design and manufacture tools typical of the sector (FMEA). During the risk detection phase for the component/system in the market, a multidisciplinary team performs analyses to identify the root cause and the extent of the potential damage in order to take all actions required to protect customers or end users.

Communication with authorities and institutions and active participation in sustainable development

In view of its target market, the Group is in contact with national and international authorities and institutions, especially the **Italian Ministry of Transport** (MIT), the **United Nations Economic Commission for Europe** (UNECE), the **International Organization for Standardization** (ISO) and the **European Committee for Standardization** (CEN).

These relations mainly concern the following areas:

- patents and approvals of systems and components, generally involving the Ministry of Transport;
- actions to raise awareness of broader issues in the automotive industry and environmental and safety issues;
- contributing to the development of regulations and technical standards in the sector of alternative fuels both in Italy, in Europe and globally;
- supporting the definition of decarbonisation strategies on a national and international basis, at automotive as well as infrastructure level, making available its know-how and the technologies developed for an objective assessment of the most concrete solutions for reducing gas emissions throughout the value chain.

In recent years communication has intensified with regard to environmental sustainability and safeguarding, as well as user safety, with experts from various Ministries interested in understanding viewpoints and sharing expertise gained by the Group. Furthermore, given the Group's role as an **international leader** representing the **best of the Italian automotive supply chain for alternative automotive fuels and gas compression throughout the energy infrastructure value chain**, effort has been put into developing and maintaining **relationships with institutions** in connection with these topics.

The company also makes a contribution through the participation by the Regulatory Affairs office in various national and international working groups who are tasked with developing the future regulations and technical standards for the alternative fuels sector, as regards the environment and safety.

The Landi Renzo Group also makes a decisive contribution in the development of a number of international regulations, ISO standards and CEN standards, both as an industry expert and as a coordinator of two working groups (ISO TC22 SC41 WG5 and CEN TC 286 WG6). Notably, the Group has contributed to the Working Party on Pollution and Energy (GRPE) of the UNECE in Geneva, concerning the introduction of new, stricter emissions measurement methodologies (WLTC) into Regulation No. 115 of the Economic Commission for Europe of the UN (UN/ECE), as well as the promotion of the amendment relating to the new, more severe WLTP testing standard and that relating to the introduction of requirements for hybrid vehicles fuelled by gaseous fuels. Recently, the Landi Renzo Group has played an active role in defining the new Euro 7 standard, the next level for the reduction of polluting vehicle emissions, through the European Commission's AGVES advisory group. Furthermore, we note the revision of the European regulation on CO2 emissions of heavy duty vehicles, in which the Landi Renzo Group's contribution is intended to recognise the role of renewable fuels (primarily biomethane and bioLNG) in transport sector decarbonisation.

In order to monitor and guide laws and regulations that may impact specific sectors, the Group actively participates in the work of various industry associations. Through its memberships, it also takes part in many institutional working groups. The most significant include:

- **NGV Italy** (Natural Gas Vehicle Italy) is a consortium that brings together the main industrial players in the Italian CNG automotive industry. Landi Renzo has its own representative on the Board of Directors, who promotes the Consortium's institutional relations and is involved in the work of the Automotive Council at the Italian Ministry of Economic Development. Landi Renzo USA has also been a member of **NGV America** and **NGV Global** since 2011, with the aim of promoting the development and growth of vehicles powered by natural gas or biomethane for a sustainable market.
- **H2IT**. The Italian Hydrogen Fuel Cell Association was formed in 2005. It is an independent body whose objective is to promote advances in knowledge, and the study of disciplines relating to technologies and systems for the production and use of hydrogen.
- **Anfia** (National Association of the Automobile Supply Chain in Italy) is the main Italian automotive association and is very active in institutional relationships. Landi Renzo continually participates in consultations carried out by the association's General Management with the aim of forming common positions to propose to institutions.
- **Assogasliquidi** is the Federchimica association that represents companies in the LPG sector. The aims of the Association are to represent the industry at a national and international level, work with local government and public bodies to improve the definition of industry reference standards, inform and advise operators in relation to legislative/technical innovation and its implementation, and promote the sector's image among users and end clients. Landi Renzo has a representative on the Automotive Steering Committee.

- **EUROGAS**, founded in 1990, the association that has 101 member companies from 28 countries, represents the European wholesale, retail and gas distribution sectors before European institutions.On 3 January 2024, its unification NGVA Europe was announced, under the single umbrella of Eurogas. The role of Senior Technical Manager of the association is carried out by a person from the Landi Renzo Group, as a tangible sign of the company's interest in the development of European sustainable transport policies.
- **NGVA Europe** (the European Association of Natural and Bio Gas Vehicles) was formed in 2008. This European association brings together 133 members from 31 countries, working in the gas and vehicle production chain. Its objective is to promote the use of natural gas and renewable gases in vehicles and boats. As of 2024, all members will become part of Eurogas.
- **Federmetano** (National Federation of Methane Distributors and Transporters), founded in 1948, since that time supporting the development of the automotive CNG sector in Italy. The federation encompasses Workshops specialised in the transformation and maintenance of natural gas-fuelled vehicles

  and partner companies operating in the automotive CNG sector.
- **Hydrogen Europe**, an organisation that represents companies headquartered in Europe which are committed to creating a (circular) zero carbon emission economy.
- **IACC** (Italy-America Chamber of Commerce). The president of the Landi Renzo USA Corporation is a member of the IACC board. Founded in New York in 1887, the IACC is an independent, non-profit American company dedicated to promoting commerce, tourism, investment and economic cooperation between Italy and the USA. It brings together entrepreneurs and businesses who promote their members' interests interacting with government bodies, trade associations and international organisations both in the USA and in Italy.
- **South Coast Air Quality Management District (SCAQMD):** this is the air pollution agency responsible for regulating fixed sources of air pollution in the south coast air basin in southern California. Landi Renzo USA Corporation has enrolled in an incentive programme with SCAQMD to develop, demonstrate and market natural gas and propane conversion systems with close to zero emissions for medium-duty vehicles;
- **California Hydrogen Business Council** (CHBC): this is a trade association consisting of more than 135 companies, agencies and individuals involved in the hydrogen business and is the main hydrogen and fuel cell industry supporter.

Landi Renzo S.p.A. is an industry member of the Steering Committee for the High-Technology Materials Engineering Platform in Emilia-Romagna and a member of the Mechatronics Club Steering Committee. The latter organisation arranges an Italian mechatronics award every year (Premio Italiano Meccatronica), which promotes national companies making a major contribution to the field of mechatronics technology by developing innovative products at an international level. Together with the Steering Committee, the company is considering the possibility of working on a programme of dissemination and integration of the hydrogen value chain with a dual aim: to share the know-how acquired by the various players in the alternative hydrogen fuel market and simultaneously strengthen the network of leading operators in order to accelerate the development and innovation of the system.

During the year, exchanges with the University of Modena and Reggio Emilia intensified, with a series of meetings in order to disseminate the culture of hydrogen and with technical feasibility studies in the development of sustainable Automotive and Infrastructure solutions.

Landi Renzo S.p.A. places significant importance on nurturing relationships with the academic world. Indeed, for years it has collaborated with leading Italian universities to spread a culture of sustainability and facilitate research and development. During the year, it was able to engage in intense exchanges with students at the UNIMORE hub and the start-ups associated with the same university in order to share know-how, experience and ideas on a world currently being created. This continuous exchange has enabled the Company to keep an eye on organisations that are developing completely innovative concepts with the operating methods typical of streamlined, dynamic companies.

Landi Renzo S.p.A. has participated in a number of roundtables and working groups with a focus on new technologies, particularly linked to the use of hydrogen. It is part of the Group's DNA to develop clean mobility solutions, by developing a series of components that will become strategic with the advent of electrification, particularly for the processing of hydrogen required for the functioning of fuel cells and internal combustion engines fuelled by hydrogen, always taking into account the knowledge accumulated over the years in more traditional sectors.

Suppliers

The Group and its suppliers are increasingly attentive to the environmental consequences of their production activities, and are always working on projects designed to reduce their impact.

The Landi Renzo Group **regularly rates** its suppliers, and uses an approach based on **transparency** and **collaboration** in order to establish stable, long-lasting relations.

Suppliers form an integral part of the production and organisation process and thus need to be selected in a way that offers the maximum possible guarantees.

According to its target market, the Group selects suppliers who can guarantee high quality of components and services purchased, who are financially sound, and whose company reputation is in line with that of the Group.

For the Landi Renzo Group, the supplier rating and monitoring process is documented in a specific procedure that outlines the requirements and procedures used to monitor the performance levels to be maintained once the supply contract has been started. This procedure does not apply to AEB America S.r.l., Landi Renzo USA Corporation and the Brazilian LR Indústria e Comércio Ltda. Given the business model adopted by the Landi Renzo Group and the prevalence of Italian suppliers, the remaining companies have been given the possibility of using different supplier evaluation and selection tools, while still applying parent company guidelines and supplementing them with local conditions.

The selection process starts with the pre-qualification of suppliers by the Purchasing Department, which checks on their financial stability and ability to provide a continuous service in the medium to long-term. Their analysis considers various economic indicators relating to the last three financial years (e.g., revenue or turnover, sales profits, stock turnover and net financial position). Suppliers who pass this first step are then admitted to the qualification stage. During this phase, the supplier is asked to complete *form FA50*, which allocates a score on the basis of economic/financial indicators, insurance cover, compliance with quality, social and environmental requirements, or the possession of relevant certification in addition to factors linked to organisation/business dimensions and logistics capacities. Other performance indicators are also considered, such as on-time deliveries, audit results, the number of compliant batches, price competitiveness and quality aspects. On receipt of the completed form, the Purchasing Department, together with the R & D and Supplier Quality departments, will then complete its assessment.

The procedure requires that the criteria depend on the type of goods to be purchased from the supplier. The minimum certification required for goods to be used in production or distribution processes for original equipment manufacturers (automotive manufacturers) is the ISO 9001. If that is not possible, Landi Renzo may choose to work with the supplier after conducting at least one audit to check their conformity to ISO 9001. If the audit result is negative, the supplier is excluded. If the supplier meets the criteria, a supply contract is agreed, and the requisites are monitored every three years via a supplier re-qualification process. Over the years, this process also made it possible to monitor the performance of existing suppliers and to select potential new partners, without identifying any significant economic/financial, environmental or social risks.

As concerns Metatron S.p.A., purchasing activities were integrated into the Landi Renzo Purchasing Department at the start of 2023 and, therefore, the same processes and procedures applied and described for Landi Renzo are followed.

Metatron S.p.A. maintains the same procedures and systems for monitoring the performance of its suppliers on the basis of several performance indicators specified in the document "MO070508-supplier quality specifications (01)", signed by suppliers to acknowledge their acceptance. In detail, through a Vendor Rating IT tool, the Company evaluates 4 indicators:

- **Supplier Quality System** (the supplier must have at least the following certifications: ISO 9001, IATF, ISO 14001 and for certification bodies ISOIEC).
- **Rejected supplies**, or number of non-compliant lots out of total lots delivered.
- **Weight Index** whereby a value is assigned if the non-conformity is identified on acceptance, in the line or by the customer.
- **Delivery Index**, or days of difference between the order confirmation date and the actual delivery date.

The sum of the scores obtained for each indicator results in the identification of a Global Assessment Index (GAI), which is taken into consideration during the supplier qualification phase.

A project was launched to extend the Metatron vendor rating system at Landi Renzo with the relative necessary integration in SAP (today also present in Metatron), with the evolution of vendor rating

parameters to also evaluate elements regarding, for example, supplier competitiveness, the relative proactiveness in proposing economic process and product improvements (including "win-win").
In order to comply with legal requirements, the Landi Renzo Group is directing all OEM (Original Equipment Manufacturer) strategic suppliers towards the new IATF 16949 standard (which replaces the ISO/TS 16949). Particular attention has been paid to the transition from OHSAS 18001 to ISO 45001, in order to certify the OHS management systems. The standard encompasses topics such as context analysis and risk analysis using the same approach as ISO 9001:2015.
In addition to **quality** and **occupational health and safety aspects**, **ethics, social responsibility**, and **safeguarding the environment** are important elements in assessing and choosing suppliers: they are also referred to in the Supply Contracts and in the General Purchasing Conditions which are sent to all suppliers.
The supplier qualification process does not take human rights aspects into consideration, as the Group's current suppliers are not based in high risk countries. However, the Group's objectives do include amending the supplier qualification process to make it even more socially responsible, right from the contracting phase. As confirmation of this, the new FA52 supplier evaluation form was amended to include a specific section on human rights issues in the supply chain.
As well as the checks carried out in the selection phase, the Landi Renzo Group will regularly monitor its suppliers by conducting periodic visits. Compliance with environmental criteria will be monitored by checking the presence and validity of specific certifications (these are assessed during the qualification stage). Furthermore, please note that the suppliers of the Company Metatron S.p.A. signed the GPC (General Purchase Conditions) including Article 15 "Sustainability" (Energy saving, consumption reduction, emission and waste management) in which the Company asks its suppliers to take all actions required to avoid air, water or soil pollution and enact a policy for reducing consumption and ensuring energy savings. Metatron S.p.A. reserves the right to verify the application and effectiveness of such policy during periodic inspections.
For the Landi Renzo Group, respect for human rights and impacts on society is implicitly verified during these audits, but is not formalised in any documentation.

Promoting local economies

The business model adopted by the Group involves close, well-established relationships with carefully selected suppliers and third parties. Suppliers are selected on the basis of specific skills and their area of specialisation. Moreover, many components required to make products have characteristics (machining process, technical specifications, dimensions and weight, type of applied technology etc.) that often lead to choosing suppliers in geographical locations near specialised industrial areas that are not too far from the factories using the components.
As regards contractors, Landi Renzo has started to update the mapping of Landi Renzo production machinery that they use for the contractual updating of safety compliance rules.

The suppliers' main technology groups are: machining, die casting and related processes, moulding of plastic, rubber components and composite parts, gas tanks, high and low pressure pipework, electronic components and assemblies, sensors.

Much of the Group's production takes place in Italy and Poland. The majority of our suppliers are located in these two countries. Most of the suppliers are Italian firms with long experience in the industry and a higher level of specialisation and focus on quality, and lower transport costs for components with a fairly high unit weight. However, in order to support the needs and requirements of foreign subsidiaries, the Group has implemented a supplier search policy, to extend the supply chain to include other countries.

Supply figures by geographical area

SUPPLY FIGURES BY GEOGRAPHICAL AREA*	2023	2022	2021
Italy	69%	73%	70.5%
Europe (excluding Italy)	23%	15%	17.7%
Asia and Rest of the World	1%	3%	7.5%
America	7%	9%	4.3%
Total (€/000)	**273,595**	**267,077**	**135,202**

*The data for 2022 include the Company L.R.Pak (Pvt) Limited, as it is included in the management system on an actual basis.

The data for 2023 exclude the company Landi Renzo Rus

No. of active suppliers

ACTIVE SUPPLIERS (no.) *	2023	2022	2021
	3,498	**3,855**	**3,841**

*The data for 2022 include the Company L.R.Pak (Pvt) Limited, as it is included in the management system on an actual basis.

The data for 2023 exclude the company Landi Renzo Rus

Supplier involvement and communication

A few years ago, the Landi Renzo Group began launching initiatives which are increasingly focused on mutual growth with its suppliers. Where our objectives and strategies are shared, the traditional principal-supplier model can be superseded and replaced by a true partnership. During the new product development phase, suppliers are involved in the co-design process. Landi Renzo Group personnel are always in contact with suppliers to support them in all the required activities, the use of procedures and methods, and in validation processes.

Launched with an initial group of suppliers, to be extended in the course of 2024, the supplier requirement request management process through the collaboration planning model involves, at weekly level, the communication of confirmations of deliveries requested in the short term (3-4 weeks) and requirement forecasts for the coming weeks over a time period of 6-12 months based on OEM customer planning and After Market demand forecasts.

This makes it possible to boost collaboration with suppliers, also enabling them to improve their production/delivery planning and, at the same time, to plan the use of their production capacity in order to optimise its use, also with their other customers.

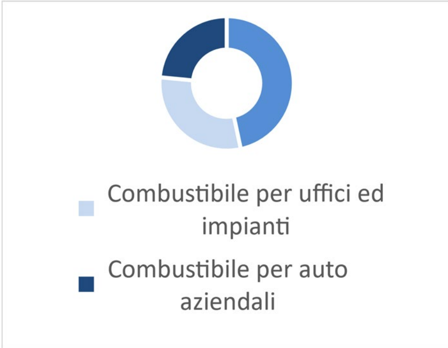
Planet

Planet

Our Progress

*Technology, innovation and respect for the planet are the values through which we transform the present into the future we want to see every day and for over 60 years we have provided concrete responses: **LPG, CNG, LNG, Biomethane and Hydrogen***

Breakdown of CO2 emissions by consumption type...



Partnership sia nel segmento gas che in quello dell'idrogeno per garantire un'accelerazione verso la transizione energetica e la decarbonizzazione

13 CLIMATE ACTION

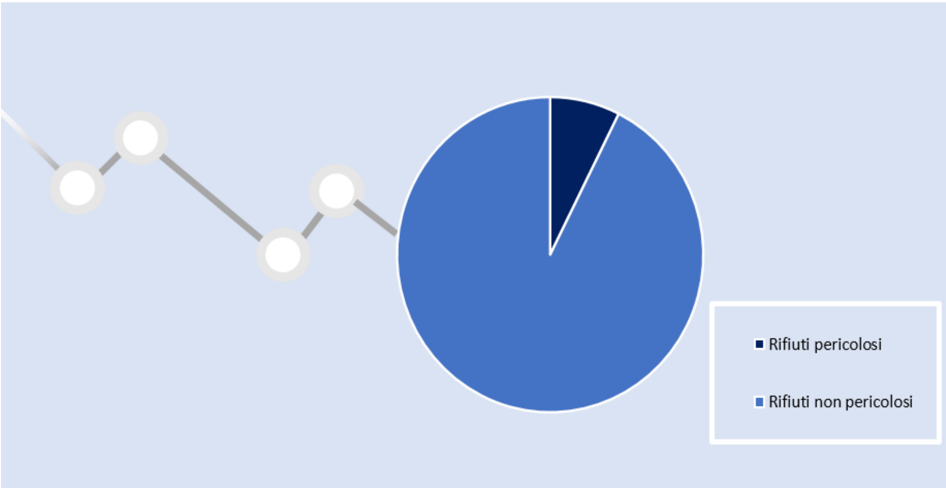
Rapporti con enti e istituzioni sia a livello nazionale che internazionale per lo sviluppo delle future normative e standard tecnici del settore dei carburanti alternativi in ambito ambientale e di sicurezza.

17 PARTNERSHIPS FOR THE GOALS

CERTIFIED ISO 14001:2015 COMPANY

- **Landi Renzo S.p.A.**
- **Safe S.p.A.**
- **IMW Industries LTD Canada**
- **Metatron S.p.A.**

Composizione dei rifiuti...



Environmental Policy and Management System

Although the activities carried out by the Group are those activities typical of a low environmental impact engineering company, Landi Renzo has always paid significant attention to the environment. All the hazards and risks to the environment have been identified and assessed in accordance with legal requirements, and all the technical, organisational, safety and prevention measures have been implemented, as required by the Environmental Management System in place at Landi Renzo S.p.A., Safe S.p.A., IMW Industries LTD Canada and Metatron S.p.A., in accordance with the requirements of the current ISO 14001:2015 standard.

The Landi Renzo S.p.A. environmental management system activities cover:

- the identification and assessment of major environmental aspects;
- the definition of objectives and improvement programmes;
- the monitoring and surveillance of environmental parameters and system functioning;
- staff training;
- the identification and updating of and compliance with relevant legal requirements;
- the management of emergencies;
- the assessment of risks and opportunities linked to internal and external factors, as per UNI EN ISO 14001:2015 and UNI ISO 45001:2018;
- the management of internal audits;
- the periodic review of the EMS by Management, to ensure it continues to operate in a suitable, effective and efficient manner.

On 10 May 2023, Landi Renzo S.p.A., with the drafting of the review by the management, completed the revision of the EMS and environmental policy referring to the ISO 14001:2015 standard. Subsequently, audits were successfully completed in April-May 2023 (Environmental Audit by M2 Engineering) and 5-8 June 2023 by Bureau Veritas for the new issue of the ISO 14001:2015 certification. The audits were successfully completed, and no conditions were found that would have precluded the renewal of the certification.

All these activities are outlined in a cohesive set of documents made available to employees on the company intranet, consisting of the environmental policy, an environmental analysis and declaration, the EMS manual, and instructions on operational and management procedures.

The Companies Safe S.p.A. and IMW Industries LTD Canada perform maintenance audits annually.

As concerns Metatron S.p.A., the last internal environmental inspection audit was performed on 23 June 2023 by the Company M2. Specifically, the ISO 14001 certification was suspended and reactivated in light of the audit performed in February 2023. The established audit plan was basically respected in terms of content and the areas covered, and the personnel interviewed were found to be attentive to and aware of environmental matters.

The EMS is a voluntary tool to enable environmental performance to improve continuously, manage environmental aspects, and monitor compliance with the requirements of standards. It defines methods for identifying responsibilities, procedures, processes and resources within the company's organisational structure to implement the company's prevention and protection policy in accordance with environmental standards.

The Environmental Management System manager works with other company managers and is aware of the need to establish and update procedures or operational instructions to regulate work activities, including maintenance operations, which may present particular situations of environmental impact risk.

At the end of each financial year, as required by ISO 14001:2015, Landi Renzo S.p.A. prepares the Periodic Environmental Analysis Report, which summarises the data presented in the Non-Financial Report. Starting in 2022, this report was integrated with the Art. 271 emissions as requested by M2 Engineering.

For the entire Group, no penalties or proceedings against them due to failure to comply with environmental regulations or laws were registered.

On 9 March 2023, a control and verification by the Emilia-Romagna Region local health authority was performed for Landi Renzo S.p.A., which resulted in no findings.

Lastly, please note that Metatron S.p.A., through Deed DET-AMB-2019-5264 of 14 November 2019 and with expiry in 2034, adopted the Single Environmental Authorisation (SEA) for the Castel Maggiore office.

Environmental performance

Energy consumption, emissions and initiatives to increase efficiency

Landi Renzo is continuing its policy of constantly monitoring energy consumption, emissions, waste management and energy efficiency, by taking action to reduce its consumption of electricity.

With a view to meeting its emission reduction targets, Landi Renzo S.p.A. establishes a specific percentage reduction value, which is contained in the FSE30 form and is calculated on the basis of the average of the three previous years.

Landi Renzo places particular emphasis on checking that energy is used correctly in the Group's companies, in particular:

- by checking energy bills to check compliance with supply contract conditions and, in the case of electricity, any reactive power charges;
- by checking energy and water consumption monthly to detect irregularities with respect to past figures or unexplained figures immediately (faults or water leaks, nil consumption etc.), promptly implementing checks as required. At Landi Renzo S.p.A. data relating to water, fuel and CNG are measured with precise readings or evaluated on the basis of invoices received from suppliers;
- by checking ON/OFF functions on heating and air conditioning systems in relation to seasonal variations.

For years, Landi Renzo has been present on the open market for the purchase of gas and electricity, and it is a member of the RENERGY consortium (an industrial energy association in the province of Reggio Emilia) for energy supplies. RENERGY is part of the Industry Association of Reggio Emilia, and is a non-profit purchasing group which operates on the energy and telecommunications markets on behalf of its members, agreeing on annual supply contracts with the best conditions and offering companies competitive advantages for the purchase of electricity and gas. The organisation also supports companies in negotiating and agreeing supply contracts, complying with administrative and management requirements, routinely checking billing information, and guaranteeing regular information on market trends and new industry standards.

With regard to the use of company vehicles, the Group purchases technologically-advanced vehicles powered by fuels with less environmental impact, or installs an LPG or CNG system on petrol or diesel vehicles it owns or hires over long periods.

All vehicles comply with the latest standards on Euro 6 emissions; the average age of the company vehicle fleet is from 2 to 4 years.

Moreover, video-conferencing facilities, conference calls and Skype calls and meetings on Teams are available at the company to reduce business trips and travel between the Group’s companies as much as possible, and the booking of company cars has been centralised, so it is possible to know when parties are making trips on the same day to the same destination and fewer vehicles can be used.

AVL, which is not controlled by the Landi Group, occupied a part of a building together with the Landi Group, and therefore, as specified below, some electricity consumption relative to Italian companies, is reported together with the consumption of this company.

Direct energy consumption by offices and systems

DIRECT ENERGY CONSUMPTION (offices and systems)*	2023	2022	2021
ITALIAN COMPANIES			
Methane (m^3)	370,841	193,827	218,302
FOREIGN COMPANIES*			
Methane (m^3)	59,184	84,526	192,214
Total (m^3)	**430,025**	**278,353**	**410,516**
Total (GJ)	**17,242**	**11,069**	**16,304**

* The 2021 data includes direct energy consumption from ethane relating to the Company IMW Industries LTD Canada, acquired by the Group in 2021.
The 2021 data includes the entire perimeter. Data were estimated for the companies: Landi Renzo USA Corporation, Renzo Pars Private Joint Stock Company, LR Industria e Comercio Ltda.
The 2022 figure includes the entire perimeter, as indicated in the methodological note. Data were estimated for the companies: Landi Renzo USA Corporation, Renzo Pars Private Joint Stock Company, AEB America S.r.l., Safe S.p.A.
The 2023 data were estimated for the companies:Metatron Control Systems Co., Ltd, Landi Renzo USA Corporation, La Renzo RO srl, Renzo Pars Private Joint Stock Company, Landi Renzo Rus and LR Industria e comercio Ltda.The method used for the calculation involves gathering data from automatic consumption monitoring systems, or in certain cases estimates based on expenditure for energy consumption. The conversion factors of the Department for Environment, Food and Rural Affairs 2023 were used to calculate the total consumption for the year 2023 (expressed in gigajoules).

Data relating to direct energy consumption for offices and plants are not comparable with the previous two-year period, in light of the changes in the reporting scope and the refinement in the data collection methodology.

Direct energy consumption due to personnel travel

DIRECT ENERGY CONSUMPTION (company cars)	2023	2022	2021
ITALIAN COMPANIES			
Petrol (l)	82,903	94,987	70,897
Diesel (l)	52,890	37,635	10,896
LPG (l)	57,588	68,478	60,830
Methane (kg)	4,084	6,907	9,965
FOREIGN COMPANIES*			
Petrol (l)	22,735	39,702	39,499
Diesel (l)	68,062	75,292	87,482
LPG (l)	76,582	69,918	70,109
Methane (kg)	2,885	3,611	7,613
Total (tonnes)	**290**	**263**	**252**
Total (GJ)	**13,639**	**11,427**	**11,049**

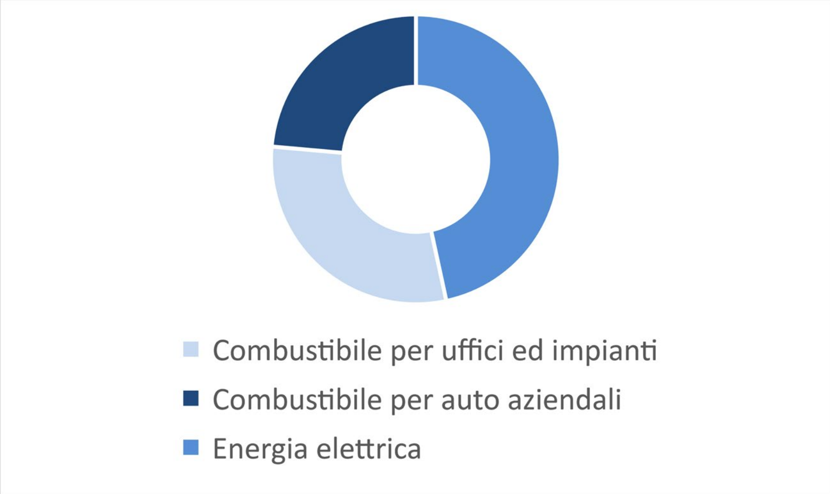
Electricity consumption

ELECTRICITY CONSUMPTION	2023	2022	2021
ITALIAN COMPANIES			
Electricity (kWh)	5,247,262	6,157,627	9,140,242
*amount from photovoltaic system**	406,331	*227,280*	*196,289*
FOREIGN COMPANIES**			
Electricity (kWh)	1,738,799	1,743,054	2,305,108
Total (KWh)	**6,986,061**	**7,900,681**	**11,445,350**
Total (GJ)	**26,972**	**28,444**	**41,203**

*The figure refers to the Energy generated by photovoltaic systems at Via Nobel and Via Industria relating to Landi Renzo S.p.A. and Metatron S.p.A. The conversion factors of the Department for Environment, Food and Rural Affairs 2021 were used to calculate the total consumption for the year 2021 (expressed in gigajoules).
** The 2020 figure includes the entire scope, as indicated in the methodological note. Data were estimated for the companies: AEB America S.r.l., Landi Renzo Pars Private Joint Stock Company.
The 2021 figure includes the entire perimeter, as indicated in the methodological note. Data were estimated for the companies: Landi Renzo USA Corporation, Renzo Pars Private Joint Stock Company, LR Industria e Comercio Ltda.
The 2022 figure includes the entire perimeter, as indicated in the methodological note. Data were estimated for the companies: Landi Renzo USA Corporation, Renzo Pars Private Joint Stock Company.
The method used for the calculation involves gathering data from automatic consumption monitoring systems, or in certain cases estimates based on expenditure for energy consumption.
The conversion factors of the Department for Environment, Food and Rural Affairs 2022 were used to calculate the total consumption for the year 2022 (expressed in gigajoules).
The 2023 figure includes the entire perimeter, as indicated in the methodological note. Data were estimated for the companies: Metatron Control Systems Co., Ltd, Landi Renzo Rus and Landi Renzo USA Corporation. The conversion factors of the Department for Environment, Food and Rural Affairs 2023 were used to calculate the total consumption for the year 2023 (expressed in gigajoules).

For 2022, Landi Renzo S.p.A.'s indirect consumption of electricity also includes in part the share of AVL, which as of 01/01/2020 makes use of the entire building at number 6 via Nobel. As a result, all of the area's electricity consumption has been attributed to it, including the part relating to the production of the solar power system located on the roof of that building. Specifically, previously, as data was not available regarding consumption recorded in the Desigo Software in use at AVL, which has not provided it, the allotment was based on monthly readings of the SIEMENS meters, which provide an indication of the amount consumed by Landi Renzo S.p.A. and AVL. This indication is not as precise as reading the ENEL meter; therefore, the readings are used for a percentage breakdown of the amount specified on the ENEL invoice for the first 6 months of the year, taking into account meter errors (since they are not periodically calibrated) and plant self-consumption. The value of the electricity consumption attributed to AVL consists of total energy measured, until June, upstream of the transformers (on the MV panel in the electrical cabinet), which is added to the energy generated by the solar power plant owned by Landi Renzo but 100% used by AVL.

Breakdown of CO_2 emissions by consumption type



Direct and indirect emissions into the atmosphere

DIRECT CO2 EMISSIONS (offices and systems) - Scope 1*	2023	2022	2021
ITALIAN COMPANIES			
Emissions due to methane consumption (CO_2e kg)	749,555	390,705	441,264
FOREIGN COMPANIES*			
Emissions due to methane consumption (CO_2e kg)	118,958	170,383	400,594
Total (CO_2e kg)	**868,513**	**561,088**	**841,858**

*The 2021 figure includes the entire perimeter, as indicated in the methodological note. Data were estimated for the companies: Landi Renzo USA Corporation, Renzo Pars Private Joint Stock Company, LR Industria e Comercio Ltda.
The 2022 figure includes the entire perimeter, as indicated in the methodological note. Data were estimated for the companies: Landi Renzo USA Corporation, Renzo Pars Private Joint Stock Company, AEB America S.r.l.
The method used to calculate the emissions in 2022 involves the use of emission factors published in 2022 by the Department for Environment, Food & Rural Affairs 2022.
The 2023 figure includes the entire perimeter, as indicated in the methodological note. The 2023 data were estimated for the companies: Metatron Control Systems Co., Ltd, Landi Renzo USA Corporation, La Renzo RO srl, Renzo Pars Private Joint Stock Company, Landi Renzo Rus and LR Industria e Comercio Ltda.The method used to calculate total emissions in 2023 uses emission factors published by the Department for Environment, Food and Rural Affairs 2023.

Data relating to direct CO2 emissions for offices and plants are not comparable with the previous two-year period, in light of the changes in the reporting scope and the refinement in the data collection methodology.

DIRECT CO_2 EMISSIONS (company cars) - Scope 1	2023	2022	2021
ITALIAN COMPANIES			
Total emissions (CO_2e kg)	407,263	425,777	309,629
FOREIGN COMPANIES*			
Total emissions (CO_2e kg)	348,960	399,650	434,916
Total (CO_2e kg)	**756,222**	**825,427**	**744,545**

*The 2020 figure includes the entire perimeter, as indicated in the methodological note. Data were estimated for the companies: Landi Renzo Pars Private Joint Stock Company, AEB America S.r.l., L.R. Pak (Pvt) Limited and LR Industria e Comercio Ltda.
The diesel and LPG values were estimated for: Beijing Landi Renzo Autogas System Co. Ltd.
The 2021 figure includes the entire perimeter, as indicated in the methodological note. Data were estimated for the companies: Landi Renzo USA Corporation, Renzo Pars Private Joint Stock Company, LR Industria e Comercio Ltda, AEB America S.r.l.
The 2022 figure includes the entire perimeter, as indicated in the methodological note. Data were estimated for the companies: Landi Renzo USA Corporation, Renzo Pars Private Joint Stock Company, AEB America S.r.l.
The 2023 figure includes the entire perimeter, as indicated in the methodological note. They were estimated for the companies: Metatron Control Systems Co., Ltd, Landi Renzo USA Corporation, Landi Renzo RO srl, Landi Renzo Rus, Renzo Pars Private Joint Stock Company, AEB America S.r.l.
The conversion factors of the Department for Environment, Food and Rural Affairs 2023 were used to calculate the total emissions for the year 2023.

INDIRECT CO_2 EMISSIONS (electricity) - Scope 2	2023	2022	2021
ITALIAN COMPANIES			
Emissions due to electricity consumption	1,058,568	2,456,832	3,646,865
FOREIGN COMPANIES*			
Emissions due to electricity consumption	336,219	537,761	744,174
Total (CO_2e kg)	**1,394,787**	**2,994,593**	**4,391,039**

*The 2021 data includes the entire scope. Data were estimated for the companies: Landi Renzo USA Corporation, Renzo Pars Private Joint Stock Company, LR Industria e Comercio Ltda.
The 2022 data includes the entire perimeter. Data were estimated for the following companies: Landi Renzo USA Corporation, Renzo Pars Private Joint Stock Company.
The method used to calculate the emissions involves the use of emission factors published in 2015 by the *Department for Environment, Food & Rural Affairs* in the UK. Although these factors are less up to date than those in the latest 2021 version, they are more representative as they provide a breakdown by country.
The 2023 data includes the entire scope. Data were estimated for the companies: Metatron Control Systems Co., Ltd, Landi Renzo Rus and Landi Renzo USA Corporation.
The conversion factors of the Department for Environment, Food and Rural Affairs 2023 were used to calculate the total emissions for the year 2023.

Energy production from renewable sources is among the energy strategies implemented by the Landi Renzo Group. Significant cost savings have been obtained thanks to the solar power system installed on the roof of the new Landi Renzo S.p.A. research and development centre, and the solar power system at the headquarters on Via dell'Industria.

Other emissions into the atmosphere

OTHER EMISSIONS INTO THE ATMOSPHERE (kg)	2023	2022	2021
NOx*	52	64	76
SOx*	5	6	8

*The 2021/2022/2023 figures refer to the production site on Via Dell'Industria and Via Nobel in Reggio Emilia of Landi Renzo SpA and Metatron S.p.A. The method used to calculate NOx and SOx emissions from heating systems in m3 of methane consumed overall requires multiplication by the emission limit stipulated by legislation (350 mg/m³ for NOx and 35 mg/m³ for SOx) and then divided by 1,000,000. With regard to VOCs, the figure is calculated as the average of the analyses (measurements) taken during the year and multiplied by 8h working days*220 working days in a year/1000.

SOx and NOx substances deriving from the combustion of methane are lower than in previous years.

Emissions of ozone-depleting substances

EMISSIONS of ODSs (CO_2e tonnes)*	2023	2022	2021
F-gas mixtures (HFCs)	7.7	258.3	122.2

*The data include the sites at Via Nobel and Via dell'Industria, for Landi Renzo S.p.A. and Metatron SpA.
The method used to calculate the emissions is based on data entered in plant logbooks.

For Landi Renzo S.p.A., HFC emissions are due exclusively to air conditioning system leaks. Indeed, two leaks were identified at the Landi Renzo S.p.A. office. In 2022, several technical interventions on the air conditioners and climatic chambers in the components testing rooms following system leaks resulted in them being filled with gas. In particular, 2 completely empty air conditioners were found at the Via dell'Industria location. The efficiency of the maintenance performed is shown by the radical reduction in HFC emissions.

Water

The idea underpinning this Company policy is that using water is not just an environmental issue; water occupies a primary position among the natural resources considered in the Group's policy to limit consumption. This is why it is necessary to manage water resources responsibly.

Each month, the meters are read at the two Landi Renzo S.p.A. sites, in order to identify any irregular consumption due to breaks or faults so that the necessary corrective action can be taken as soon as possible to avoid undesired and unplanned consumption. As regards Italian companies, over the past two years the trend in all the water tests has been constant.

In 2023, the change in the consumption of water for domestic use (mains water) of Landi Renzo is mainly due to the number of people in the company, and to a lesser extent the procurement of water for the operation of the osmosis and softening systems.

This entailed a drastic reduction in water consumption at the via Nobel site, as the few production processes require low water consumption, due primarily to the osmosis and softening systems required for certain plans.

For Landi Renzo S.p.A., waste water was mainly from toilet facilities and air compressor condensation.

The cooling units generate condensation not considered to be polluting and in some cases the condensation may be discharged as sewage.

As concerns Safe S.p.A. and Metatron S.p.A., waste water consists only of water for domestic use.

Waste management

The Group has set up a waste management process designed to reduce and recycle waste, in order to ensure the sustainable management of environmental resources used in its industrial activities, while seeking to limit the production of waste to be sent to the landfill as much as possible.

The Group produces waste from service/production activities, and some products are classed as special waste and given a six-figure EWC (European Waste Catalogue) code and managed differently. The data provided below does not take into account waste comparable to urban waste, as recovery and disposal are managed by the entity engaged by the applicable municipality, and it is not possible to obtain precise data. In order to optimise waste management and separation, companies in the Group have special containers for collecting and recycling this special waste on the basis of EWC information.

Waste management is split into three separate disposal groups:

- Recyclable waste and materials;
- Municipal solid waste and similar, and special non-hazardous waste;
- Hazardous waste subject to regulations regarding storage and transport due to their composition.

As set forth in the HSEMS applied by Landi Renzo (ISO 14001:2015 and ISO 45001:2018) Safe (ISO 14001:2015) and Metatron (ISO 14001:2015), handling and mixing hazardous waste is prohibited, as it could start a fire or cause dangerous reactions. Other special waste is collected and disposed of directly by external service contractors. The company keeps the waste management records, and deals with declarations to be made to the relevant authorities and any other matters concerning compliance with standards.

For years now, the Italian companies in the Landi Renzo Group have sorted waste according to type, separating paper, aluminium, ferrous materials, polystyrene, polyethylene for packaging, adhesives, solvents etc. to facilitate recycling.

Landi Renzo S.p.A. has also introduced cardboard and polyethylene compactors; in addition to compacting, they also protect the materials to be recycled from bad weather, and provide certainty in terms of the amount of cardboard produced and sent for recycling. The use of these compactors enables the efficient management of two separated products without waste or taking up unnecessary space. The Landi Renzo Group continues its constant commitment to pursuing the material separation and recycling policy.

Net increase with respect to past years, as the Company, aside from performing a number of recent acquisitions, scrapped, in addition to systematic disposal activities for materials to be discarded:

- scrap materials in accordance with the Administration
- obsolete machinery and equipment that are no longer used (also removed from assets)
- obsolete materials in accordance with the Administration.

The main activity of IMW Industries del Perù SAC Peru is linked to the CNG equipment maintenance service (compressors, distributors, electrical panel) and distributor assembly. During activity development, environmental procedures are adopted linked to best practices in order to reduce the quantity of electricity consumed. Preventive maintenance programmes are followed to reduce the quantity of emissions generated, training personnel on the impacts. The real objectives are those of maintaining the quantity of energy consumed (electricity) and keeping the emissions generated by vehicles within the

levels permitted by law, accredited by the annual renewal of certifications, and also to maintain the number of complaints from any customer or other concerned party limited, like this year when it was zero.
At the company IMW Industries LTDA Colombia, for the assembly of equipment for compressed natural gas (CNG), there is a structured process based on a database of equipment types and models, as well as on the needs of each customer. The waste generated by activities is primarily cardboard and plastic.

Total waste produced

TYPE OF WASTE DISPOSAL (ton)	2023	2022	2021
ITALIAN COMPANIES			
Waste generated	**361**	**418**	**279**
Waste recovered	343	278	227
Waste disposed of	18	139	52
FOREIGN COMPANIES*			
Waste generated	**267**	**636**	**647**
Waste recovered	244	477	562
Waste disposed of	15	159	85

*The 2020 figure includes the entire perimeter, as indicated in the methodological note. Data were estimated for the companies: Beijing Landi Renzo Autogas System Co. Ltd, L.R. Pak (PVT) Limited, Landi Renzo Pars Private Joint Stock Company, AEB America S.r.l., LR Indústria e Comércio Ltda.
The 2021 and 2022 figures include the entire perimeter, as indicated in the methodological note.
The 2022 data were estimated for the companies: Beijing Landi Renzo Autogas System Co. Ltd, Landi Renzo USA Corporation, L.R. Pak (Pvt) Limited, Renzo Pars Private Joint Stock Company, AEB America S.p.A, LR Industria e Comercio Ltda.Furthermore, the methods of disposal and otherwise were estimated for the Companies IMW Industries LTDA Colombia, IMW Industries LTD Shanghai/ IMW Energy Tech LTD China and Metatron Control Systems Co., Ltd.
The 2023 data were estimated for the companies: Metatron Control Systems Co., Ltd, Renzo Pars Private Joint Stock Company, AEB America S.p.A, LR Industria e comercio Ltda and Landi Renzo RO srl.

The waste produced in 2023 by the Group is from production and logistics operations and also includes in part the disposal of obsolete products and materials that can no longer be used. Waste includes especially: Paper and cardboard, Wood, Iron, Plastic, Waste Electric and Electronic Equipment - WEEE, Aluminium, Metal shavings, Mixed packaging, Electrical cables and Metal scrap.

Waste not sent for disposal

WASTE NOT SENT FOR DISPOSAL (ton)*	2023	2022	2021
ITALIAN COMPANIES			
Hazardous Waste	**30**	**28**	**4**
Preparation for reuse	-	-	-
Recycling	30	28	4
Other recovery operations	-	-	-
Non-hazardous waste	**313**	**250**	**223**
Preparation for reuse	-	-	-
Recycling	313	250	223
Other recovery operations	-	-	-
TOTAL ITALIAN COMPANIES	**343**	**278**	**227**
FOREIGN COMPANIES*			
Hazardous waste	**17**	**14**	**27**
Preparation for reuse	14	-	-
Recycling	3	14	27
Other recovery operations	-	-	-
Non-hazardous waste	**227**	**464**	**535**
Preparation for reuse	27	-	-
Recycling	200	464	535
Other recovery operations	-	-	-
TOTAL FOREIGN COMPANIES	**244**	**477**	**562**

*First year reported on according to GRI 2020; as a result it is not possible to compare with prior years.
The 2021 and 2022 figures include the entire perimeter.
The 2022 data were estimated for the companies: Beijing Landi Renzo Autogas System Co. Ltd, Landi Renzo USA Corporation, L.R. Pak (Pvt) Limited, Renzo Pars Private Joint Stock Company, AEB America S.p.A., LR Industria e comercio Ltda. Furthermore, the methods of disposal and otherwise were estimated for the Companies IMW Industries LTDA Colombia, IMW Industries LTD Shanghai/ IMW Energy Tech LTD China and Metatron Control Systems Co., Ltd.
The 2023 data were estimated for the companies: Metatron Control Systems Co., Ltd, Renzo Pars Private Joint Stock Company, AEB America S.p.A, LR Industria e Comercio Ltda and Landi Renzo RO srl.

Waste sent for disposal

WASTE SENT FOR DISPOSAL (ton)*	2023	2022	2021
ITALIAN COMPANIES			
Hazardous Waste	**18**	**7**	**8**
Disposal at landfill	6	7	3
Incineration - with energy recovery	-	-	-
Incineration - without energy recovery	-	-	-
Other type of disposal	12	-	5
Non-hazardous waste	**-**	**132**	**44**
Disposal at landfill	-	0.11	-
Incineration - with energy recovery	-	-	-
Incineration - without energy recovery	-	-	-
Other type of disposal	-	132	44
TOTAL ITALIAN COMPANIES	**18**	**139**	**52**
FOREIGN COMPANIES*			
Hazardous Waste	**7**	**15**	**4**
Disposal at landfill	3	13	1
Incineration - with energy recovery	-	-	-
Incineration - without energy recovery	-	-	-
Other type of disposal	4	2	3
Non-hazardous waste	**8**	**143**	**81**
Disposal at landfill	5	31	39
Incineration - with energy recovery	-	-	-
Incineration - without energy recovery	-	-	-
Other type of disposal	3	112	42
TOTAL FOREIGN COMPANIES	**15**	**159**	**85**

*First year reported on according to GRI 2020; as a result it is not possible to compare with prior years.
The 2021 and 2022 figures include the entire perimeter.
The 2022 data were estimated for the companies: Beijing Landi Renzo Autogas System Co. Ltd, Landi Renzo USA Corporation, L.R. Pak (Pvt) Limited, Renzo Pars Private Joint Stock Company, AEB America S.p.A., LR Industria e Comercio Ltda.Furthermore, the methods of disposal and otherwise were estimated for the Companies IMW Industries LTDA Colombia, IMW Industries LTD Shanghai/ IMW Energy Tech LTD China and Metatron Control Systems Co., Ltd.
The 2023 data were estimated for the companies: Metatron Control Systems Co., Ltd, Renzo Pars Private Joint Stock Company, AEB America S.p.A, LR Industria e Comercio Ltda and Landi Renzo RO srl.

In 2023 there were no recorded spills of hazardous substances or products that may have caused environmental pollution.

Noise emissions

All the Italian companies in the Group monitor noise emissions through specific sound measurements to assess noise level in the surrounding environment. These tests were necessary to obtain the Single Environmental Authorisation for the various Italian sites and to verify the acoustic impact to ensure worker health and safety within the production areas. The noise measurement points were located on minor roads adjacent to site boundaries, close to the plants or equipment classified as sources of noise, such as air compressors and air conditioning systems. The sound level measurements showed that the premises generate a steady, constant noise level. Noise fluctuations are affected by noise due to vehicular traffic or other noise extraneous to production activity, which if taken individually respects the limits established by municipal regulations. Processing sound data has enabled the potential effects of noise in the workplace under normal operational conditions to be quantified, and values below threshold limits, which fully comply with existing legislation, have been noted.
Further investigations will be required if there are substantial changes to production, in order to identify and analyse the noise impact of the new production method.

GRI Content Index

Statement of use		Landi Renzo Group has reported in accordance with the GRI Standards for the period 1.01.2023 to 31.12.2023				
GRI 1 used		GRI 1: Foundation 2021				
Applicable GRI Sector Standard(s)		N/A				
GRI standard / other source	**Disclosure**	**Location**	**Omission**			GRI Sector Standard **ref. no**
			Requirement (s)	*Omitted reason*	*Explanation*	
General disclosures						
GRI 2: General Disclosures 2021	2-1 Organisational details	*Annual Financial Report (contacts)*				
	2-2 Entities included in the organisation's sustainability reporting	*Methodological Note (pp. 54-57)*				
	2-3 Reporting period, frequency and contact point	*Methodological Note (pp. 54-57) Annual Financial Report (contacts)*				
	2-4 Restatements of information	*Methodological Note (pp. 54-57)*				
	2-5 External assurance	*(PWC report)*				
	2-6 Activities, value chain and other business relationships	*Suppliers (pp. 148-150) Promoting local economies (pp. 150-151) Supplier involvement and communication (pp. 151-153)*				
	2-7 Employees	*Personnel composition and management (pp. 105-108)*				
	2-8 Workers who are not employees	*Personnel composition and management (pp. 105-108)*				
	2-9 Governance structure and composition	*Corporate Governance (pp. 96-101)*				
	2-10 Nomination and selection of the highest governance body	*The members of the Board of Directors are appointed, on the basis of*				

		shareholders' agreements between Landi Renzo and Itaca, and on the basis of professional skills.				
	2-11 Chair of the highest governance body	*The chairman of the Board of Directors is an Executive Manager of the organisation, who collaborates with the CEO to define the business strategy*				
	2-12 Role of the highest governance body in overseeing the management of impacts	*Methodological Note (pp. 54-57)*				
	2-13 Delegation of responsibility for managing impacts	*Methodological Note (pp. 54-57)*				
	2-14 Role of the highest governance body in sustainability reporting	*Methodological Note (pp. 54-57)*				
	2-15 Conflicts of interest	*Corporate Governance (pp. 96-101) In order to prevent and mitigate any conflicts of interest, the Group has established the Committee for Transactions with Related Parties and an Internal Audit Department*				
	2-16 Communication of critical concerns	*No reports or communications of critical concerns were received during the year.*				
	2-17 Collective knowledge of the highest governance body	*Periodic meetings of the Control, Risks and Sustainability Committee on non-financial reporting*				
	2-18 Evaluation of the performance of the highest governance body		*Requirement a), b) and c)*	*Information not available*	*There is currently no process to assess the*	

					performance of the Board of Directors on ESG aspects	
	2-19 Remuneration policies	*Corporate Governance (pp. 96-101) Please refer to the annual report on the remuneration policy and on remuneration paid*				
	2-20 Process to determine remuneration	*Corporate Governance (pp. 96-101)*				
	2-21 Annual total compensation ratio	*Compensation and benefits (p. 116) Information available only for Landi Renzo S.p.A.*	*Requirement a), b) and c)*	*Incomplete information*	*Information available only for the parent company Landi Renzo S.p.A.*	
	2-22 Statement on sustainable development strategy	*Letter to stakeholders (pp. 57-59)*				
	2-23 Policy commitments		*Requirement a), b), c), e) and f)*	*Information not available*	*The Group did not initiate due diligence on human rights*	
	2-24 Embedding policy commitments		*Requirement a)*	*Information not available*	*The Group has not currently defined commitments on ESG topics*	
	2-25 Processes to remediate negative impacts	*Personnel composition and management (pp. 105-108) Human rights, diversity and equal opportunities (pp. 108-110) Protection of occupational health and safety (pp. 116-124) The local community and area (p. 125) Suppliers (pp. 148-150) Environmental performance (pp. 156-168)*				
	2-26 Mechanisms for seeking advice and raising concerns	*Corporate Governance (pp. 96-101)*				

	2-27 Compliance with laws and regulations	*There were no cases of non-compliance with laws and regulations during the year*				
	2-28 Membership associations	*Communication with authorities and institutions and active participation in sustainable development (pp. 145-148)*				
	2-29 Approach to stakeholder engagement	*Stakeholder engagement (pp. 91-92)*				
	2-30 Collective bargaining agreements	*Trade union relations and occupation protection (p. 110)* *Information available only for the Group's Italian Companies*				
MATERIAL TOPIC - SUPPORT FOR THE GENERAL PUBLIC						
GRI 3 – Material Topics 2021	3-1 Process to determine material topics	*Significant impacts for the Landi Renzo Group (pp. 84-91)*				
	3-2 List of material topics	*Significant impacts for the Landi Renzo Group (pp. 84-91)*				
	3-3 Management of material topics	*The local community and area (p. 125)* *Tax management (p. 125)*				
	204-1 Proportion of spending on local suppliers in relation to the main operating sites	*Promoting local economies (pp. 150-151)*				
MATERIAL TOPIC – SUPPLIER MANAGEMENT						
GRI 3 – Material Topics 2021	3-3 Management of material topics	*Suppliers (pp. 148-150)* *Promoting local economies (pp. 150-151)* *Supplier involvement and communication (pp. 151-153)*				

	204-1 Proportion of spending on local suppliers in relation to the main operating sites	*Promoting local economies (pp. 150-151)*				
MATERIAL TOPIC - ENVIRONMENTAL PROTECTION						
GRI 3 – Material Topics 2021	3-3 Management of material topics	*Environmental performance (pp. 156-168)*				
	302-1 Consumption of electricity and heating at the offices and sites, with a breakdown of renewable/non-renewable energy and consumption of fuel by company cars	*Environmental performance (pp. 156-168)*				
	305-1 Emissions generated by the consumption of fuel for the operation of the offices and facilities, by fuel for the company fleet (Scope 1)	*Environmental performance (pp. 156-168)*				
	305-2 Energy indirect (Scope 2) GHG emissions	*Environmental performance (pp. 156-168)*				
	305-4 GHG emission intensity	*Environmental performance (pp. 156-168)*				
	305-7 Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	*Environmental performance (pp. 156-168)*				
	306-1 Waste generation and significant waste-related impacts	*Environmental performance (pp. 156-168)*				
	306-2 Management of significant waste-related impacts	*Environmental performance (pp. 156-168)*				
	306-3 Waste generated	*Environmental performance (pp. 156-168)*				
	306-4 Waste not intended for disposal	*Environmental performance (pp. 156-168)*				
	306-5 Waste intended for disposal	*Environmental performance (pp. 156-168)*				
MATERIAL TOPIC - DIALOGUE AND ACTIVE INVOLVEMENT WITH INSTITUTIONS						
GRI 3 – Material Topics 2021	3-3 Management of material topics	*Corporate Governance (pp. 96-101)*				
	205-3 Confirmed incidents of corruption and actions taken	*Main non-financial risks (pp. 92-96) Corporate Governance (pp. 96-101)*				
MATERIAL TOPIC - EQUAL OPPORTUNITIES, DIVERSITY AND INCLUSION						
GRI 3 – Material	3-3 Management of material topics	*Personnel composition*				

Topics 2021		*and management (pp. 105-108)*				
	202-1 Ratio between the standard salary for new hires by gender to local minimum salary in the most significant operating sites	*Compensation and benefits (p. 106)*				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees, for main activities	*Compensation and benefits (p. 106)*				
	405-1 Diversity of governance bodies and employees, by diversity indicator	*Annual Financial Report (Corporate bodies) Corporate Governance (pp. 96-101) Human rights, diversity and equal opportunities (pp. 108-110) Information on the number of staff in protected categories is not available for the Group's foreign companies (excluding the Russian company)*				
	406-1 Incidents of discrimination and corrective actions taken	*Human rights, diversity and equal opportunities (pp. 108-110) No reports of discrimination in the Group*				
	MATERIAL TOPIC - OCCUPATIONAL HEALTH AND SAFETY					
GRI 3 – Material Topics 2021	3-3 Management of material topics	*Protection of occupational health and safety (pp. 116-124)*				
	403-1 Occupational health and safety management system	*Protection of occupational health and safety (pp. 116-124)*				
	403-2 Hazard identification, risk assessment, and incident investigation	*Protection of occupational health and safety (pp. 116-124)*				
	403-3 Occupational health services	*Protection of occupational health and*				

		safety (pp. 116-124)				
	403-4 Worker participation, consultation, and communication on occupational health and safety	*Protection of occupational health and safety (pp. 116-124)*				
	403-5 Worker training on occupational health and safety	*Protection of occupational health and safety (pp. 116-124)*				
	403-6 Promotion of worker health	*Protection of occupational health and safety (pp. 116-124)*				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	*Protection of occupational health and safety (pp. 116-124)*				
	403-9 Work-related injuries	*Protection of occupational health and safety (pp. 116-124) For the purposes of calculating injury indexes, hours worked are considered.*				
MATERIAL TOPIC - PROFESSIONAL ENHANCEMENT, TRAINING AND COMPETENCE DEVELOPMENT						
GRI 3 – Material Topics 2021	3-3 Management of material topics	*Training (pp. 110-115)*				
	404-1 Average annual training hours per employee and category	*Training (pp. 110-115)*				
	404-3 Percentage of employees receiving regular performance and career development reviews, by gender and category	*Training (pp. 110-115)*				
	MATERIAL TOPIC - QUALITY, RELIABILITY AND SAFETY OF PRODUCTS AND SERVICES					
GRI 3 – Material Topics 2021	3-3 Management of material topics	*Constant focus on quality (pp. 139-142)*				
	416-1 Assessment of the health and safety impacts of product and service categories	*Constant focus on quality (pp. 139-142)*				
	416-2 Total number of non-conformities with regulations and voluntary codes regarding the health and safety impacts of products and services during their lifecycle	*Constant focus on quality (pp. 139-142)*				
	417-2 Incidents of non-compliance concerning product and service information and labelling	*Constant focus on quality (pp. 139-142)*				
	MATERIAL TOPIC - CUSTOMER ENGAGEMENT AND SATISFACTION					

GRI 3 – Material Topics 2021	3-3 Management of material topics	*Customer relationships - contact channels, satisfaction monitoring and training (pp. 142-145) Constant focus on quality (pp. 139-142)*				
	416-1 Assessment of the health and safety impacts of product and service categories	*Constant focus on quality (pp. 139-142)*				
	416-2 Total number of non-conformities with regulations and voluntary codes regarding the health and safety impacts of products and services during their lifecycle	*Constant focus on quality (pp. 139-142)*				
	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	*No founded complaints about privacy were received in the year.*				
	MATERIAL TOPIC - RESEARCH AND INNOVATION					
GRI 3 – Material Topics 2021	3-3 Management of material topics	*The importance of Research and Development in the Group (pp. 61-62)*				
	MATERIAL TOPIC - CONSOLIDATION OF SECTOR LEADERSHIP					
GRI 3 – Material Topics 2021	3-3 Management of material topics	*The reference context: Hydrogen, energy source of the mobility of the future (pp. 62-66)*				
	MATERIAL TOPIC - OFFER OF ECO-EFFICIENT PRODUCTS					
GRI 3 – Material Topics 2021	3-3 Management of material topics	*The reference context: Hydrogen, energy source of the mobility of the future (pp. 62-66)* *The fight against climate change progresses on four wheels (pp. 71-72)* *The value chain: research, innovation*				

		and customer satisfaction (p 131)				
	MATERIAL TOPIC - SPREAD OF SUSTAINABLE MOBILITY INFRASTRUCTURE					
GRI 3 – Material Topics 2021	3-3 Management of material topics	*The reference context: Hydrogen, energy source of the mobility of the future (pp. 62-66)* *The fight against climate change progresses on four wheels (pp. 71-72)* *The value chain: research, innovation and customer satisfaction (p 131)*				

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Independent auditor's report on the consolidated non-financial statement

pursuant to article 3, paragraph 10, of Legislative Decree No. 254/2016 and article 5 of CONSOB Regulation No. 20267 of January 2018

To the Board of Directors of
Landi Renzo SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (hereinafter also the "Decree") and article 5 of CONSOB Regulation No. 20267/2018, we have undertaken a limited assurance engagement on the consolidated non-financial statement of Landi Renzo SpA and its subsidiaries (hereinafter also the "Group" or "Landi Renzo Group") for the year ended 31 December 2023 prepared in accordance with article 4 of the Decree, presented in the specific section of the Report on operations and approved by the Board of Directors on 14 March 2023 (the "NFS").

Our review does not extend to the information set out in the "The European Taxonomy" paragraph of the NFS, required by article 8 of European Regulation 2020/852.

Responsibilities of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with article 3 and 4 of the Decree and with the "Global Reporting Initiative Sustainability Reporting Standards" 2021 (the "GRI Standards"), indicated at paragraph "Methodological Note" of the NFS identified by them as the reporting standards.

The Directors are also responsible, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the Directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the Group and to the extent necessary to ensure an understanding of the Group's activities, its performance, its results and related impacts.

Finally, the Directors are responsible for defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for the identification and management of risks generated or faced by the Group.

PricewaterhouseCoopers SpA

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The Board of Statutory auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

Auditor's Independence and Quality Control

We are independent in accordance with the principles of ethics and independence set out in the Code of Ethics for Professional Accountants published by the International Ethics Standards Board for Accountants, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour. Our audit firm adopts International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.

Auditor's responsibilities

We are responsible for expressing a conclusion, on the basis of the work performed, regarding the compliance of the NFS with the Decree and with the GRI Standards. We conducted our work in accordance with International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and apply procedures in order to obtain limited assurance that the NFS is free of material misstatement. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgement and consisted in interviews, primarily of company personnel responsible for the preparation of the information presented in the NFS, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

In detail, we performed the following procedures:

1. analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and with the reporting standard adopted;
2. analysis and assessment of the criteria used to identify the consolidation area, in order to assess their compliance with the Decree;
3. understanding of the following matters:

- business and organisational model of the Group with reference to the management of the matters specified by article 3 of the Decree;
- policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
- key risks generated and/or faced by the Group with reference to the matters specified in article 3 of the Decree.

With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under point 4 a) below;

4. understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS.

   In detail, we held meetings and interviews with the management of Landi Renzo SpA and we performed limited analyses of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

   Moreover, for material information, considering the activities and characteristics of the Group:

   - at a group level,

     a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify its consistency with available evidence;
     b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information;

   - for the following companies, Landi Renzo SpA, and Metatron SpA, which were selected on the basis of their activities, their contribution to the performance indicators at a consolidated level and their location, we carried out meetings and interviews during which we met local management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of Landi Renzo Group for the year ended 31 December 2023 is not prepared, in all material respects, in accordance with articles 3 and 4 of the Decree and with the GRI Standards.

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Our conclusions on the NFS of Landi Renzo Group do not extend to the information set out in the "The European Taxonomy" paragraph of the NSF, required by article 8 of European Regulation 2020/852.

Parma, 2 September 2024

PricewaterhouseCoopers SpA

Signed by

Nicola Madureri
(Partner)

This report has been translated from the Italian original solely for the convenience of international readers. We have not performed any controls on the NFS 2023 translation.

Significant events after the reporting period and business outlook

At the end of financial year and to date, we note:

- On 23 January 2024, the Board of Directors of Landi Renzo S.p.A. approved the 2024-2028 Business Plan, drafted with the support of a leading strategic consulting firm.

- On 8 March 2024, the Board of Directors of Landi Renzo S.p.A. revised the calendar of board and shareholders' meetings for the approval of the financial data at 31 December 2023 (as well as for the approval of the first 2024 quarterly report). These changes were required as it was necessary to redefine the medium/long-term loan agreements with financial institutions, activities carried out with the support of Mediobanca as financial advisor, with the duty of supporting the Company in the analysis of the Group's economic and financial situation and providing assistance in the formulation of a financial structure reorganisation and optimisation strategy. In this context, the Board of Directors also examined the unaudited preliminary consolidated results at 31 December 2023 in terms of Revenue, Adjusted EBITDA and the Net Financial Position.

- On 10 July 2024, the Board of Directors of Landi Renzo S.p.A. notified the market that it had received the acceptance of the banking sector to the review of its medium/long-term loan agreements as part of a capital strengthening operation involving the investment of the Business Protection Fund promoted by the Ministry of Enterprises and Made in Italy (MIMIT) and managed by Invitalia, Agenzia Nazionale per lo sviluppo in Landi Renzo S.p.A. This investment will take place by means of a share capital increase under option for a maximum total of Euro 25 million, guaranteed up to Euro 20 million by the majority shareholder GBD – Green by definition S.p.A. and, subject to the execution of the former for at least Euro 20 million, a share capital increase of Euro 20 million reserved to Invitalia.
  In this regard, Landi Renzo S.p.A. has received:
  - a notification from Invitalia concerning the approval by its Board of Directors of the investment in Landi Renzo, subject to several conditions precedent, including the successful outcome of the necessary ministerial authorisation steps and the finalisation of contractual documentation concerning the Financial Optimisation Project;
  - acceptance by the banks providing the pool loans (Banco BPM S.p.A., Intesa Sanpaolo S.p.A. and UniCredit S.p.A.) of the proposed financial and capital optimisation initiative. Indeed, all credit institutions approved the extension of credit line maturities, confirmed existing economic conditions and agreed on the definition of new covenant levels.

- On 17 July 2024, the Board of Directors of Landi Renzo S.p.A. approved the draft financial optimisation project aimed at stabilising the Company's capital structure and ensuring that the company will have the necessary resources for the implementation of the new five-year business plan. The approved manoeuvre is broken down into three steps:
    i. a share capital increase under option for a maximum total of Euro 25 million, guaranteed up to Euro 20 million by the majority shareholder GBD – Green by definition S.p.A.;
    ii. a share capital increase of Euro 20 million reserved to Invitalia,
    iii. a rescheduling of payments on the Company's outstanding medium/long-term financial debt to its lending banks.

- Also on 17 July 2024, the Board of Directors of Landi Renzo S.p.A., after obtaining the non-binding favourable opinion of the Committee for Transactions with Related Parties, authorised the renewal of lease agreements with Gireimm S.r.l. (related party pursuant to the Related Parties Procedure as Gireimm S.r.l., along with Girefin S.p.A., companies owned by the Landi Trust, indirectly hold control over the Company through GBD Green by Definition S.p.A.) on the property for commercial and production use located in Cavriago (RE), as well as on the prefabricated units used for technical and technological systems serving the real estate complex for production use. The transaction was assessed as a "transaction with related parties of lesser significance" by the Committee for Transactions with Related Parties pursuant to what is set forth in the applicable regulations and rules.

- As most recently announced to the market on 23 July 2024, the Board of Directors of Landi Renzo S.p.A., considering the timing connected to the financial manoeuvre, as well as the signing of the relative agreements, updated the calendar of board and shareholders' meetings.

- On 1 August 2024, as part of and in execution of the financial manoeuvre approved on 17 July 2024 by the Board of Directors, GBD – Green by definition S.p.A., Invitalia, as well as, limited to certain conditions, Girefin S.p.A., Gireimm S.r.l. and Itaca GAS S.r.l., shareholders of GBD – Green by definition S.p.A., signed an investment agreement governing, inter alia, the execution of a share capital increase under option for the current shareholders of the Company for a maximum total of Euro 25 million, guaranteed up to Euro 20 million by the majority shareholder GBD – Green by definition S.p.A. and, subject to the execution of the first increase for at least Euro 20 million, a second share capital increase of Euro 20 million reserved to Invitalia, through the issue of unlisted special class shares, increases that will be subject to the approval of the competent corporate bodies.
  The investment agreement establishes that at the date of execution of the reserved share capital increase, subject to the fulfilment of specific conditions precedent, (i) Girefin, Gireimm and Itaca GAS will sign a shareholders' agreement with Invitalia, which will govern certain commitments made by the shareholders of GBD – Green by definition S.p.A. with reference to the circulation of shares of GBD

– Green by definition S.p.A.; (ii) GBD and Invitalia will sign a shareholders' agreement concerning the governance of Landi Renzo regarding, inter alia, the recognition to Invitalia of certain administrative rights concerning the special class shares it has subscribed, as well as the circulation of shares of the Company held by GBD – Green by definition S.p.A. and Invitalia; and (iii) Girefin S.p.A. and Gireimm S.r.l. will sign an amendment with Itaca GAS S.r.l. of the shareholders' agreement entered into on 14 July 2022 governing, inter alia, the circulation of shares of GBD – Green by definition S.p.A. and the governance of GBD – Green by definition S.p.A. and Landi Renzo.

- Also on 1 August 2024, the Company and the lending banks (i.e. UniCredit S.p.A., Intesa Sanpaolo S.p.A. and Sagitta SGR S.p.A., the latter having taken over for Banco BPM S.p.A.) also signed amendments of the medium/long-term pool loan agreements previously entered into on 29 June 2022 in order to implement the financial manoeuvre. Specifically, the repayment profile the pool loans was amended consistent with the generation of cash flows to service the debt pursuant to the 2024-2028 Business Plan, and the financial parameters set forth therein were reviewed accordingly, all with a confirmation of economic conditions in force. These amendments will become effective (with effect backdated to 28 June 2024) by 30 August 2024 after the conditions precedent set forth therein are met and will be subject to the condition subsequent, inter alia, of the completion of the share capital increase under option and the reserved share capital increase within the agreed timeframes.

Business outlook

The slow decline in inflation at global level and the continuation of various conflicts will continue to impact the markets in which the Group operates in 2024 as well.

The Group's new business plan, covering the 2024-2028 time horizon, confirms a first year of the plan with trends in continuity with the year 2023, with a strong management focus on the implementation of the business and financial initiatives required for development in the subsequent years of the plan.

In the Green Transportation segment, results are expected to be aligned with the year 2023, although with a more balanced mix of sales between Aftermarket, OEM - Passenger car and OEM - Mid & Heavy Duty, with the associated benefits in terms of margins.

In the Clean Tech Solutions segment, the gradual increase in projects linked to the biomethane and hydrogen markets, positioned throughout the entire value chain, continues. However, the strong link of these initiatives with government incentives and the still early stage of development of new markets suggest another year of transition, with an acceleration expected in the second half of the year.

Chief Executive Officer

Annalisa Stupenengo

Consolidated Financial Statements at 31 December 2023 - Landi Renzo Group

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Thousands of Euro)

ASSETS	Notes	31/12/2023	31/12/2022
Non-current assets			
Land, property, plant, machinery and other equipment	2	13,232	14,015
Development costs	3	9,987	11,141
Goodwill	4	80,132	80,132
Other intangible assets with finite useful lives	5	15,034	17,263
Right-of-use assets	6	11,945	13,618
Equity investments measured using the equity method	7	2,498	2,496
Other non-current financial assets	8	902	847
Other non-current assets	9	0	1,710
Deferred tax assets	10	8,745	14,109
Non-current assets for derivative financial instruments	11	39	103
Total non-current assets		**142,514**	**155,434**
Current assets			
Trade receivables	12	72,821	73,559
Inventories	13	76,260	76,680
Contract work in progress	14	17,377	20,429
Other receivables and current assets	15	17,355	17,148
Current financial assets	16	20,647	0
Current assets for derivative financial instruments	11	0	412
Cash and cash equivalents	17	26,495	62,968
Total current assets		**230,955**	**251,196**
TOTAL ASSETS		**373,469**	**406,630**

(Thousands of Euro)

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	31/12/2023	31/12/2022
Shareholders' equity			
Share capital	18	22,500	22,500
Other reserves	18	77,596	91,698
Profit (loss) for the period	18	-35,169	-14,281
Total Shareholders' equity of the Group		**64,927**	**99,917**
Minority interests	18	5,277	5,967
TOTAL SHAREHOLDERS' EQUITY		**70,204**	**105,884**
Non-current liabilities			
Non-current bank loans	19	67,785	8,169
Other non-current financial liabilities	20	18,503	24,456
Non-current liabilities for rights of use	21	10,090	11,314
Provisions for risks and charges	22	6,244	5,484
Defined benefit plans for employees	23	3,257	3,413
Deferred tax liabilities	24	3,048	2,910
Non-current liabilities for derivative financial instruments	11	515	0
Total non-current liabilities		**109,442**	**55,746**
Current liabilities			
Bank financing and short-term loans	25	51,987	103,629
Other current financial liabilities	26	7,459	3,956
Current liabilities for rights of use	27	2,792	3,196
Trade payables	28	100,115	98,033
Tax liabilities	29	2,440	3,697
Other current liabilities	30	29,030	32,489
Total current liabilities		**193,823**	**245,000**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**373,469**	**406,630**

Pursuant to Consob resolution no. 15519 dated 27 July 2006, the effects of related-party transactions on the Consolidated statement of financial position are shown in a specific table in Annex 2.

CONSOLIDATED INCOME STATEMENT

(Thousands of Euro)

	Notes	31/12/2023	31/12/2022 (restated)
Revenues from sales and services	31	303,339	306,297
Other revenues and income	32	2,305	1,249
Cost of raw materials, consumables and goods and change in inventories	33	-189,468	-188,979
Costs for services and use of third-party assets	34	-57,699	-54,780
Personnel costs	35	-51,010	-47,218
Allocations, write-downs and other operating expenses	36	-7,378	-5,525
Gross operating profit		**89**	**11,044**
Amortisation, depreciation and impairment	37	-16,706	-17,077
Net operating profit		**-16,617**	**-6,033**
Financial income	38	1,460	1,129
Financial expenses	39	-11,646	-7,630
Exchange gains (losses)	40	-1,626	-1,453
Net income (expenses) from hyperinflation	41	-1,272	-217
Income (expenses) from equity investments	42	-224	-275
Income (expenses) from joint ventures measured using the equity method	43	107	597
Profit (loss) before tax		**-29,818**	**-13,882**
Taxes	44	-6,621	-385
Net profit (loss) for the Group and minority interests, including:		**-36,439**	**-14,267**
Minority interests		-1,270	14
Net profit (loss) for the Group		**-35,169**	**-14,281**
Basic earnings (loss) per share (calculated on 225,000,000 shares)	45	-0.1563	-0.0635
Diluted earnings (loss) per share		-0.1563	-0.0635

The figure at 31 December 2022 was restated with a view to aligning the comparative figure with the classifications used to draft the consolidated income statement closed at 31 December 2023.

Pursuant to Consob resolution no. 15519 dated 27 July 2006, the effects of relations with related parties on the Consolidated Income Statement are shown in a specific table in Annex 1.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Thousands of Euro)

	Notes	31/12/2023	31/12/2022
Net profit (loss) for the Group and minority interests:		**-36,439**	**-14,267**
Profits/losses that will not be subsequently reclassified in the income statement			
Remeasurement of employee defined benefit plans	23	62	280
Total Profits (Losses) that will not be subsequently reclassified in the Income Statement		**62**	**280**
Profits (Losses) that will be subsequently reclassified in the Income Statement			
Measurement of investments with the equity method	7	107	-128
Fair value of derivatives, change for the period	11	-732	479
Exchange rate differences from the translation of foreign operations	18	199	278
Total Profits (Losses) that will be subsequently reclassified in the Income Statement		**-426**	**629**
Profits (Losses) recorded directly in Shareholders' Equity after tax effects		**-364**	**909**
Total Consolidated Statement of Comprehensive Income for the period		**-36,803**	**-13,358**
Profit (Loss) for Shareholders of the Parent Company		-36,069	-13,482
Minority interests		-734	124

CONSOLIDATED CASH FLOW STATEMENT

(Thousands of Euro)

CONSOLIDATED CASH FLOW STATEMENT	31/12/2023	31/12/2022 (restated)
Cash flows from operations		
Pre-tax profit (loss) for the period	-29,818	-13,882
Adjustments for:		
Depreciation of property, plant and machinery	4,192	4,233
Amortisation of intangible assets	9,089	9,363
Depreciation of right-of-use assets	3,425	3,481
Loss (Profit) from disposal of tangible and intangible assets	-13	-121
Impairment loss on receivables	1,090	1,066
Net financial (income) expenses	11,812	7,954
Net (income) expenses from hyperinflation	1,272	217
(Income) expenses from equity investments	224	274
(Income) expenses from joint ventures measured using the equity method	-107	-597
	1,166	**11,988**
Changes in:		
Inventories and contract work in progress	3,472	-9,725
Trade receivables and other receivables	430	-9,460
Trade payables and other payables	-3,395	19,349
Provisions and employee benefits	682	-10
Cash generated from operations	**2,355**	**12,142**
Interest paid	-8,564	-5,210
Interest received	452	1,050
Taxes paid	-1,209	-2,590
Net cash generated (absorbed) by operations	**-6,966**	**5,392**
Financial flows from investments		
Proceeds from the sale of property, plant and machinery	825	121
Purchase of property, plant and machinery	-4,043	-2,487
Purchase of intangible assets	-520	-433
Development costs	-5,396	-5,538
Variation in the consolidation area	0	-30,683
Net cash absorbed by investment activities	**-9,134**	**-39,020**
Free Cash Flow	**-16,100**	**-33,628**
Financial flows from financing activities		
Disbursements (reimbursements) of medium/long-term loans	-1,360	15,008
Change in short-term bank debts	6,884	-1,411
Share capital increase (*)	0	58,554
Repayment of leases (IFRS 16)	-3,808	-3,872
Net cash generated (absorbed) by financing activities	**1,716**	**68,279**
Net increase (decrease) in cash and cash equivalents	**-14,384**	**34,651**
Cash and cash equivalents at 1 January	62,968	28,039
Net decrease/(increase) in short-term deposits (**)	-20,647	0
Effect of exchange rate fluctuation on cash and cash equivalents	-1,442	278
Closing cash and cash equivalents	**26,495**	**62,968**

(*) net of expenses incurred
(**) monetary time deposit loan granted

Other information	31/12/2023	31/12/2022
(Increase)/Decrease in trade receivables and other receivables from related parties	-1,233	-3,825
Increase/(Decrease) in trade payables and other payables to related parties	-176	5,597

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Thousands of Euro)	Share capital	Statutory reserve	Extraordinary and other reserves	Share premium reserve	Future share capital increase contribution	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						-14,281	**-14,281**	14		**-14,267**
Actuarial gains/losses (IAS 19)			280				**280**			**280**
Translation difference			168				**168**		110	**278**
Measurement of investments using the equity method			-128				**-128**			**-128**
Change in the cash flow hedge reserve			479				**479**			**479**
Total overall profits/losses	**0**	**0**	**799**	**0**	**0**	**-14,281**	**-13,482**	**14**	**110**	**-13,358**
Share capital increase	11,250		0	47,304			**58,554**			**58,554**
Variation in the consolidation area									105	**105**
Allocation of profit			8,111	-9,131		1,020	**0**	-1,522	1,522	**0**
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						-35,169	**-35,169**	-1,270		**-36,439**
Actuarial gains/losses (IAS 19)			62				**62**			**62**
Translation difference			-337				**-337**		536	**199**
Measurement of investments using the equity method			107				**107**			**107**
Change in the cash flow hedge reserve			-732				**-732**			**-732**
Total overall profits/losses	**0**	**0**	**-900**	**0**	**0**	**-35,169**	**-36,069**	**-1,270**	**536**	**-36,803**
Monetary Revaluation (IAS 29)			1,079				**1,079**		44	**1,123**
Allocation of profit			1,469	-15,750		14,281	**0**	-14	14	**0**
Balance at 31/12/2023	**22,500**	**2,250**	**15,110**	**51,369**	**8,867**	**-35,169**	**64,927**	**-1,270**	**6,547**	**70,204**

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023 OF THE LANDI RENZO GROUP

A) GENERAL INFORMATION AND SIGNIFICANT EVENTS IN THE YEAR

4.1. GENERAL INFORMATION

The Landi Renzo Group (also "the Group") has been active in the motor propulsion fuel supply system sector for more than sixty years: designing, producing, installing and selling environmentally-friendly LPG and CNG fuel supply systems (Green Transportation segment), and compressors for gas treatment and distribution (Clean Tech Solutions segment).
In the Green Transportation segment, the Group manages all phases of the process that leads to the production and sale of automotive fuel supply systems; it sells both to the main automobile manufacturers at a world-wide level (OEM channel) and to independent retailers and importers (After Market channel).
In the Clean Tech Solutions segment, the Group is present throughout the value chain for the distribution of natural gas, biomethane and hydrogen, through its subsidiary SAFE&CEC, which designs and distributes advanced systems for the compression and management of those gases from the "post-generation" phase to midstream and final distribution at fuel supply stations or in industrial applications.

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

The Parent Company is not subject to management or coordination, and the GbD Green By Definition S.p.A. Group with headquarters in Milan is the company that prepares the consolidated financial statements that include the data of Landi Renzo S.p.A. and its subsidiaries. These consolidated financial statements are available from the Milan Register of Companies.

These consolidated financial statements were audited by PricewaterhouseCoopers S.p.A.

Significant events in the financial year

- 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. Idro Meccanica S.r.l., a company active in the production of technologies and innovative systems for the compression of hydrogen, biomethane and natural gas, which boasts of a full range of products and applications to manage hydrogen compression up to 800 bars, is a strategic investment to strengthen the Group in the hydrogen business.

- On 2 March 2023, the Board of Directors approved the Group’s 2023 Economic and Financial 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 on the basis of new economic forecasts.

- 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.

- 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 lending banks issued waiver letters which provided a holiday period with reference to the financial covenants to be calculated as at 30 June and 31 December 2023.

- As a result of the resignation of Cristiano Musi from the position of Chief Executive Officer of Landi Renzo S.p.A., on 28 September 2023 E.M.A. 2021 S.r.l., a vehicle company controlled by Cristiano Musi, sold all 108,380 special shares it held in GbD Green by Definition S.p.A. to GbD Green by Definition S.p.A. In addition, on the same date:

- Girefin S.p.A., Gireimm S.r.l., Itaca Gas S.r.l., GbD Green by Definition S.p.A. and E.M.A. 2021 S.r.l. consensually terminated the special shares agreement by signing a dedicated termination agreement;
- several amendments were also made to the shareholders' agreement by signing a dedicated amendment agreement in order to reflect the above-mentioned termination of the special shares investment agreement.

- On 5 October 2023, an agreement was signed with the former Chief Executive Officer of Landi Renzo S.p.A., Cristiano Musi, who until 2 October 2023 had held the roles of Chief Executive Officer of Safe&Cec S.r.l., SAFE S.p.A. and Idro Meccanica S.r.l., against which indemnity of Euro 666 thousand was recognised. Cristiano Musi no longer holds any operational role in Landi Renzo Group companies.

- On 17 October 2023, the Boards of Directors of SAFE S.p.A. and Idro Meccanica S.r.l. (wholly 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 1 January 2023, will lead to an improvement in operating, corporate, accounting and administrative efficiency and the achievement of synergies and a reduction of overall costs, avoiding the duplication of certain activities, triggering the increased streamlining of such costs.

- On 23 October 2023, the Ordinary Shareholders' Meeting unanimously confirmed, without the application of list voting, Annalisa Stupenengo as the new member of the Company's Board of Directors, whose term of office will end when the financial statements as at 31 December 2024 are approved. The Board of Directors of Landi Renzo S.p.A., which met on the same date after the Shareholders' Meeting, confirmed Annalisa Stupenengo in her role as Chief Executive Officer and General Manager, assigning her the same powers as those already recognised when she was co-opted.

- On 13 November 2023, the Board of Directors of Landi Renzo S.p.A., after obtaining the favourable opinion of the Committee for Transactions with Related Parties, authorised the disposal, without recourse, to Girefin S.p.A. (related party pursuant to the Related Parties Procedure as Girefin S.p.A., along with Gireimm S.r.l., companies owned by the Landi Trust, indirectly hold control over the Company through GbD Green by Definition S.p.A.) of the remaining receivables, totalling Euro 1,710 thousand, still due to the Company from AVL Italia S.r.l. to which the Company previously sold a business unit. This assignment of receivables took place for an equivalent value of Euro 1,575 thousand (sum rounded down) and therefore with a discount of 4.50% paid in a lump sum at the time of the assignment with respect to the timing agreed upon previously during the disposal of the business unit, which established that this remaining amount of Euro 1,710 thousand would be paid in three instalments over the course of the next 3 financial years. The assignment transaction was assessed as a "transaction with related parties of lesser significance" pursuant to what is set forth in the Procedure for the management of related party transactions. The prior, non-binding opinion in favour of the interest, cost effectiveness and substantial fairness of the relative conditions was provided by the Company's Committee for Transactions with Related Parties, consisting of three independent directors.

B) GENERAL CRITERIA FOR PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND DECLARATION OF CONFORMITY

Declaration of conformity with international accounting standards and basis of presentation

The consolidated financial statements were prepared in accordance with the IFRS-EU, i.e., all International Financial Reporting Standards, all International Accounting Standards (IAS) and all interpretations of the International Reporting Interpretations Committee (IFRIC), previously called the Standard Interpretations Committee (SIC), which, at the reporting date, had been endorsed by the European Union in accordance with the procedure laid out in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002, including Commission Delegated Regulation (EU) no. 2019/815 of 17 December 2018 (the "ESEF Regulation").The EU-IFRSs were applied uniformly to all periods presented.

The consolidated financial statements of Landi Renzo S.p.A. at 31 December 2023 were approved and authorised for publication by the Board of Directors on 05 August 2024.

The consolidated financial statements were drafted in Euro, which is the currency of the primary economic environment in which the Group operates. The figures in the consolidated Statement of Financial Position, the consolidated Income Statement and the consolidated Statement of Comprehensive Income for the period are expressed in Euro, the functional currency of the Company, while the data contained in the consolidated Statement of Cash Flows, the consolidated Statement of Changes in Shareholders' Equity and in these Explanatory Notes are expressed in thousands of Euro.

The financial statement layouts and the relative classification criteria adopted by the Group, from amongst the options laid out in IAS 1 - Presentation of Financial Statements, are specified below:

- the consolidated Statement of Financial Position was prepared by classifying assets and liabilities based on whether they are current or non-current;
- the consolidated Income Statement was prepared separately from the consolidated Statement of Comprehensive Income, and shows operating costs divided by nature, as this is considered more representative than the format showing said items by destination, since it complies with the internal reporting methods and international sector practices;
- the consolidated Statement of Comprehensive Income includes, aside from the profit (loss) for the year, the other changes in consolidated equity items associated with transactions not carried out with Company shareholders;
- the consolidated Statement of Cash Flows was prepared by showing cash flows deriving from operations in accordance with the "indirect method".

Going Concern

Over recent years, the Group's economic and financial performance has been negatively affected by, inter alia, a series of external events, including the COVID-19 pandemic and, more recently, the outbreak of the Russia-Ukraine conflict, which triggered turbulence in global energy trends (particularly in CNG and LNG prices), leading to growing inflationary pressures as well as difficulties in procuring certain raw materials, which has impacted both demand for the products supplied by the Group and the associated profit margins.

In this regard and with reference to the financial parameters to be tested 30 June 2023 and 31 December 2023 on the main Landi Renzo S.p.A. medium/long-term loans, please note that during the year the Company presented requests to the various financial institutions for waiver letters containing some specific requests for consent and/or exemption, particularly with reference to the failure to comply with the parameter on leverage (the "leverage ratio") at 30 June 2023 and the expected possibility of non-compliance with that ratio at 31 December 2023.

Following timely negotiations, on 11 September 2023 all of the lending banks issued waiver letters confirming their consent to the one-off exemption from that financial parameter with reference to the calculation dates of 30 June and 31 December 2023 ("covenant holiday"). Please also note that such waiver letters also required respect for additional conditions, including an update of the business plan, with the request that it be subjected to an Independent Business Review ("IBR") by an independent business advisor, as well as the establishment and maintenance of a balance of Group cash and cash equivalents at 31 December 2023 equal to a minimum amount no lower than Euro 38 million. Both of these conditions were met.

With regard to the financial parameters at 31 December 2023 established on the debenture loan issued by the subsidiary SAFE S.p.A. and subscribed by Finint (Finanziaria Internazionale Investments SGR S.p.A.), please note that on 29 December 2023, Finint SGR issued the relative waiver letter which provided a holiday period with reference to the financial covenants to be calculated as at 31 December 2023.

In July 2023, also in order to best tackle the complex macroeconomic scenario described in brief above, the Board of Directors of Landi Renzo S.p.A. co-opted Annalisa Stupenengo as Chief Executive Officer and General Manager of the Group, entrusting her with the task of preparing the new 2024-2028 business plan (the "Business Plan"), drafted with the support of a leading strategic consulting firm, which was approved by the Board of Directors of Landi Renzo S.p.A. on 23 January 2024. As requested by the lending banks, the Business Plan was subjected to an IBR by an independent business advisor, which confirmed the substantial sustainability of the relative assumptions and which, along with the absence of external events during the initial months of the year that could jeopardise the estimates made, permitted the Company's Board of Directors to confirm that Business Plan on 17 July 2024.

Furthermore, within this context, the management engaged a financial advisor to analyse the economic and financial situation of the Group and provide assistance in developing a financial structure reorganisation and optimisation strategy (the "Financial Optimisation Project"), while also initiating negotiations with the banking sector to redefine medium/long-term loan agreements. On 17 July 2024, the Board of Directors of Landi Renzo S.p.A. approved the Financial Optimisation Project, giving the Chairman and Chief Executive Officer, separately, the necessary powers to sign documents relevant to the review of agreements with banks and to do what is necessary to execute them.

Considering the timing connected to the definition of the review of medium/long-term loan agreements with the banking sector and the reorganisation and optimisation of the inherent financial structure, the Board of Directors deemed it appropriate to update the calendar of board and shareholders' meetings for the approval of the financial data at 31 December 2023 multiple times.

The Financial Optimisation Project is based on three main guidelines:

4. a capitalisation of Landi Renzo S.p.A. through the injection of new own funds to be carried out through a share capital increase under option for a total (including share premium) of up to Euro 25 million, by issuing ordinary shares, with regular dividend entitlement, guaranteed up to an amount of Euro 20 million by the current majority shareholder of Landi Renzo S.p.A., GBD - Green by Definition S.p.A. ("GBD"), to be offered as an option to shareholders of the Company pursuant to Article 2441 of the Italian Civil Code, and to be paid up by means of contributions in cash and through voluntary offsetting, pursuant to Article 1252 of the Italian Civil Code, with receivables due to subscribers from the Company (the "Share Capital Increase under Option");
5. a capitalisation of Landi Renzo S.p.A. through the injection of new own funds to be carried out through an indivisible paid share capital increase in cash reserved for Invitalia - Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A. ("Invitalia"), in its capacity as manager of the "Fund for the protection of employment levels and the continuation of business activity", - for a total (including share premium) of Euro 20 million, by means of the issue of unlisted special class shares convertible into ordinary shares at a ratio of 1:1, with the same characteristics as the ordinary shares outstanding, as well as certain administrative rights recognised by the articles of association (the "Reserved Share Capital Increase" and, along with the Share Capital Increase under Option, the "Transaction"); and
6. a rescheduling of payments on the Company's outstanding medium/long-term financial debt to its lending banks (i.e. Intesa Sanpaolo S.p.A., UniCredit S.p.A. and Sagitta SGR S.p.A., on behalf of the closed-end alternative investment fund reserved for professional investors named "UTP Restructuring Corporate", the latter having taken over for Banco BPM S.p.A. as of July 2024, jointly, the "Lenders"), which is consistent with the generation of operating cash flows to service the debt in light of the economic/financial projections set forth in the Business Plan, as well as the results of the sensitivity scenario prepared by the independent business advisor as part of the IBR.

Please note that, following the full payment of the Share Capital Increase under Option and the Reserved Share Capital Increase, expected by 31 December 2024, the Company will obtain new own funds for a maximum total of Euro 45 million and, in any event, no less than Euro 40 million.

As part of the above-mentioned process of reviewing the medium/long-term loan agreements with the banking sector, as well as the Transaction involving the Invitalia investment, on 5 August 2024 the Board of Directors acknowledged:

- the signing on 1 August 2024 of the investment agreement between GBD, Invitalia and, limited to certain contractual clauses, Gireimm S.r.l., Girefin S.p.A. and Itaca GAS S.r.l. (the "**GBD Shareholders**"), holding 100% of the share capital of GBD (the "**Investment Agreement**"), of which they received a copy signed by all parties concerned on 1 August 2024 which establishes, inter alia, GBD's commitment to subscribe its pro rata share of the Share Capital Increase under Option (the "**Guaranteed Minimum Share**"), as well as to subscribe any unopted rights after the auction, for a maximum of Euro 20 million, inclusive of the Guaranteed Minimum Share (the "**Guaranteed Maximum Share**"), under the terms and conditions set forth in the Investment Agreement, with the specification that the execution of the commitments to subscribe the Share Capital Increase under Option and the Reserved Share Capital Increase is subject to the following conditions (the "**Conditions Precedent**"):
  - x) the approval by the Company's Extraordinary Shareholders' Meeting of the assignment, pursuant to Article 2443 of the Italian Civil Code, to the Board of Directors of a delegation to carry out the Share Capital Increase under Option and the Reserved Share Capital Increase, establishing that the share subscription price, equal for both capital increases, will be determined by the Board of Directors close to the Share Capital Increase under Option subscription period;
  - xi) the exercise of the Delegation by the Company's Board of Directors and the establishment of the subscription price of the ordinary shares and the special class shares according to the methodology and criteria set forth in the Investment Agreement;
  - xii) the approval by the Ordinary Shareholders' Meeting of the Company of the resolutions concerning the composition of the corporate bodies of Landi Renzo S.p.A. following the signing of the Investment Agreement;
  - xiii) the adoption by the Extraordinary Shareholders' Meeting of Landi Renzo S.p.A. of the new Articles of Association and the Apostille which will establish that the amendments made to the Articles of Association will become effective only at the date of and in conjunction with the full subscription by Invitalia of the Reserved Share Capital Increase;
  - xiv) the determination of the value of Landi Renzo S.p.A. prior to the Share Capital Increase under Option by means of the fairness opinion drafted by an independent advisor engaged by Invitalia, which also takes into account an assessment, performed on the

basis of a generally accepted methodology such as the internal rate of return or the net present value, of the return on investment or investment benchmarking, as well as the growth and development outlooks of the Landi Renzo Group and the sectors in which it carries on business - in order to verify that such value is equal to or higher than that which will be determined by the Board of Directors of Landi Renzo S.p.A. as part of the Transaction according to what is set forth in the Investment Agreement;

xv) the approval by Consob of the prospectus concerning the Transaction;

xvi) the signing by the Company with the Lenders of binding agreements (albeit subject to conditions precedent) relating to the Financial Manoeuvre;

xvii) the conclusion of the Share Capital Increase under Option with the subscription, if the terms and conditions set forth in the Investment Agreement are met, of the Guaranteed Maximum Share by GBD; and

xviii) the issue of the POSI Policy and, for such purposes, the full payment of the relative premiums and costs by Landi Renzo S.p.A. according to what is set forth in the Investment Agreement;

- the fact that in July 2024, the Ministry of Enterprises and Made in Italy confirmed the lack of grounds to object to the acceptance of the relaunch programme submitted by the Company to Invitalia and subsequently formalised in the above-mentioned investment agreement;
- the signing, on 1 August 2024, of the amendment to the medium/long-term loan agreement for a total maximum of Euro 21 million entered into on 29 June 2022 between Landi Renzo S.p.A. and the Lenders, backed by an irrevocable first demand guarantee issued by SACE S.p.A., pursuant to Italian Decree Law No. 23/2020, and the amendment to the medium/long-term unsecured loan agreement for a total maximum of Euro 52 million entered into on 29 June 2022 also between Landi Renzo S.p.A. and the Lenders (jointly, the "**Amendments**"), of which they received a copy signed by all parties concerned on 1 August 2024 and which in particular call for (a) the rescheduling of current repayment plans; (b) a reset of the leverage ratio financial parameter without prejudice to the fact that, with reference to the calculation dates of 30 June 2024 and 31 December 2024, the above-mentioned financial parameter will no longer be checked; (c) the introduction of the new Adjusted EBITDA financial parameter, to be tested exclusively with regard to the calculation dates of 30 June 2025 and 31 December 2025; and (d) with reference only to the loan agreement with the SACE guarantee, the introduction of a prohibition on the distribution of dividends and/or the acquisition of treasury shares for the entire year 2024, with the specification that the Amendments will become effective (with effect backdated to 28 June 2024) following the fulfilment of the conditions precedent set forth therein (the "**Lender Conditions Precedent**") including, *inter alia*, GBD's payment for a future capital increase of Landi Renzo S.p.A. in the amount of Euro 14,981,665.33 by 5 August 2024 (the "Payment"), and will also be subject to conditions subsequent including, *inter alia*, the failure to finalise the Transaction in the amount of at least Euro 40 million by 31 December 2024 (the "**Condition Subsequent**"). In

this regard, please note that all Lender Conditions Precedent (considering that the above-mentioned future share capital increase payment has already been made) have been met to date;

- the signing, on 1 August 2024, by GBD and the GBD Shareholders of a commitment (the "**Equity Commitment Letter**") calling for the irrevocable commitment of GBD and the GBD Shareholders to the Lenders, (i) subject to the approval of the Company's draft financial statements at 31 December 2023 by the Company's Board of Directors, to make the Payment by no later than 5 August 2024 (in this regard, please note that GBD made the Payment to the Company on 2 August 2024 in an amount equal to the Guaranteed Minimum Share corresponding to Euro 14,981,665.33); and (ii) subject to the fulfilment of the Conditions Precedent set forth in the Investment Agreement, with the exception of the Condition Precedent pursuant to point (viii) above, to subscribe the Guaranteed Minimum Share by means of offsetting with the Payment pursuant to Article 1252 of the Italian Civil Code, as well as to subscribe the Guaranteed Maximum Share under the terms and conditions set forth in the Investment Agreement.

In consideration of the fact that:

- the Share Capital Increase under Option and the Reserved Share Capital Increase represent a fundamental element of the Financial Manoeuvre;
- the finalisation of the Share Capital Increase under Option and the Reserved Share Capital Increase is exposed to a complex procedural process due to the technical aspects established by the rules governing the market as well as the laws underlying the Investment Agreement, which includes Conditions Precedent, the fulfilment of some of which depends on the occurrence of events outside the Company's control, such as obtaining a fairness opinion provided by an independent advisor engaged by Invitalia determining the value of Landi Renzo S.p.A. prior to the Share Capital Increase under Option and which confirms that such value is equal to or greater than that which will be determined by the Board of Directors of Landi Renzo S.p.A. for the purposes of the Transaction;
- at the present date, the fairness opinion mentioned above is unavailable and as a result it is not possible to "objectively" know what the independent advisor will decide;

it is believed that, if the Condition Precedent relating to the fairness opinion is not fulfilled by 31 December 2024, there is significant uncertainty which could give rise to doubts as to the company's capacity to continue to operate as a going concern, as this circumstance could influence the success of the Share Capital Increase under Option and the Reserved Share Capital Increase and as a result of the financial manoeuvre as a whole.

Specifically with regard to the capacity of Landi Renzo S.p.A. to continue to operate as a going concern, the Board of Directors of the Company, on the basis of currently available information, also taking into account the forecasts included in the Liquidity Plan sent to the banking sector in execution of the agreement signed, believes that, as things currently stand, there are no circumstances and/or elements that can lead to the assumption, aside from what is described above, that:

- in general, the Conditions Precedent will not be met with the planned timing;
- the fairness opinion of the independent advisor may indicate that the value of Landi Renzo prior to the Transaction (the fair value) is lower than that which will be determined by the Board of Directors of the Company as part of the Transaction, as the Company has elements available (such as, inter alia, the values resulting from the impairment test and the consolidated book shareholders' equity of the Company at 31 December 2023) which lead it to believe that the fair value of the Company should be higher than the subscription price of the shares as part of the Transaction, also considering the fact that to determine the subscription price of the shares within the context of the Transaction, the Board of Directors will also take into account the trend in the Landi Renzo share price in the months leading up to the Transaction, which to date does not reflect the fair value of the Company according to the information available to the Company and with the specification that the price thus determined will be subject to a discount with respect to the TERP;
- the Transaction may not be completed by no later than 31 December 2024.

As a result, although there is significant uncertainty with regard to the application of the going concern assumption correlated with the fact that the condition precedent relating to the fairness opinion may not be met by 31 December 2024, no indicators or circumstances have emerged that could lead to the assumption that the value of Landi Renzo prior to the share capital increase resulting from the fairness opinion will be lower than that determined by the Board of Directors of Landi Renzo S.p.A. for the purposes of the share capital increases, and therefore, albeit with the uncertainty typical of analogous procedures, the use of the going concern assumption in the preparation of the Landi Renzo Group's consolidated financial statements at 31 December 2023 is deemed appropriate.

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

The accounting standards adopted in preparing the consolidated financial statements at 31 December 2023 are consistent with those adopted for the preparation of the consolidated financial statements in the previous year, with the exception of the adoption of the new accounting standards, amendments, improvements and interpretations applicable as of 1 January 2023 listed below.

EU endorsement regulation	Description
(EU) 2021/2036 19 November 2021	IFRS 17 "Insurance Contracts" aims to improve understanding of the exposure to risk, profitability and the financial position of insurers. IFRS 17 replaces IFRS 4. This standard is not applicable to the Group.
(EU) 2022/1491 9 September 2022	The amendments to IFRS 17 - "Insurance contracts: initial application of IFRS 17" and IFRS 9 - "Comparative information" establish a transition option relating to comparative information on financial assets presented on initial application of IFRS 17 and aims to help insurance companies to avoid temporary accounting misalignments between financial assets and insurance contract liabilities, and therefore to improve the usefulness of comparative information for users of financial reports. These amendments are not applicable to the Group.
(EU) 2022/1392 12 August 2022	The amendment to IAS 12 "Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction" 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 amendments named "Disclosure of Accounting Policies –Amendments to IAS 1 and IFRS Practice Statement 2" and "Definition of Accounting Estimates – Amendments to IAS 8" are 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 to distinguish changes in accounting estimates from changes in accounting policies.

The accounting principles and modifications to the accounting principles described above have not had significant effects on the Group's financial statements.

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

The following table lists the new international accounting standards, or the amendments of standards and interpretations already in force, which must begin being applied from 1 January 2024 or thereafter.

EU endorsement regulation	Description
(EU) 2023/2822	The amendments to IAS 1 clarify the presentation of liabilities in company financial statements. In particular:

20 December 2023	- 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 amendments apply as of 1 January 2024 and must be applied retroactively.
(EU) 2023/2579 21 November 2023	The amendment to IFRS 16 "Sale and Leaseback" clarifies how to account for a sale and leaseback transaction subsequent to the transaction date. The amendment is effective for financial years that begin as of 1 January 2024, and early application is permitted.
(EU) 2023/2468 9 November 2023	The addition to IAS 12 "Income Taxes" named "International tax reform: pillar two model rules" clarifies 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 amendment introduces 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 2024.
(EU) 2024/1317 16 May 2024	The additions to IAS 7 "Statement of cash flows" and IFRS 7 "Financial instruments: disclosures" 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, which did not exercise the right of early application, is evaluating the effects that the adoption of such standards may have on its financial statements.

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
15 August 2023	On 15 August 2023, the IASB issued the amendment to IAS 21 "The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability", which clarifies when a currency cannot be converted into another, how to estimate the exchange rate and the disclosure to be provided in the notes to the financial statements. The amendment comes into force on 1 January 2025 and early application is permitted.
9 April 2024	On 9 April 2024, the IASB issued IFRS 18 "Presentation and Disclosure in Financial Statements", which will provide investors with more transparent and comparable information on the company's financial performance, thus allowing for better investment decisions. IFRS 18 introduces three series of new requirements for improving reporting on the financial performance of companies and providing investors with a better basis for analysing and comparing companies: better comparability in the income statement, more transparency of the performance measures defined by the management and a more useful grouping of information in the financial statements. IFRS 18 replaces IAS 1 - Presentation of Financial Statements and will be in force for annual reporting periods beginning on or after 1 January 2027. Early application is permitted.
9 May 2024	On 9 May 2024, the IASB issued IFRS 19 - Subsidiaries without Public Accountability: Disclosures, which allows subsidiaries to apply IFRSs with reduced disclosures. The application of IFRS 19 will reduce the costs of drafting the financial statements of subsidiaries while maintaining useful information for users of their financial statements.
30 May 2024	On 30 May 2024, the IASB issued amendments to IFRS 9 - Financial instruments and IFRS 7 - Financial instruments: disclosures, aimed at clarifying several interpretation issues emerging after the implementation of IFRS 9. The document proposes amendments connected to: - the settlement of financial liabilities using an electronic payment system; and - the assessment of the contractual cash flow characteristics of financial assets, including those with environmental, social and governance (ESG) features.

C) ACCOUNTING STANDARDS AND VALUATION CRITERIA

The accounting standards described hereafter were applied uniformly for all the periods included in these consolidated financial statements and by all the entities of the Group.

CONSOLIDATION PRINCIPLES

The Consolidated Financial Statements include the separate financial statements of the Company and its subsidiaries approved by the management bodies of the individual companies, adjusted accordingly, when required, to bring them into line with the accounting standards adopted by the Company. It is reported that all companies in the Group close their financial year on 31 December with the exception of the Indian companies Officine Lovato Private Limited and Krishna Landi Renzo, which close their financial year on 31 March, for which an asset and income statement was prepared at 31 December 2023, and used to prepare these consolidated financial statements. The consolidated companies are listed in the section on the “Scope of consolidation” below.

Subsidiary companies

Subsidiaries are the companies in which the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence of control is checked every time facts and circumstances point to a change in one or more of the three elements constituting control. Generally, the existence of control is assumed when the Group directly or indirectly holds more than half of the voting rights, also taking into consideration potential rights which are immediately exercisable or convertible.

Assets and liabilities and income and expenses of the subsidiaries are consolidated line-by-line, from the date on which the Parent Company gains direct or indirect (i.e., through one or more other subsidiaries) control over them until the date on which that control no longer exists, attributing, when applicable, the applicable portion of equity and net profit (loss) for the period to the minority shareholders and highlighting these separately in dedicated items of equity and the consolidated statement of comprehensive income. If shareholdings are acquired subsequent to the assumption of control (acquisition of minority interests), any difference between the purchase cost and the corresponding portion of equity acquired is recognised in the equity attributable to the Group; likewise, the effects arising from the transfer of minority interests with no loss of control are recognised in equity.

However, disposals of shares entailing the loss of control results in the recognition in the income statement:

- of any capital gain/loss calculated as the difference between the consideration received and the corresponding portion of consolidated equity transferred;
- of the effect of remeasuring any remaining investment to align it with its fair value;
- of any values recognised in other comprehensive income relating to the former subsidiary for which transfer to the income statement is permitted, or if transfer to the income statement is not permitted, in profit (loss) carried forward.

The value of any remaining equity investment, aligned with its fair value at the date of loss of control, represents the new carrying amount of the investment and therefore the reference value for the subsequent measurement of the investment in accordance with applicable valuation criteria.

The portion of capital and reserves attributable to minority interests in subsidiaries and the portion attributable to minority interests of the value of profit or loss for the year of consolidated subsidiaries are identified separately on the Statement of Financial Position, the Income Statement and the Statement of Comprehensive Income. Changes in stakes of the Group in a subsidiary company which do not lead to a loss of control are stated as transactions performed between shareholders, as such.

Intercompany transactions

Profits arising from transactions between companies consolidated on a line-by-line basis, not yet realised with respect to third parties, are eliminated, as are the receivables, payables, income and expenses, guarantees, commitments and risks between consolidated companies.

In particular, profits not yet realised with third parties deriving from transactions between companies of the Group, including those deriving from the valuation of inventories at the date of the Financial Statements, were eliminated.

Profits and losses not yet realised with regard to third parties deriving from transactions with companies measured using the equity method are eliminated to the extent of the share pertaining to the Group.

Associates

Associates are companies in which the Group, even though it does not hold control or joint control, exercises significant influence over administrative and management decisions. Generally, the existence of significant influence is assumed when the Group directly or indirectly holds 20% to 50% of the voting rights.

Investments in associates are measured using the equity method.

The methodology for the application of the equity method is described below:

(i) the carrying amount of the investments is aligned with the equity of the investee company adjusted, when necessary, to reflect the adoption of accounting standards compliant with those applied by the Group and includes, when applicable, any goodwill identified at the moment of acquisition;

(ii) profit or loss attributable to the Group is accounted for in the consolidated income statement from the date on which significant influence begins until the date on which it ends. If, due to losses, the company's equity is negative, the carrying amount of the equity investment is cancelled out and any excess pertaining to the Group is recognised in a dedicated provision only when the Group has committed to meeting legal or implicit obligations of the investee or in any event to cover its losses. Changes in the equity of investees not resulting from profit and loss are accounted for as a direct adjustment of the Group's equity reserves;

(iii) unrealised gains generated on transactions between the Company and its associates are eliminated on the basis of the value of the Group's shareholding in the associated companies. Unrealised losses are eliminated, except when they represent impairment losses.

(iv) if an associate recognises an adjustment directly in equity, also in this case the Group recognises its share and presents it when applicable in the statement of changes in equity.

Joint ventures

Joint ventures are companies in which the Group exercises joint control, based on exercisable voting rights, in compliance with contractual agreements, shareholders' agreements or the companies' Articles of Association.

Investments in joint ventures are measured with the equity method, as described in the "Associates" section above, from the date on which joint control begins to the date on which it ends.

Business combinations

The acquisition of subsidiaries is accounted for with the acquisition method. The acquisition cost is determined by the sum of current values, at the trade date, of the assets acquired, the liabilities incurred or assumed and the financial instruments issued by the Group in exchange for control over the acquired business.

The identifiable assets, liabilities and contingent liabilities of the acquired business which meet the conditions for recognition in accordance with IFRS 3 are recognised at their current values at the acquisition date, with the exception of non-current assets (or disposal groups) classified as held for sale in accordance with IFRS 5, which are recognised and measured at current values minus costs to sell.

The goodwill deriving from the acquisition is recognised as an asset and initially measured at cost, represented by the excess acquisition cost with respect to the Group's share of the current values of the identifiable assets, liabilities and contingent liabilities recognised. If, after the recalculation of such values, the Group's share of the current values of the identifiable assets, liabilities and contingent liabilities exceeds the acquisition cost, the excess is immediately recognised in the income statement.

Non-controlling interests in the acquired business are initially recognised to an extent equal to their share of the current values of the assets, liabilities and contingent liabilities recognised.

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 year-end exchange rate for the consolidated Statement of Financial Position and the average exchange rate over the year 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 (Value against €)	At 31/12/2023	Average 2023	At 31/12/2022	Average 2022
Real – Brazil	5.362	5.401	5.639	5.440
Renminbi – China	7.851	7.660	7.358	7.079
Rupee - Pakistan	310.429	302.433	241.794	214.855
Zloty – Poland	4.340	4.542	4.681	4.686
Leu - Romania	4.976	4.947	4.950	4.931
Dollar - USA	1.105	1.081	1.067	1.053
Peso - Argentina	892.924	314.113	188.503	136.777
Colombian Peso	4,267.520	4,675.001	5,172.470	4,473.280
Canadian Dollar	1.464	1.459	1.444	1.369
Nuevo Sol - Peru	4.082	4.047	4.046	4.038
Rupee - India	91.905	89.300	88.171	82.686

Hyperinflation

When a Group company is operating in a hyperinflationary economy, the Group adjusts non-monetary items, shareholders' equity and items deriving from index-linked contracts up to the limit of their recoverable amount, using a price index reflecting changes in general buying power. The effects of initial application are recognised in shareholders' equity after tax effects. On the other hand, during the hyperinflation period (and until it ends), the profit or loss deriving from the adjustments is recognised in the Income statement separately under financial expenses or income.

This standard is concretely applied with reference to the Group's operations in Argentina.

Effects deriving from the application of IAS 29 - Financial reporting in hyperinflationary economies (Argentina)

In order to prepare these consolidated financial statements and in accordance with what is set forth in IAS 29, certain items in the statement of financial position of the Argentine investee (AEB America) were restated by applying the general consumer price index to historical data in order to reflect changes in the buying power of the Argentine peso at the closing date of its financial statements.

The accounting effects of this adjustment, aside from already being reflected in the opening financial position, incorporate the changes for the period. In particular, the effect relating to the restatement of non-monetary assets and liabilities, shareholders' equity items and the Income statement components recognised in 2023 was shown as a contra-entry to a dedicated consolidated income statement item under financial income and expenses.

The Income statement balances expressed in a hyperinflationary currency were converted into the Group's reporting currency as established in IAS 21, by applying the final exchange rate rather than the average rate for the period, with a view to bringing those amounts back to current values.

The effects of IAS 29 on the Statement of financial position at 31 December 2023 and the impacts of hyperinflation on the main consolidated income statement items for the year 2022 are shown below, differentiating between the revaluation based on general consumer price indexes and the application of the closing exchange rate rather than the average exchange rate for the period.

(Thousands of Euro)

Description	Cumulative effect of hyperinflation 31/12/2022	Hyperinflation for the period	Exchange Difference	Cumulative effect of hyperinflation 31/12/2023
Total Assets	40	30	-32	**38**
Total Liabilities	0	0	0	**0**
Shareholders' equity	40	30 (1)	-32	**38**

(1) The figure includes the net profit for the year of Euro 1,093 thousand

(Thousands of Euro)

Consolidated Income Statement	Effect of IAS 29	Effect of IAS 21	31/12/2023 Total Effect
Operating revenues and income	520	-1,653	-1,133
Operating costs	-341	677	336
Gross operating profit (EBITDA)	**179**	**-976**	**-797**
Amortisation, depreciation and impairment	0	20	20
Net operating income (EBIT)	**179**	**-956**	**-777**
Net financial charges	-1,272	326	-946
Earnings before taxes	**-1,093**	**-630**	**-1,723**
Income taxes	0	66	66
PROFIT (LOSS) FOR THE PERIOD	**-1,093**	**-564**	**-1,657**
Profit (loss) attributable to minority interests	***-44***	***-23***	***-67***
Profit (loss) for the period	***-1,049***	***-541***	***-1,590***

LAND, PROPERTY, PLANT, MACHINERY AND OTHER EQUIPMENT

Tangible assets were recognised in accordance with the cost criterion at the purchase price or the production cost inclusive of directly attributable accessory costs necessary to make the assets ready for use.

The carrying amount of tangible assets is subsequently adjusted for systematic depreciation, calculated on a straight-line basis from the moment in which the asset is available and ready for use, based on its useful life, understood as the estimated period in which the asset will be used by the company, and any accumulated loss for impairment.

When the asset to be depreciated consists of distinctly identifiable elements whose useful life differs significantly from that of the other parts of the asset, each of those parts are depreciated separately in application of the component approach method.
Any financial expense directly attributable to the purchase and production of tangible assets is capitalised and depreciated on the basis of the useful life of the asset to which it refers.

The following annual depreciation rates are used:

Categories	Depreciation period	Depreciation rates
Land		Indefinite useful life
Buildings	Straight-line basis	3 - 20%
Plant and machinery	Straight-line basis	10 - 20%
Industrial and commercial equipment	Straight-line basis	10 - 25%
Other assets	Straight-line basis	12 - 33%

The residual value and the useful life of tangible assets are reviewed at least annually and updated, when applicable, at the end of each year. Based on the analysis performed by the management it was not necessary to amend the useful life compared to those applied in the previous financial year.

Costs incurred for maintenance and repairs are charged in their entirety to the income statement for the year in which they are incurred. Costs for improvements, upgrades and transformation having an incremental nature are attributed to the tangible assets to which they refer, when it is probable that they will increase the future economic benefits expected from the use or the sale of the asset, and depreciated based on the remaining useful life of the assets.

Costs capitalised for leasehold improvements are classified under property and depreciated at the lower of the residual economic usefulness of the improvement and the residual duration of the underlying contract.

The financial expenses directly attributable to the acquisition, construction or production of a tangible asset are recognised in the income statement at the moment at which they are incurred, in accordance with the appropriate accounting treatment provided for by IAS 23.

The carrying amount of tangible assets is subjected to verification in order to discover any possible impairment, using the methods described in the paragraph "Impairment of assets".

At the moment of sale or when no future economic benefits are expected from the use of an asset, it is eliminated from the financial statements and any loss or profit (calculated as the difference between the sale value and the carrying amount) is recognised in the income statement in the year of the aforementioned elimination.

INTANGIBLE FIXED ASSETS

Intangible assets consist of identifiable non-monetary elements with no physical consistency, which can be controlled and can generate future economic benefits. These elements are initially recognised at purchase and/or production cost, inclusive of expenses directly attributable to make the asset ready for use. Intangible assets are amortised on a straight-line basis throughout their estimated useful life; amortisation rates are reviewed on an annual basis and are amended if the current useful life differs from that estimated previously. The useful life estimated by the Group for the various categories of intangible assets, valid for all periods presented, is shown below.

Categories	Useful Life
Development costs	from 3 to 5 years
Industrial patents and rights to use intellectual property	from 3 to 10 years
Software, licenses and others	from 3 to 5 years
Trademarks	from 7 to 18 years

DEVELOPMENT EXPENDITURE

Research and development expenditure are recognised in the Income Statement for the year in which they are incurred, with the exception of development expenditure recognised under intangible assets if the conditions established in IAS 38, reported below, are satisfied:

- the project is clearly identified and the costs relating to it are identifiable and can be measured reliably;
- the technical feasibility of the product is demonstrated;
- there is evidence of the Group's intention to complete the development project and to sell the intangible assets generated by the project;
- there is a potential market or, in the case of internal use, the utility of the intangible asset for the production of intangible assets generated by the project can be demonstrated;
- the technical and financial resources required to complete the project are available.

The amortisation period starts only when the development phase is completed and the result generated by the project can be marketed, and is generally based on the estimated duration of the benefits linked with the product developed (generally 3 years). Capitalised development expenditure is stated at cost, minus accumulated amortisation and any accumulated losses from impairment.

GOODWILL

The goodwill deriving from business combinations after 1 January 2005 is initially entered at cost, and represents the excess of the purchase cost over the purchaser's share of the net fair value referring to the identifiable values of existing and potential assets and liabilities.

At the acquisition date, any goodwill emerging is allocated to each of the cash generating units (or "CGUs") that are expected to benefit from the synergistic effects deriving from the acquisition. In order to identify the CGUs to which to allocate the goodwill tested for impairment, please note that the management, taking into account the Group reorganisation process taking place over recent years, the Group's current organisational structure, the methods whereby control is exercised over operations and the acquisition transactions taking place during the year and cited above, has identifiedtwo cash generating units in which the Landi Renzo Group operates. The CGUs identified refer to the Green Transportation segment, dedicated 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 gas (which as of August 2021 also includes the results of the Metatron Group) and the Clean Tech Solutions segment, referring to the SAFE&CEC Group active in the design and production of compressors for the processing and distribution of gas as well as in the Oil & Gas market. After the initial recognition, since goodwill is regarded as an intangible asset with an indefinite life, it is no longer amortised and is decreased by any accumulated losses in value, determined as described below.

Goodwill is subjected to an analysis of recoverability on at least an annual basis, or even more frequently if events or changes in circumstances arise that could result in possible impairment, identifying the CGUs which benefit from acquisition synergies. Cash flows are discounted to the cost of capital as a function of the specific risks of the unit concerned. Impairment is stated when it emerges from the check on discounted cash flows that the recoverable value of the CGU is less than the carrying amount and is stated as a priority under goodwill.

Any impairment is identified through valuations that take as a reference the ability of each CGU to produce financial flows capable of recovering the portion of goodwill allocated to it. If the value recoverable by the CGU is less than the carrying amount attributed, the corresponding impairment is recognised.

Any losses in value of goodwill stated on the Income Statement are not restored if the reasons that generated them cease to exist.

OTHER INTANGIBLE FIXED ASSETS

Other intangible assets with finite useful life, acquired or self-created, are capitalised when it is probable that use of the asset will generate future economic benefits and its cost can be measured reliably. These assets are initially recognised at purchase or development cost.

Costs incurred subsequently relating to intangible assets are capitalised only if they increase the future economic benefits of the specific asset capitalised and they are amortised on the basis of the aforementioned criteria according to the assets to which they refer.

RIGHT-OF-USE ASSETS

A contract is, or contains, a lease if it grants the right to use a specified asset for a period of time in exchange for a consideration.

Each lease component is separate from other contract components, unless the Group adopts the practical expedient under paragraph 15 of IFRS 16, which allows the lessee to opt, for each class of underlying asset, to not separate the other components and to recognise them together with the lease components.

The lease duration is determined as the lease period which is non-cancellable, to which the following periods are added:

- periods covered by an extension option if exercise of that option by the lessee is reasonably certain; and
- periods covered by a termination option if the lessee is reasonably certain not to exercise that option.

In deciding whether the lessee has reasonable certainty of exercising these options, all relevant facts and circumstances that create an economic incentive for the lessee in its evaluation are considered. The lessee must re-determine the lease duration if the non-cancellable period of the lease is changed.

At the date when the contract comes into effect, the Group recognises right-of-use assets and the relative lease liability. At the date when the contract comes into effect, the right-of-use asset is measured at cost. The cost of the right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- payments due to leasing made at or before the effective date, net of incentives on received leasing;
- initial direct costs incurred by the lessee; and

- the estimate of costs the lessee shall incur to dispose of and remove the underlying asset and restore the site in which it is located or to restore the underlying asset according to the conditions set forth in the lease terms and conditions.

At the effective date of the contract, the lessee shall measure the lease liability at the current value of payments owing for the leasing not paid at this date. Payments owing for the leasing include the following amounts:

- fixed payments, net of any leasing incentives to receive;
- variable payments owing for leasing which depend on an index or rate, initially measured using an index or rate at the effective date;
- amounts that the lessee shall pay as a guarantee of the residual value;
- the price to exercise the purchase option, if the lessee has reasonable certainty of exercising the option; and
- payments of penalties for termination of the leasing, if the duration takes into account the lessee exercising the option to terminate the leasing.

Payments owing for the leasing must be discounted using the interest rate embedded in the contract, if it can be easily determined. If this is not possible, the lessee must use the marginal lending rate, i.e. the incremental interest rate that the company should pay to obtain a loan of the same duration and amount of the lease agreement.

After initial recognition, the right-of-use asset is measured at cost, net of accumulated depreciation and accumulated impairment losses, adjusted to take account of any re-determination of lease liabilities.

After initial recognition, the lease liability is measured:

- increasing the carrying amount to take into account interest on lease liabilities;
- decreasing the carrying amount to take into account payments owing for leasing undertaken; and
- redetermining the carrying amount to take into account any new measurements or lease amendments or a revision in payments owing for leasing which is fixed in substance.

In the case of changes in leasing which do not constitute separate leasing, the right-of-use asset is redetermined, in keeping with the change in the lease liability at the date of the amendment. The lease liability is redetermined based on the new conditions in the lease agreement, using the discount rate at the date of the amendment.

The Group uses two exemptions, provided for by IFRS 16, with reference to:

(i) short-term leasing, i.e. leasing of 12 months or less;

(ii) leasing with low-value assets (less than Euro 5,000).

In these cases, the asset comprising the right of use and relative liability is not recognised, and payments owing for the leasing are recognised in the income statement.

IMPAIRMENT OF ASSETS

At each reporting date, tangible and intangible assets with a finite useful life are analysed in order to identify the existence of any indicators of impairment originating from sources external or internal to the Group. When these indicators are identified, the recoverable value of the above-mentioned assets is estimated, and any impairment loss is recognised in the Income Statement.

Management uses various assumptions in applying this method, including estimates of changes in revenues, the gross profit margin, operating costs, the growth rate of terminal values, investments, changes in operating capital and the weighted average cost of capital (discount rate) which combine in defining a medium-term plan, specifically aimed at performing an impairment test, revised at least annually and approved by the Board of Directors of the Parent Company. The principal hypotheses formulated in relation to the plans of the CGU relevant for the impairment test are indicated in note 4 of these financial statements, to which reference should be made for further details.

If the carrying amount exceeds the recovery value, the assets or the cash generating units to which they belong are written down until they reflect the recovery value. Such losses are accounted for on the Income Statement.

The impairment test is carried out when conditions occur inside or outside the company that suggest that the assets have suffered a reduction in value. In the case of goodwill or other intangible assets with an indefinite useful life, the impairment test is carried out at least annually. If the conditions that resulted in the impairment cease to exist, the same value is restored proportionally on the previously devalued assets until it reaches, at most, the value that such goods would have had, net of amortisation calculated on the historical cost, in the absence of a prior impairment. Restorations of value are recognised in the income statement.

The value of previously devalued goodwill is not restored, as provided for by the international accounting standards.

To evaluate any impairment of capitalised development expenditure, the Group attributes such costs to the corresponding specific projects and evaluates their recoverability based on forecasts of expected sales of the products to which the development costs refer. Specifically, if the margin arising from the above-mentioned sales does not allow for the recoverability of capitalised costs, this constitutes impairment, which is reflected in the financial statements. This assessment is performed at each year-end close and/or in the presence of trigger events.

A tangible or intangible asset suffers a reduction in value if it is not possible to recover, either through use or sale, the carrying amount at which said asset is recorded in the financial statements. Therefore, the aim of the test (impairment test) provided for by IAS 36 is to assure that tangible and intangible fixed assets are not entered at a value greater than their recoverable value, which is the greater of the net sale price and the value in use.

The value in use is the current value of future financial flows that are expected to be generated by the asset or by the cash generating unit to which the asset belongs. The expected cash flows are discounted using a discount rate that reflects the current estimate of the market of reference referring to the cost of the money in proportion to the time and risks specific to the asset.

EQUITY INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Investments in subsidiary companies, not consolidated due to their negligible importance, are evaluated using the cost method including directly related costs, adjusted according to impairment losses.

In the case where there is evidence of events indicative of long term impairment, the value of the equity investments is subjected to an impairment test according to the provisions of IAS 36. The original value is restored in subsequent years if the reasons for write-down cease to exist.

The risk deriving from any losses exceeding the cost is recorded under provisions, to the extent to which the Company is obliged or intends to be responsible for it.

Equity investments in *joint ventures* are measured using the equity method.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control refers to the sharing on a contractual basis of the control of an arrangement, which exists solely when decisions on significant activities require the unanimous consent of all parties sharing control.

OTHER CURRENT AND NON-CURRENT FINANCIAL ASSETS

On initial recognition, financial assets are classified in one of the three categories listed below on the basis of the following elements:

- the entity's business model for the management of the financial assets; and
- the characteristics of the financial asset's contractual cash flows.

Financial assets are subsequently derecognised only if the disposal entails the substantial transfer of all risks and rewards connected to the assets. On the other hand, if a significant portion of the risks and rewards relating to the disposed financial assets has been retained, they continue to be recognised in the financial statements, even if legally their ownership has been effectively transferred.

Financial assets at amortised cost

This category includes the financial assets that meet both of the following conditions:

- the financial asset is held according to a "hold to collect" business model; and
- the contractual terms of the financial asset call for cash flows at specific dates represented solely by payments of principal and interest ("SPPI test" passed).

These assets are initially recognised at fair value inclusive of the transaction costs or income directly attributable to the instrument. Subsequent to initial recognition, the financial assets in question are measured at amortised cost using the effective interest method. The amortised cost method is not used for assets measured at historical cost whose short duration makes the effect of discounting negligible, for those without a defined maturity or for revocable credit lines.

Financial assets at fair value through other comprehensive income

This category includes the financial assets that meet both of the following conditions:

- the financial asset is held according to a "hold to collect and sell" business model; and
- the contractual terms of the financial asset call for cash flows at specific dates represented solely by payments of principal and interest ("SPPI test" passed).

This category includes shareholdings, not qualifiable as controlling, associated or of joint control, which are not held for trading, which the entity has opted to designate at fair value through other comprehensive income.

These assets are initially recognised at fair value inclusive of the transaction costs or income directly attributable to the instrument. Subsequently, shareholdings not qualifiable as controlling, associated or of joint control are measured at fair value, and amounts recognised as a matching entry to equity (statement of comprehensive income) should not be subsequently transferred to the income statement, even in the case of disposal. The only component referring to the equity instruments in question subject to recognition in the income statement is the relative dividends.

For the equity instruments included in this category not listed in an active market, the cost criterion is used to estimate fair value only on a residual basis and in a limited circumstances, or when the most recent information to measure fair value is insufficient, or if there is a broad range of possible fair value measurements and cost represents the best estimate of fair value within that range of values.

Financial assets at fair value through profit or loss

This category includes financial assets other than those classified under "Financial assets at amortised cost" and "Financial assets at fair value through other comprehensive income".

This category includes financial assets held for trading and derivative contracts not qualified as hedges (which are represented as assets if the fair value is positive and as liabilities if the fair value is negative).

Assets at fair value through other comprehensive income are initially recognised at fair value without considering the transaction costs or income directly attributable to the instrument. Subsequently, they are measured at fair value and the valuation effects are attributed to the income statement.

Impairment of financial assets

In accordance with the provisions of IFRS 9, the Group applies a simplified approach to estimate expected credit losses throughout the life of the instrument and takes into consideration its past experience with respect to credit losses, adjusted on the basis of specific forecasts relating to the nature of the Group's receivables and the economic context.

In brief, the Group measures expected losses on financial assets so as to reflect:

- an objective amount weighted on the basis of probabilities determined by assessing a range of possible results;
- the time value of money; and
- reasonable and demonstrable information that is available without excessive cost or effort at the reporting date on past events, current conditions and outlooks on future economic conditions.

A financial asset is impaired when one or more events with a negative impact on the estimated future cash flows of the financial asset takes place. Observable data relating to the following events constitute proof that the financial asset is impaired (it is possible that a single event may not be identifiable: the impairment of a financial asset may be due to the combined effect of different events):

a) significant financial difficulties of the issuer or the debtor;

b) a violation of the contract, such as breach or an unmet deadline;

c) for economic or contractual reasons relating to the financial difficulties of the debtor, the creditor extends a concession to the debtor that the creditor would not have otherwise taken into consideration;

d) it is likely that the debtor will declare bankruptcy or other financial restructuring procedures;

e) the disappearance of an active market for that financial asset due to financial difficulties; or

f) the acquisition or creation of the financial asset with large discounts that reflect the credit losses incurred.

For financial assets at amortised cost, the value of any impairment is measured as the difference between the carrying amount of the asset and the present value of expected future cash flows, discounted on the basis of the original effective interest rate. This value is recognised in the income statement.

INVENTORIES

The item inventories includes raw materials and materials used in the production process, semi-finished products, spare parts and finished products.

Inventories are stated at the lower value between purchase or manufacturing cost, inclusive of accessory costs, measured according to the FIFO method, and the realisation value that can be inferred from market performance.

The measurement of inventories includes the direct costs of materials and labour and the indirect costs of production (variable and fixed), determined on the basis of normal production capacity.

Where necessary, depreciation funds are calculated for obsolete stocks or those with a slow turnaround taking account of their future possibility of use or recovery.

CONTRACT WORK IN PROGRESS

A project is a contract specifically entered into for the construction of an asset at the instruction of a client, which preliminarily defines its design and technical characteristics.

The assets and liabilities deriving from contracts with customers are classified in the statement of financial position items "Contract work in progress" and "Other current liabilities", in the assets and liabilities sections, respectively. Classification between contract work in progress and other current liabilities takes place on the basis of IFRS 15 depending on the relationship between the Group's service and the customer's payment; indeed, the items in question represent the sum of the following components analysed individually for each order:

(+) Value of work in progress, determined on the basis of the rules laid out in IFRS 15, according to the cost-to-cost method

(-) Advances received

If the resulting value is positive, the net balance of the order is shown in the item "Contract work in progress" while if it is negative, it is shown in the item "Other current liabilities".

Work in progress is valued on the basis of the consideration defined with clients in relation to the progress of the work. Revenues related to contract work in progress are recognised using the percentage of completion criterion.

The percentage of completion is determined using the cost to cost method, calculated by multiplying the total revenue expected by the percentage of progress, as a ratio between costs incurred and expected total costs.

The measurement of contract work in progress and other current liabilities reflects the best estimate of work completed at the reporting date; updates are periodically performed of the assumptions underlying the measurements, and any economic effects are accounted for in the year in which the updates are made.

If events occur subsequent to the reporting date but before the approval of the financial statements which provide further evidence concerning any profits or losses on orders, such further evidence is taken into account in determining the contractual revenues or costs to complete in order to incorporate such profits or losses.

If the expected costs for the completion of the project exceed the total expected revenue, the final loss is fully recognised in the period in which it arises.

In measuring work in progress, all costs directly attributable to the project are taken into account, as well as the contractual risks and revision clauses when they can be objectively determined.

In this regard, revenue from contracts with customers is recognised by applying a five-step model with the procedures described in the "Recognition of revenues" section below.

TRADE RECEIVABLES

Receivables are initially recognised at fair value. The initial value is subsequently adjusted to take into account repayments of capital, any write-downs and the amortisation of the difference between repayment amount and initial value. Amortisation is performed on the basis of the internal effective interest rate, represented by the interest rate that aligns, on initial recognition, the present value of expected cash flows and the initial value (so-called amortised cost method). If there is objective evidence indicating impairment, the asset value is decreased to the discounted value of the future flows obtainable from it. Such losses are recognised on the Income Statement. If, in subsequent periods, the reasons for the preceding write-down no longer exist, the value of the asset is restored to the amount that would have derived from applying the amortised cost without write-down.

The provision for bad debts, determined in order to measure receivables at their effective realisation value, includes write-downs recognised in order to take account of objective indications that trade receivables are impaired. Write-downs, which are based on the most recent information available and management's best estimate, are recognised in such a way as to decrease impaired assets to the present value of future cash flows obtainable from them.

OTHER RECEIVABLES AND OTHER CURRENT ASSETS

Other receivables and other current financial assets are initially recognised at fair value. Subsequently, the receivables are measured with the amortised cost method on the basis of the internal effective interest rate, represented by the interest rate that aligns, on initial recognition, the present value of expected cash flows and the initial value.

If there is objective evidence indicating impairment, the asset value is decreased to the discounted value of the future flows obtainable from it. Such losses are recognised on the Income Statement. If, in subsequent periods, the reasons for the preceding write-down no longer exist, the value of the asset is restored to the amount that would have derived from applying the amortised cost without write-down.

DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

Financial assets are derecognised when one of the following conditions is met:

- the contractual right to receive cash flows from the asset has expired;
- the Group has substantially transferred all risks and rewards linked to the asset;
- the Group has not substantially transferred or maintained all risks and rewards connected to the financial asset, but it has transferred control over it.

Financial liabilities are derecognised when they are extinguished, or when the contractual obligation has been met, is cancelled or is time-barred. An exchange of debt instruments with substantially different contractual terms must be accounted for as an extinction of the original financial liability and the recognition of a new financial liability. Likewise, a substantial change in the contractual terms of an existing financial liability, even partial, must be accounted for as an extinction of the original financial liability and the recognition of a new financial liability.

ASSIGNMENT OF RECEIVABLES

The Group is permitted to assign part of its trade receivables through factoring transactions. The operations for assignment of receivables can be with or without recourse; some non-recourse assignments include deferred payment clauses (for example, the payment by the factor of a minority part of the purchase price is subordinate to the total collection of receivables), requiring an exemption on the part of the assignor or implying the maintenance of significant exposure to the progress of the financial flows deriving from the receivables assigned.

This type of operation does not meet the requirements laid down by IFRS 9 for eliminating financial assets from the balance sheet, since the associated benefits and risks have not been substantially transferred.

Consequently, all the receivables assigned through factoring operations that do not meet the requirements for elimination established by IFRS 9 continue to be recorded in the Financial Statements of the Group, although they have been legally assigned; a financial liability for the same amount is recorded in the financial statements as Payables for Advances on Assignment of Receivables. Profits and losses related to the assignment such assets are recorded only when the same assets are removed from Statement of Financial Position of the Group.

CASH AND CASH EQUIVALENTS

The item relating to cash and cash equivalents includes, primarily, bank deposits repayable on demand, as well as cash on hand and other short-term investments that are highly convertible (convertible into cash and cash equivalents within ninety days). Cash and cash equivalents are measured at fair value, which usually coincides with their nominal value; any changes are recognised on the Income Statement.

For the purposes of representing cash flows for the period, when drawing up the Cash Flow Statement, short-term bank debts are represented among the cash flows of the financing activities, since they are for the most part attributable to bank advances and short term bank loans.

SHARE CAPITAL AND OTHER EQUITY ITEMS

(i) Share capital

The share capital is made up of the ordinary shares of the Parent Company in circulation.

The costs relating to the issue of new shares or options are classified in equity as a deduction of the income deriving from the issue of such instruments.

As provided for by IAS 32, if equity instruments are repurchased, such instruments (treasury shares) are recognised as a direct deduction from Equity under the item "Other Reserves". Gains or losses are not recognised on the Income Statement when treasury shares are purchased, sold or cancelled.

The consideration paid or received, including any cost directly incurred and attributable to the capital transaction, net of any related tax benefit, is directly recognised as an Equity transaction.

(ii) Statutory reserve and other reserves

The statutory reserve is formed from the allocation of part of the Group companies' profit for the year (5% each year until it has reached 20% of the share capital) and may be used exclusively to cover losses. The other reserves include the reserves of profits and capital for a specific use, the profit (loss) of previous years not distributed or allocated to a reserve, as well as the reserve generated upon first-time application of IFRS.

PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are set aside to cover current obligations - legal or implicit - deriving from past events, for which a reliable estimate of the amount required to settle the obligation can be made at the end of the year. Provisions for risks and charges are stated if said charges are likely to be incurred. Any change in the estimate of provisions is reflected on the Income Statement in the period when it occurs.

If a liability is regarded as merely potential, no allocation to provisions for risk and charges is made and only adequate information is provided in these notes to the financial statements.

When the financial effect of time is significant and the date of cash outflows associated with the obligation can be reliably determined, the estimated cost is discounted to the present value using a rate reflecting the current market values and includes the additional effects relating to the specific risk that may be associated with each liability. After discounting, the increase in the provision due to the passage of time is recognised as a financial expense.

The product warranty provision is stated on sale of the underlying goods or supply of the underlying services. The provision is determined using historical information on warranties and by weighting the probability associated with possible results.

The provisions are periodically updated to reflect changes in estimated costs, realisation timing and the discount rate; revisions of the estimated provisions are recognised in the same item of the Income Statement which previously included the provision or, when the liability relates to an asset, as a matching entry to the asset to which it refers.

EMPLOYEE BENEFITS

Short-term benefits are represented by salaries, wages, the relative social security contributions, compensation in lieu of holidays and incentives provided in the form of a bonus payable in twelve months after the reporting date. These benefits are accounted for as components of personnel cost in the period in which the work activity is provided.

Post-employment benefits are broken down into two types: defined contribution plans and defined benefit plans.

In defined contribution plans, social security contributions are recognised in the Income Statement when they are incurred, based on the relative nominal value.

Defined benefit plans

Defined benefit plans are represented by the TFR (employee severance indemnity) contributions accrued up to 31 December 2006 for the employees of the Group. These are measured in accordance with IAS 19 by independent actuaries, using the projected unit funding method.

This calculation consists in estimating the amount of benefit that an employee will receive at the expected retirement date, using demographic assumptions (such as, for example, death rate and personnel turnover rate) and financial assumptions (such as, for example, discount rate and future salary increases). The amount thus determined is discounted to the present value and re-proportioned based on the accrued length of service compared to the total length of service and represents a reasonable estimate of the benefits that each employee has already accrued because of his/her service. The discount rate used derives from the curve of rates on AA bonds at the end of the reporting period.

Actuarial gains and losses emerging following the revaluations of net liabilities for defined benefit plans were immediately entered in the other items of the Statement of Comprehensive Income. Net interest and other costs of defined benefit plans are stated under profit/(loss) for the year.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the entity pays fixed contributions into a separate entity and has no legal or implicit obligation to pay further contributions. The contributions to defined contribution plans are recognised as an expense in profit or loss in the periods in which the employees provide their work. Contributions paid in advance are recorded as assets to the extent that the advance payment will result in a reduction in future payments or a refund.

SHARE-BASED PLANS

The cost of transactions regulated with equity instruments is determined by the fair value at the date of assignment, using an appropriate measurement method. This cost, together with the corresponding increase in shareholders' equity, is recognised under personnel costs for the period when conditions relative to achieving objectives and/or the provision of the service are met. The accumulated costs recognised for these transactions at the end of the reporting period up to the date of accrual are commensurate with the expiry of the accrual period and the best estimate of the number of instruments serving the plan at the time of accrual.

The service or performance conditions are not considered when the fair value for the plan is defined at the assignment date. However, the likelihood that these conditions are met in defining the best estimate of the number of equity instruments that will be accrued is considered.

Market conditions are reflected in the fair value at the assignment date.

Any other condition related to the plan, which does not entail a service obligation, is not considered as a condition of accrual.

Non-accrual conditions are reflected in the fair value of the plan and require immediate recognition of the plan cost, unless there are also service or performance conditions.

When the rights include a market condition or a non-accrual condition, these are treated as if they had accrued regardless of whether market conditions or other non-accrual conditions are met or not, save for all other performance and/or service conditions having to be met.

A cost for each change that increases the total fair value of the payment plan, or that is favourable for employees in any case, is recognised as a cost; this cost is measured with reference to the date of the change.

When a plan is cancelled by the entity or counterparty, any remaining part of the fair value of the plan is immediately recognised in the income statement.

TRADE PAYABLES

Trade payables are stated at the fair value of the initial consideration received in exchange and subsequently measured at amortised cost, using the effective interest method. Trade payables with due dates that fall under normal sales terms are not discounted to the present value.

DERIVATIVE FINANCIAL INSTRUMENTS

In keeping with IFRS 9, derivative financial instruments may be measured on a hedge accounting basis when:

- the hedging relationship consists only of eligible hedging instruments and eligible hedged items;
- at the inception of the hedging relationship there is formal designation and documentation of the hedging relationship and the Group's risk management objectives and strategy for undertaking the hedge;
- the hedging relationship meets all of the following effectiveness requirements:
- there is an economic relationship between the hedged item and the hedging instrument;

- the effect of credit risk does not dominate the value changes that result from that economic relationship;
- the hedge ratio of the hedging relationship is the same as that actually used in the economic hedge, also through rebalancing, and is consistent with the risk management strategy adopted by the Group.

Fair value hedge

If a derivative financial instrument is designated as a hedge of the exposure to changes in fair value (fair value hedge) of an asset or liability attributable to a particular risk that could affect profit or loss, the profit or loss arising from subsequent fair value measurements of the hedging instrument are recognised in the income statement. The profit or loss on the hedged item, attributable to the hedged risk, change the carrying amount of this item and are recognised in the income statement.

Cash flow hedge

When a derivative financial instrument is designated as a hedge of the exposure to variability in cash flows, the effective portion of changes in fair value of the derivative financial instrument is recognised as other comprehensive income and presented in the cash flow hedge reserve. The effective portion of changes in fair value of the derivative financial instrument which is recognised in other comprehensive income is limited to the accumulated change in fair value of the hedged instrument (at the current value) from the start of hedging. The ineffective portion of changes in fair value of the derivative financial instrument is recognised immediately in the income statement.

If the hedging no longer meets eligibility criteria or the hedging instrument is sold, matures or is exercised, the recognition of hedging transactions stops on a forward-looking basis. When an entity discontinues hedge accounting for a cash flow hedge, the amount that has been accumulated in the cash flow hedge reserve remains in shareholders' equity until, in the case of the hedging of a transaction that results in the recognition of a non-financial asset or liability, it is included in the cost of the non-financial asset or liability at the time of initial recognition, or in the case of other cash flow hedges, it is reclassified to profit/loss in the same year or in the same years when the hedged future cash flows have an effect on the income statement.

If the hedged future cash flows are no longer expected to occur, that amount is immediately reclassified from the cash flow hedge reserve and hedge costs reserve to the income statement.

If hedge accounting cannot be adopted, profits or losses arising from the fair value measurement of the derivative financial instrument are recognised immediately in profit or loss.

CURRENT AND NON-CURRENT FINANCIAL LIABILITIES, TAX LIABILITIES AND OTHER LIABILITIES

Short- and long-term financial payables and other short- and long-term liabilities are initially recognised at fair value. The initial value is subsequently adjusted to take into account repayments of principal and the amortisation of the difference between repayment amount and initial value. Amortisation is performed on the basis of the internal effective interest rate, represented by the interest rate that aligns, on initial recognition, the present value of cash flows connected to the liability and the initial value (so-called amortised cost method). When there is a change in cash flows and it is possible to estimate them reliably, the value of payables is recalculated to reflect that change on the basis of the present value of the new cash flows and the internal rate of return initially determined.

The item "Tax liabilities" includes all liabilities to the Tax Authorities payable or offsettable in the short-term connected with direct and indirect taxes.

RECOGNITION OF REVENUES

Revenue from contracts with customers is recognised when the following conditions are met:

- the contract with the customer has been identified;
- the performance obligations set forth in the contract have been identified;
- the price has been determined;
- the price has been allocated to the individual performance obligations set forth in the contract;
- the performance obligation set forth in the contract has been met.

The Group recognises revenue from contracts with customers when it fulfils the performance obligation, transferring the good or service (or the asset) to the customer. The asset is transferred when the customer acquires control over it.

The Group transfers control over the good or service over time, and therefore fulfils the performance obligation and recognises revenue over time, when one of the following criteria is met:

- the customer simultaneously receives and uses the benefits arising from the entity's service as it is provided;
- the service of the Group creates or improves the asset that the customer controls as the asset is created or improved;
- the service of the Group does not create an asset which has an alternative use for the Group and the Group has the enforceable right to payment for the service completed until the date considered.

If the performance obligation is not met over time, it is met at a specific moment. In that case, the Group recognises revenue when the customer acquires control over the promised asset.

The contractual consideration included in the contract with the customer may include fixed or variable amounts or both. If the contractual consideration includes a variable amount as discounts, price allowances, incentives, penalties or other similar elements, the Group estimates the amount of the consideration to which it will be entitled in exchange for the transfer of the promised goods or services to the customer. The Group includes the amount of the estimated variable consideration in the transaction price only to the extent to which it is highly likely that when the uncertainty associated with the variable consideration is subsequently resolved, there will not be a significant downward adjustment in the amount of cumulative revenue recognised.

The Group allocates the contractual price to the individual performance obligations on the basis of the stand-alone selling prices (SSP) of the individual performance obligations. When there is no SSP, the Group estimates the SSP using a market adjusted approach.

The Group applies its judgement in determining the performance obligation, variable consideration and the allocation of the transaction price.

Incremental costs for obtaining customer contracts are accounted for as assets and amortised throughout the term of the underlying contract, if the Group expects them to be recovered. Incremental costs for obtaining the contract are costs that the Group incurs to obtain the contract with the customer and which it would not have incurred if it had not obtained the contract. The costs for obtaining the contract which would have been incurred even if the contract had not been obtained should be recognised as a cost at the moment they are incurred, unless they are explicitly chargeable to the customer even if the contract is not obtained.

The costs incurred to perform contracts with customers are capitalised as assets and amortised throughout the term of the underlying contract only if such costs do not fall under the scope of application of another accounting standard (such as IAS 2 - Inventories, IAS 16 - Property, plant and equipment or IAS 38 - Intangible assets) and satisfy all of the following conditions:

- the costs are directly correlated with the contract or an expected contract, which the entity can specifically identify;
- the costs provide the entity with new or greater resources to be used to meet (or continue to meet) performance obligations in the future;
- it is expected that such costs will be recovered.

GRANTS

Grants from public and private bodies are recognised at fair value when it is reasonably certain that they will be received and the conditions for receiving them will be met.

Grants related to income (provided as immediate financial assistance to an entity or to cover expenses and losses incurred in a previous year) are fully recognised in the Income Statement when the above-mentioned conditions, necessary for their recognition, are met.

No capital contributions were obtained in the year in question.

COSTS

Costs are recognised in so far as it is possible to reliably determine that economic benefits will flow to the Group. Costs for services are recognised for the year in question at the moment when they are received.

DIVIDENDS

Dividends are recognised on the Income Statement on the date on which the right to receive them matures.

FINANCIAL INCOME AND CHARGES

Income and charges of a financial nature are recognised on an accrual basis, on the basis of the interest accrued on the net value of the related financial assets and liabilities, using the effective interest method.

TAXES

Income taxes include current and deferred taxes. Income taxes are generally stated on the Income Statement, except when they refer to items directly accounted for in equity or in the general Income Statement. Current taxes are income taxes expected to be paid or received, calculated by applying the rate applicable at the date of the financial statements to the taxable income or tax losses for the year.

Deferred taxes are calculated using the so-called liability method on the temporary differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax values. Deferred tax assets and liabilities are not stated on goodwill and on assets and liabilities which do not influence taxable income. Deferred taxes are calculated on the basis of the tax rate that is expected to be in force when the asset is realised or the liability is settled. Deferred tax assets are recognised only when it is likely that taxable profits sufficient to realise these assets will be generated in future years. Deferred tax assets and liabilities are offset only for homogeneous expiry dates, when there is a legal right to offset and when they refer to recoverable taxes due to the same tax authority. Income tax deriving from distribution of dividends is stated when the liability relating to their payment is recognised.

Recoverability of deferred tax assets is checked at the end of each period, on the basis of plans duly approved by the Board of Directors and described below, and any part for which recovery is unlikely is stated on the Income Statement.

Since 2022, Landi Renzo S.p.A. has adhered, as the consolidating company, to the national consolidation tax scheme pursuant to Articles 117 to 129 of the Italian Consolidated Income Tax Act (T.U.I.R) with the other Italian companies of the Group, i.e., Metatron S.p.A., SAFE S.p.A and SAFE&CEC S.r.l. This adherence is valid for the 2022-2024 three-year period and may be automatically renewed.

TRANSLATION OF ENTRIES INTO FOREIGN CURRENCY

The functional and presentation currency of Landi Renzo S.p.A. is the Euro. As required by IAS 21, transactions in foreign currency of each Group entity are initially recognised at the exchange rate in place on the date of the transaction. Monetary assets and liabilities in foreign currency are reconverted to the functional currency at the exchange rate in place on the closing date of the Financial Statements.

Non-monetary items measured at historical cost in foreign currency are translated using the exchange rate in force on the initial date that the transaction was recognised.

Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

The exchange differences realised at the time of collecting from debtors and paying creditors in foreign currency are entered in the Income Statement.

EARNINGS PER SHARE

The Group determines the earnings per share based on IAS 33 - Earnings per share.

(a) Basic earnings per share

The basic earnings per share is calculated by dividing the profit (loss) pertaining to the Group shareholders by the weighted average of ordinary shares in circulation during the year, excluding treasury shares.

(b) Diluted earnings per share

The diluted earnings per share is calculated by dividing the profit (loss) pertaining to the Group shareholders by the weighted average of ordinary shares in circulation during the year, excluding treasury shares. To calculate the diluted earnings per share, the weighted average of shares in circulation is modified assuming the exercise by all assignees of rights with a potentially dilutive effect, while the profit (loss) pertaining to Group shareholders is adjusted to take into account any effects, net of taxes, of the exercise of such rights.

COMMUNICATION ON FINANCIAL INSTRUMENTS

In accordance with the provisions of Accounting Standard IFRS 7, supplementary information is supplied on the financial instruments in order to evaluate:

- the impact of the financial instruments on the statement of financial position, on the economic result and on the financial flows of the company;
- the nature and size of the risks deriving from financial instruments to which the company is exposed, as well as the methodologies with which such risks are managed.

CLASSES OF FINANCIAL INSTRUMENTS

The following elements are accounted for in compliance with the accounting standards on financial instruments.

(Thousands of Euro)

Balance Sheet Assets	31 December 2023				
	Amortised cost	Fair value through OCI	Fair value through profit or loss	Hedge accounting	Total
Other non-current financial assets	902				902
Trade receivables	72,821				72,821
Other receivables and current assets	17,355				17,355
Current financial assets	20,647				20,647
Non-current assets for derivative financial instruments	0			39	39
Cash and cash equivalents	26,495				26,495
Total	**138,220**	**0**	**0**	**39**	**138,259**

Balance Sheet Liabilities	Amortised cost	Fair value through OCI	Fair value through profit or loss	Hedge accounting	Total
Non-current bank loans	67,785				67,785
Other non-current financial liabilities	18,503				18,503
Non-current liabilities for rights of use	10,090				10,090
Liabilities for derivative financial instruments	0			515	515
Bank financing and short-term loans	51,987				51,987
Other current financial liabilities	7,459				7,459
Current liabilities for rights of use	2,792				2,792
Total	**158,616**	**0**	**0**	**515**	**159,131**

(Thousands of Euro)

Balance Sheet Assets	31 December 2022				
	Amortised cost	Fair value through OCI	Fair value through profit or loss	Hedge accounting	Total
Other non-current financial assets	847				847
Other non-current assets	1,710				1,710
Trade receivables	73,559				73,559
Other receivables and current assets	17,148				17,148
Current assets for derivative financial instruments	0			412	412
Non-current assets for derivative financial instruments	0			103	103
Cash and cash equivalents	62,968				62,968
Total	**156,232**	**0**	**0**	**515**	**156,747**

Balance Sheet Liabilities	Amortised cost	Fair value through OCI	Fair value through profit or loss	Hedge accounting	Total
Non-current bank loans	8,169				8,169
Other non-current financial liabilities	24,456				24,456
Non-current liabilities for rights of use	11,314				11,314
Bank financing and short-term loans	103,629				103,629
Other current financial liabilities	3,956				3,956
Current liabilities for rights of use	3,196				3,196
Total	**154,720**	**0**	**0**	**0**	**154,720**

USE OF ESTIMATES AND ASSESSMENTS

The preparation of Financial Statements in accordance with IFRS requires the application of accounting standards and methods that are sometimes based on subjective assessments and estimates based, in turn, on past experience and 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 Statement of Financial Position, the Income Statement and the Statement of Cash Flows, and in disclosures provided.

Please note that the situation caused by the current economic and financial scenario has resulted in the necessity to make assumptions on future performance that are characterised by significant uncertainty, in particular following the potential risks correlated with the Russia-Ukraine and Israel-Palestine conflicts. 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 obviously cannot be either estimated or predicted at this stage, to the carrying amount of the relative items. For a more detailed analysis of the impacts of the potential risks deriving from the Russia-Ukraine and Israel-Palestine conflicts, please refer to the Directors' Report.

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 consolidated financial statements, and concluded that this assumption is suitable as there are no doubts as to business continuity.

MOST IMPORTANT ACCOUNTING STANDARDS THAT REQUIRE A GREATER DEGREE OF SUBJECTIVITY

A description is provided below of the most significant accounting standards that require, more than the others, greater subjectivity on the part of the directors in producing the estimates and for which a change in the conditions underlying the assumption used may have a significant impact on the financial data of the Group.

Valuation of receivables

Trade receivables are adjusted with the relevant write-down fund in order to take account of their effective recoverable value. The determination of the amount of depreciation carried out requires the directors to make subjective evaluations based on the documentation and on the information available, also in relation to the solvency of the customer, as well as on experience and historical trends.
The continuation of the current economic and financial situation and its possible aggravation could lead to further deterioration in the financial conditions of the Group's debtors beyond that already taken into consideration prudentially in quantifying the write-downs recorded in the financial statements.

Valuation of goodwill and intangible assets in progress

In accordance with the accounting standards applied by the Group, goodwill and intangible assets in progress are subjected to annual verification (impairment test) in order to assess whether they have suffered a reduction in value, which is stated through a write-down, when the net carrying amount of the CGU to which these items are allocated appears to be greater than its recoverable value (defined as the greater value between the value in use and the fair value of the same). The above mentioned value confirmation check necessarily requires subjective evaluations to be made based on the information available within the Group, and on the reference market outlook and historical trends. In addition, whenever it is supposed that a potential reduction in value could be generated, the Group determines said reduction using those evaluation techniques considered suitable. The same value tests and evaluation techniques are applied to intangible and tangible assets with a defined useful life when indicators exist that predict difficulties in recovering the corresponding net carrying amount. The correct identification of elements indicative of the existence of a potential reduction in value as well as the estimates for determination of the reduction depend principally on factors that can vary over time, even significantly, therefore influencing the evaluations and estimates made by the directors.

Provisions for risks

Establishing whether or not a current obligation (legal or implied) exists is in some cases difficult to determine. The directors assess such phenomena on a case by case basis, together with an estimate of the amount of the economic resources required in order to meet that obligation. When the directors consider that is merely possible that liabilities may arise, the risks are indicated in the appropriate information section on commitments and risks, without resulting in any allocation in the financial statements.

Defined benefit plans

The Group offers defined benefit plans to some of its employees. Using the services of experts and actuaries, management used various statistical assumptions and evaluation factors to calculate the charges and the current value of assets and liabilities relating to these plans. The assumptions relate to the discount rate, the expected return on the assets servicing the plan, the rates of future salary increases, demographic trends, the inflation rate and expected health costs. The actuaries consulted also use subjective factors, such as mortality and resignation rates.

Share-based plans

The Group has assigned the CEO of the Parent Company and other managers a compensation plan named the "2022-2024 Performance Shares Plan" concerning the free assignment of the right to receive Landi Renzo S.p.A. ordinary shares free of charge based on the degree to which specific performance objectives are reached. Using the services of experts and actuaries, management used various statistical assumptions and evaluation factors to calculate the charges and the current value of assets and liabilities relating to these plans.

Provision for product warranties

Based on product sales, the Group allocates provisions according to the costs estimated as likely to be incurred for product warranties. Management establishes the value of such provisions on the basis of historical information on the nature, frequency and average cost of operations carried out under warranty and on the basis of specific contractual agreements.

The Group constantly strives to improve the quality of its products and to minimise the burden deriving from operations under warranty.

Potential liabilities

The Group is subject to lawsuits regarding a number of disputes that were submitted to the jurisdiction of various States. Given the inherent uncertainty of these disputes, it is difficult to predict with certainty the resulting financial cost, or the time frame within which it will arise. The lawsuits and disputes against the Group derive primarily from complex legal problems, that are subject to varying degrees of uncertainty, considering the facts and circumstances involved in each dispute and the different laws applicable. To assess the risks deriving from potential liabilities of a legal nature correctly and prudentially, management periodically obtains information on the situation from its legal advisers. The Group establishes a liability in relation to such disputes when it considers it likely that a financial cost will occur and when the amount of the resulting losses can be reasonably estimated.

Valuation of closing inventories

Closing inventories of products with characteristics of obsolescence or slow turnaround are periodically subjected to tests for their correct valuation and are written down where the recoverable value thereof is less than the carrying amount. The write-downs carried out are based, primarily, on assumptions and estimates of management deriving from its experience and the historical results achieved, as well as estimates of the use/sale of inventories.

Valuation of contractual assets and liabilities

A customer contract is identified and valued on the basis of IFRS 15 after the contract which results in the emergence of reciprocal obligations between the Group and the customer is signed. In the Landi Renzo Group's customer contracts, the performance obligation is generally represented by the order as a whole.

The method deemed most representative for the recognition of revenues is the cost-to-cost method, determined by applying the percentage of progress, as a ratio between costs incurred and expected total costs, to the total expected contractual revenues.

The Group capitalises the costs for the fulfilment of the contract, i.e., those costs that refer directly to the contract, generate and improve the resources that will be used to satisfy the contractual performance obligation and are recoverable through the future economic benefits of the contract. The assets and liabilities deriving from the contract are classified in the statement of financial position items "Contract assets" and "Contract liabilities", in the assets and liabilities sections, respectively. Classification between contract assets and liabilities, on the basis of what is established by the standard, is carried out based on the relationship between the Landi Renzo Group's service and the customer's payment. If the resulting value is positive, the net balance of the order is shown in the item "Contract assets", while if it is negative, it is shown in the item "Contract liabilities". If, on the basis of the contract, the values in question express an unconditional right to the consideration, they are reported as receivables. If the consideration accrued is expressed in foreign currency, it is calculated taking into account the exchange rates with which the relative currency hedging was carried out.

Valuation of deferred tax assets

The valuation of deferred tax assets is made on the basis of taxable income expected in future years and expected tax rates at the date when the temporary differences are expected to occur, insofar as they are considered applicable in the future. The measurement of such expected profits depends on factors that may change over time and have a significant impact, therefore, on the valuation of deferred tax assets.

TRANSACTIONS WITH RELATED PARTIES

The Group deals with related parties under contractual conditions considered to reflect the arm's length conditions on the markets in question, taking account of the characteristics of the goods and services supplied and received.

D) RISK ANALYSIS

In accordance with the requirements of Accounting Standard IFRS 7, the following analysis is provided regarding the nature and extent of risks deriving from financial instruments to which the Group is exposed, as well as the methodologies with which such risks are managed.

The main risks are reported and discussed at the Top Management level of the Group in order to create the prerequisites for their hedging, and insurance and assessment of the residual risk.

Interest rate risk

The Group is exposed to the interest rate risk associated with both cash at hand and with medium to long term financing. The exposure refers mainly to the Euro zone. As regards exposure to the risk of interest rate volatility, note that the financial indebtedness with banks is regulated primarily by variable interest rates. To partially reduce risks connected with fluctuating interest rates, the Group entered into financial derivative contracts (IRSs) to cover 70% of the main credit lines of the pool loan taken out in June 2022 for a total of Euro 52 million, maturing in June 2027.

Interest rate risks were measured using sensitivity analysis and the potential impacts of Euribor interest rate fluctuations on the consolidated financial statements at 31 December 2023 were analysed with particular reference to cash and cash equivalents and to loans. The increase of 50 basis points on the Euribor, with all other variables remaining the same, would have produced an increase in financial expenses for the Group of Euro 576 thousand in comparison to an increase in financial income equal to Euro 234 thousand.

Exchange risk

The Group sells part of its production and, although to a much lesser degree, also purchases some components in Countries outside the Euro zone. In relation to the exchange risk, the amount of the accounting balances expressed in currency other than the functional currency is to be considered as insignificant compared to the Group's total revenues. The Group has no hedging instruments to cover exchange rate fluctuations and, in accordance with its policy up to this moment, no derivatives are subscribed for trading purposes. Therefore, the Group remains exposed to exchange rate risk on the balances of the assets and liabilities in foreign currency at year end.

In relation to the exchange risk, it is reported that the amount of accounting balances expressed in currency other than the Euro is not considered significant compared to the total revenue of the Group, therefore the sensitivity analysis required by IFRS 7 is not provided as it is considered non-significant. The Group has not subscribed to instruments to cover exchange rate fluctuations and, in accordance with the company's policy up to this moment, no derivatives are subscribed solely for trading purposes. Therefore, the Group remains exposed to exchange rate risk on the balances of the assets and liabilities in foreign currency at year end.

Price risk

The Group makes purchases and sales internationally, and therefore it is exposed to the normal risk of price fluctuation typical of its industry. Where possible, Group policy covers the risk through medium-term supplier commitments.

In particular, raw material shortages and price increases triggered growth in market volatility over the last two years, further stressing the supply chain. In the course of 2023, there was a progressive decline in prices, which brought values into line with those observed prior to the outbreak of the Russia-Ukraine conflict.

When possible, the Group adjusts sale prices in the After Market channel or engages in commercial negotiations with customers in the OEM channel to enter into commercial agreements that make it possible to attenuate the economic effects of changes in purchase prices.

In this context, in 2023 a commercial agreement was entered into for the revision of sale prices with the main Group customer operating in the OEM channel, which provided benefits already during the second half of the year.

Credit risk

Credit risk is the risk that a customer or one of the counterparts of a financial instrument causes a financial loss through failure to fulfil an obligation and derives primarily from trade receivables, from other financial assets and from guarantees that may have been given by the Group.

<u>Trade receivables and other receivables</u>

The Group normally deals with known and reliable customers. It is the Group's policy to subject customers requesting extended payment conditions to procedures for checking their credit class. This check also includes external assessments when available. Sales limits are established for each customer, which represent the maximum line of credit, beyond which direct approval by management is required. In addition, the balance of the receivables is monitored on a fortnightly basis over the period, in order to minimise exposure to the risk of losses. Finally, regarding new customers and those not operating in EU countries, a letter of credit to guarantee successful collection is normally used, where possible.

The Company uses non-recourse assignment of debts.

The Group allocates a provision for impairment that reflects the estimated losses on trade receivables and on other creditors, made up primarily of individual write-downs of significant exposures.

The Group has relations with customers of significant size, as it operates in the OEM channel.

<u>Other financial assets</u>

The credit risk regarding the other financial assets of the Group, including cash and cash equivalents, presents a maximum risk equal to the carrying amount of these assets in the case of insolvency of the counterpart.

<u>Guarantees</u>

When required, the policies of the Group provide for the issue of financial guarantees in favour of subsidiary companies and associates. At 31 December 2023, the Group had provided its subsidiaries with a number of letters of patronage, in detail:

- Letters of patronage for a total of Euro 13 million for SAFE S.p.A.
- Letters of patronage for a total of around Euro 5 million for Metatron S.p.A.

Liquidity risk

Liquidity risk may arise due to the incapacity to obtain, under cost effective conditions, the financial resources required to cover Group operations and to meet the obligations associated with financial liabilities.

The main factors resulting in the Group's liquidity situation are on one hand the resources generated or absorbed by operations and investing activities, and on the other the characteristics of debt maturity and renewal or liquidity of financial investments and market conditions.

In order to mitigate this risk, the Group treasury carries out the following activities:

- verification of forecast financial requirements;
- obtaining adequate lines of credit;
- optimisation of liquidity, when feasible, through centralised Group cash flow management structures;
- maintenance of an adequate level of available liquidity;
- pursuit of the proper balance between short- and medium/long-term debt;
- monitoring of compliance with the parameters established in loan covenants.

As regards this last aspect, please note that the main loans of Landi Renzo S.p.A. and the debenture loan subscribed by SAFE S.p.A. require respect for financial parameters (covenants). In this regard, please take note of the following:

- following the failure to comply with the contractual financial parameters at 30 June 2023 established on the main loan agreements of Landi Renzo S.p.A., the directors initiated negotiations with the banks, which concluded on 11 September 2023 with the issue of waiver letters by the lending banks, which provided a holiday period with reference to the financial covenants to be calculated as at 30 June and 31 December 2023.
- the financial covenants established on the debenture loan issued by SAFE S.p.A. and subscribed by Finint (Finanziaria Internazionale Investments SGR S.p.A.) were not met. On 29 December 2023, Finint SGR issued the relative waiver letter which provided a holiday period with reference to the

financial covenants to be calculated as at 31 December 2023.

As regards the definition of the review of medium/long-term loan agreements with the banking sector and the reorganisation and optimisation of the inherent financial structure, please refer to what was described above.

The counterparties of derivative contracts, which are not significant for the Group, are qualified financial institutions.

See the Directors' Report for all further information on risk factor analysis pursuant to Article 154-*ter* TUF (Consolidated Law on Finance).

Climate change risk

The Landi Renzo Group is highly committed to responding to the challenges of climate change to improve the Group's resilience and take advantage of the opportunities deriving from the transition to a low-carbon economy. For more details on climate change, please refer to the non-financial report as at 31 December 2023 and following reports.

Fair value hierarchy

Financial instruments measured at fair value are classified based on a hierarchy of three levels, according to procedures to determine the fair value, i.e. with reference to the factors used in the process to determine the value:

- Level 1, financial instruments whose fair value is determined based on a quoted price on an active market;
- Level 2, financial instruments whose fair value is determined based on measurement techniques that use parameters observable either directly or indirectly on the market. This category includes instruments measured based on forward market curves and differential, short-term contracts;
- Level 3, financial instruments whose fair value is determined based on measurement techniques that use parameters that are unobservable on the market, or use only internal estimates.

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

Companies consolidated using the line-by-line method or the equity method

Description	Registered Office	% stake at 31 December 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.	Amsterdam (The Netherlands)	100.00%		
Landi Renzo Polska Sp.Zo.O.	Warsaw (Poland)		100.00%	(1)
LR Industria e Comercio 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)
IMW Industries LTD	Chilliwak (Canada)		100.00%	(2)
IMW Industries del Perù S.A.C.	Lima (Peru)		100.00%	(3)
IMW Industries LTDA	Cartagena (Colombia)		100.00%	(3)
IMW Energy Tech LTD	Suzhou (China)		100.00%	(3)
IMW Industries LTD Shanghai	Shanghai (China)		100.00%	(3)
Metatron S.p.A.	Castel Maggiore (Italy)	100.00%		
Metatron Control System (Shanghai)	Shanghai (China)		84.00%	(4)
Associates and subsidiaries consolidated using the equity method				
Krishna Landi Renzo India Private Ltd Held	Gurugram - Haryana (India)	51.00%		(5)
Other minor companies				
Landi Renzo VE.CA.	Caracas (Venezuela)	100.00%		(6)
Lovato do Brasil Ind Com de Equipamentos para Gas Ltda	Curitiba (Brazil)	100.00%		(6)
EFI Avtosanoat-Landi Renzo LLC	Navoiy Region (Uzbekistan)	50.00%		(5) (6)
Metatron Technologies India Plc	Mumbai (India)		100.00%	(4) (6)

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 IMW Industries LTD

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

(5) Company joint venture

(6) Not consolidated as a result of their irrelevance

As of 31 December 2023, with accounting and tax effects backdated to 1 January 2023, Idro Meccanica S.r.l. was merged into SAFE S.p.A. This transaction had no effects on the Group's consolidated financial statements.

Krishna Landi Renzo India Private Ltd was consolidated using the equity method, due to the current system of governance of the company, which reflects a joint control agreement classifiable as a "joint venture" according to international accounting standards (IFRS 11).

Non-consolidated companies

Taking into consideration their low degree of significance and the fact that they are not operating, the following companies were not consolidated:

- EFI Avtosanoat - Landi Renzo LLC joint venture;
- Landi Renzo Venezuela CA;
- Lovato do Brasil Industria Comercio de Equipamentos para Gas Ltda.

F) EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SEGMENT REPORTING

The management has identified two operating segments 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/Biomethane 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. This segment mainly includes the SAFE, IMW and Idro Meccanica brands.

Consolidated revenues recorded in 2023 by the Landi Renzo Group are divided by geographical area as follows:

(Thousands of Euro)

Geographical distribution of revenues	At 31/12/2023	% of revenues	At 31/12/2022	% of revenues	Changes	%
Italy	34,692	11.4%	32,159	10.5%	2,533	7.9%
Europe (excluding Italy)	168,406	55.5%	135,833	44.3%	32,573	24.0%
America	50,292	16.6%	65,607	21.4%	-15,315	-23.3%
Asia and Rest of the World	49,949	16.5%	72,698	23.8%	-22,749	-31.3%
Total revenues	**303,339**	**100.0%**	**306,297**	**100.0%**	**-2,958**	**-1.0%**

Regarding the geographical distribution of revenues, the Group realised 88.6% of its consolidated revenues abroad in 2023 (89.6% at 31 December 2022) (55.5% in Europe and 33.1% outside Europe), confirming the strong international vocation that has always set it apart.
For a more detailed analysis of revenues by geographical area and by segment, please refer to the Directors' Report.

The following table shows the assets divided by geographical area of origin:

(Thousands of Euro)

Total Assets	31/12/2023	31/12/2022	Change
Italy	303,720	342,656	-38,936
Europe (excluding Italy)	43,442	39,522	3,920
America	13,274	15,439	-2,165
Asia and Rest of the World	13,033	9,013	4,020
Total ASSETS	**373,469**	**406,630**	**-33,161**

The following table shows investments divided by geographical area of origin:

(Thousands of Euro)

Investments in Fixed Assets	31/12/2023	31/12/2022	Change
Italy	8,985	8,027	958
Europe (excluding Italy)	487	229	258
America	484	200	284
Asia and Rest of the World	3	2	1
Total	**9,959**	**8,458**	**1,501**

NON-CURRENT ASSETS

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

The changes in tangible assets during the financial year 2022 are shown in detail below:

(Thousands of Euro)

Net value	31/12/2021	Idro Meccanica Srl consolidation	Acquisitions	(Disposals)	Depreciation rates	Other changes	31/12/2022
Land and buildings	1,575	881	202	0	-416	-13	2,229
Plant and machinery	5,213	5	326	0	-1,634	1,032	4,942
Industrial and commercial equipment	5,986	0	783	-13	-1,714	160	5,202
Other tangible assets	1,346	6	270	-107	-469	21	1,067
Assets in progress and advance payments	857	0	906	-6	0	-1,182	575
Total	**14,977**	**892**	**2,487**	**-126**	**-4,233**	**18**	**14,015**

The changes in tangible assets during the financial year 2023 are shown in detail below:

(Thousands of Euro)

Net value	31/12/2022	Acquisitions	(Disposals)	Depreciation rates	Other changes	31/12/2023
Land and buildings	2,229	346	-152	-450	4	1,977
Plant and machinery	4,942	760	-57	-1,023	97	4,719
Industrial and commercial equipment	5,202	1,651	-160	-2,294	173	4,572
Other tangible assets	1,067	820	-132	-425	-15	1,315
Assets in progress and advance payments	575	466	-111	0	-281	649
Total	**14,015**	**4,043**	**-612**	**-4,192**	**-22**	**13,232**

Tangible assets showed an overall net decrease of Euro 783 thousand, decreasing from Euro 14,015 thousand at 31 December 2022 to Euro 13,232 thousand at 31 December 2023.

Increases for the year, amounting to Euro 4,043 thousand, primarily relate to the acquisition of moulds and new production lines.

The item "Assets in progress and payments on account" totalled Euro 649 thousand as at 31 December 2023 (Euro 575 thousand as at 31 December 2022) and primarily includes investments in the completion phase in assets expected to be used in the production process in the next year.

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

3. DEVELOPMENT EXPENDITURE

Changes in development expenditure during 2022 are shown in detail below:

(Thousands of Euro)

Net value	31/12/2021	Idro Meccanica Srl consolidation	Increases	Amortisation rates	Other changes	31/12/2022
Development costs	12,222	2	5,538	-6,633	12	11,141

Changes in development expenditure during 2023 are shown in detail below:

(Thousands of Euro)

Net value	31/12/2022	Increases	Amortisation rates	Other changes	31/12/2023
Development costs	11,141	5,396	-6,378	-172	9,987

Development costs amounted to Euro 9,987 thousand (Euro 11,141 thousand at 31 December 2022) and include the costs incurred by the Group both for internal personnel and for services supplied by third parties, for projects meeting the requirements of IAS 38 to be capitalised.
Costs capitalised in the year ended as of 31 December 2023 totalled Euro 5,396 thousand (Euro 5,538 thousand at 31 December 2022).

Development expenditure in 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, the capitalisation of hydrogen mobility project development costs as well as 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 31 December 2023, did not bring to light any impairment.

4. GOODWILL

The Goodwill item totalled Euro 80,132 thousand, unchanged compared with the previous year.

(Thousands of Euro)

CGU	31/12/2023	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**

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

- the **Green Transportation** CGU 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/Biomethane 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** CGU, 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. This segment mainly includes the SAFE, IMW and Idro Meccanica brands.

As required by IAS 36, impairment tests were carried out on all items of goodwill at 31 December 2023 and the results were approved by the Board of Directors of the Parent Company on 23 July 2024.
To take into account the changed market environment with respect to what was set forth in the previous plan, and also following the Group's hiring of Annalisa Stupenengo as the new Chief Executive Officer, a new Business Plan was drafted for the 2024-2028 five-year period (the "Business Plan"), with the support of a leading strategic consulting firm, which was approved by the Board of Directors of Landi Renzo S.p.A. on 23 January 2024. Also taking into account the negotiations initiated by the management with the banking sector, aimed at redefining the debt structure in order to make it consistent with the economic and financial forecasts of the new business plan, that plan was subjected to an Independent Business Review ("IBR") by a leading independent business advisor, which confirmed the substantial solidity, consistency

and sustainability of the Plan's assumptions.

To perform the impairment tests mentioned above, the Company relied on the support of an independent external advisor.

The Company verified the recoverability of the goodwill recognised by comparing the carrying amount of net invested capital with the recoverable value, 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.

A description is provided below of the main assumptions contributing to the determination of the value in use and, as a result, the recoverable amount of the CGUs subject to valuation.

Calculation of the Discount Rate: W.A.C.C.

- The Cost of Capital (Ke) was determined using the Adjusted Capital Asset Pricing Model (Adj. CAPM) and the following main assumptions:
  - Risk Free Rate equal to the returns on the 10-year government securities of the reference countries of the individual entities as concerns the Clean Tech Solutions CGU, or equal to the return on the German 10-year Bund for the Green Transportation CGU;
  - Market Risk Premium corresponding to the EY consensus for 2024 for mature economies;
  - Levered Beta determined on the basis of the average unlevered beta and financial structure of the comparable companies identified;
  - addition of a Country Risk Premium as concerns the Green Transportation CGU, consistent with the geographical breakdown of the CGU's turnover;
  - Additional Risk Premium defined in relation to the size of the Company; and
  - Execution Risk determined on the basis of a gap analysis performed on historical and forward-looking data for the company.
- The Cost of Debt (Kd) was calculated based on the following underlying assumptions:
  - risk-free rate equal to the average over the last six months of the five-year EURIRS, in line with the possibility of the assumption of fixed rate debt in Europe;
  - spread on the base rate estimated based on the average spread of listed comparables identified in relation to their financial structure and their capacity to cover interest payable (ICR); and
  - Italian tax rate to reflect the country in which the Group is taxed.

Terminal Value

The estimated Terminal Value was determined based on Business Plan values and specifically:

- revenue, on a conservative basis, was estimated assuming a constant value with respect to the final year of the plan;
- EBITDA was calculated considering a margin corresponding to the value of the last year of the

plan. This value was then adjusted to take into consideration the depreciation of rights of use linked to lease agreements;

- the value of amortisation and depreciation was determined as equal to 100% of capex;
- capex was estimated assuming a constant value with respect to the final year of the plan;
- the Working Capital (WC) delta was considered to be equal to zero as: a) it is consistent with the zero revenue growth assumption included in the Terminal Value; b) it represents the best estimate for the steady state period subsequent to the restructuring; and
- operating taxes were defined on the basis of a tax rate that includes two distinct rates: 1) a rate representative of the tax impact on EBT during the plan period (2024-2028); 2) a rate, inclusive of IRAP (regional production tax), applied on the share referring to the country Italy.

Furthermore, to determine the Terminal Value, a growth rate (g) was used that was defined on the basis of the long-term inflation rates of the reference countries.

Green Transportation CGU

On the basis of the parameters set forth above, the risk-free rate is 2.5%, so the weighted average cost of capital (W.A.C.C.) relating to the Green Transportation CGU is therefore equal to 12.7% (11.8% as at 31 December 2022). The "g" growth rate is instead 2.8% (3.4% as at 31 December 2022).

Clean Tech Solutions CGU

On the basis of the parameters set forth above, the risk-free rate is 4.3%, so the weighted average cost of capital (W.A.C.C.) relating to the Clean Tech Solutions CGU is therefore equal to 12.3% (12.4% as at 31 December 2022). The "g" growth rate is instead 2.0% (2.0% as at 31 December 2022).

The tests, approved by the Board of Directors of the Parent Company on 23 July 2024, did not bring to light any impairment losses. As regards both of the above-mentioned impairment tests, specific sensitivity analyses were performed as required by valuation practices which did not bring to light any critical issues with regard to the recoverable amount of the goodwill recognised.

The results of the impairment tests and the main sensitivity analyses performed, in order to provide specific indications on the changes in the basic assumptions (WACC and EBITDA) 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	Break-even W.A.C.C.
Green Transportation CGU	4	32	13.0%
Clean Tech Solutions CGU	46	20	16.5%

Please also note that, in order to further corroborate the results obtained from impairment testing, additional sensitivity analyses were performed which took into consideration:

- the results of the Independent Business Review performed by a leading independent business and strategic advisory firm on the 2024-2028 Business Plan;
- the forecast at 31 December 2024 prepared by the management, taking into consideration the preliminary results of the first 6 months of the year of the two CGUs.

The results of these checks led to recoverable values higher than the carrying amount of goodwill and in general of net invested capital.

Moreover, the stock market capitalisation value of Landi Renzo S.p.A. at 31 December 2023 amounted to Euro 101 million, higher than the value of the consolidated shareholders' equity at the same date.
The need to modify the financial calendar to allow for the performance of activities connected to the Financial Optimisation Project, with the resulting limitation of economic and financial information to the market and investors, is expected to have negatively influenced the Company’s share price trends in 2024 and, as a result, its stock market capitalisation, which in any event remained higher than the value of shareholders' equity since early June 2024. In July 2024, the stock market capitalisation was lower than the consolidated shareholders' equity at the date of 31 December 2023, standing at roughly Euro 60 million.

The estimates and forecasts developed by the Group management in drafting the 2024-2028 Business Plan are based on expectations regarding developments in the businesses in which the Group operates. Given the potential effect of external factors outside the Company’s control, particularly the evolution of the market environment, and since the estimate of the recoverable amount requires the use of discretionary factors, the management cannot ensure that there will not be changes in the future in the recoverable amount of the two CGUs identified, making it necessary to redetermine the value of goodwill recognised in the financial statements. These factors are constantly monitored by the Group management.

5. OTHER INTANGIBLE ASSETS WITH FINITE USEFUL LIVES

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

(Thousands of Euro)

Net value	31/12/2021	Acquisitions	Amortisation rates	Other changes	31/12/2022
Patents and intellectual property rights	321	209	-292	112	350
Concessions and trademarks	19,222	224	-2,438	-95	16,913
Total	**19,543**	**433**	**-2,730**	**17**	**17,263**

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

(Thousands of Euro)

Net value	31/12/2022	Acquisitions	Amortisation rates	Other changes	31/12/2023
Patents and intellectual property rights	350	350	-289	80	491
Concessions and trademarks	16,913	170	-2,422	-118	14,543
Total	**17,263**	**520**	**-2,711**	**-38**	**15,034**

Other intangible assets with finite useful lives decreased from Euro 17,263 thousand at 31 December 2022 to Euro 15,034 thousand at 31 December 2023, and include:

- licenses for specific applications and supporting software for research and development activities, as well the purchase of management software licenses;
- the net value of Group trademarks, and in particular Lovato (for Euro 2,556 thousand), AEB (for Euro 2,525 thousand), SAFE (for Euro 3,661 thousand), Metatron (for Euro 2,542 thousand) and other minor trademarks. These trademarks are currently in use, and are entered in the consolidated accounts according to the fair value at the time of the purchase/business combination according to evaluations made by independent professionals, net of the accumulated amortisation. These values are amortised over 18-20 years, periods deemed representative of the useful lifetime of the trademarks.

The increase in the period, equal to Euro 520 thousand, is mainly due to the purchase of new software licences for Euro 350 thousand, in addition to trademark registration costs for Euro 75 thousand.
During the year there were no events or circumstances that indicate possible impairment in relation to the

other intangible assets mentioned above.

6. RIGHT-OF-USE ASSETS

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

(Thousands of Euro)

Net value	31/12/2021	Idro Meccanica Srl consolidation	Increases	Depreciation rates	Other changes	31/12/2022
Buildings	10,878	0	4,401	-3,008	470	12,741
Plant and machinery	598	0	0	-114	14	498
Motor vehicles	515	25	160	-359	38	379
Total	**11,991**	**25**	**4,561**	**-3,481**	**522**	**13,618**

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

(Thousands of Euro)

Net value	31/12/2022	Increases	Depreciation rates	Other changes	31/12/2023
Buildings	12,741	1,170	-3,022	-51	10,838
Plant and machinery	498	0	-104	37	431
Motor vehicles	379	636	-299	-40	676
Total	**13,618**	**1,806**	**-3,425**	**-54**	**11,945**

Right-of-use assets decreased from Euro 13,618 thousand at 31 December 2022 to Euro 11,945 thousand at 31 December 2023.

The increase in this item compared with the previous year is primarily due to a lease agreement for a new warehouse used by the Parent Company.

7. EQUITY INVESTMENTS MEASURED USING THE EQUITY METHOD

This item, equal to Euro 2,498 thousand, includes the value of the joint venture Krishna Landi Renzo, assessed using the equity method.

(Thousands of Euro)

Equity investments measured using the equity method	31/12/2022	Increases	Decreases	31/12/2023
Krishna Landi Renzo India Private Ltd Held	2,496	2	0	2,498
Total	**2,496**	**2**	**0**	**2,498**

The equity investment was subject to a revaluation of Euro 2 thousand, of which a positive Euro 107 thousand relating to the valuation of the equity investment and a negative Euro 105 thousand for the exchange adjustment.
In the course of the year ending on 31 December 2023, Krishna Landi Renzo significantly boosted its sales to a major Indian OEM customer, recording revenue of Euro 51.8 million and EBITDA of Euro 1.4 million.

The Indian joint venture Krishna Landi Renzo was subject to an audit by the local tax and customs authorities, which identified a different interpretation for the purposes of the customs classification of certain products it imported in the 2019-2024 period. The local management immediately requested an audit by two different leading advisors specialised in customs matters, which confirmed that the actions of the company were basically correct. Given what is set forth in those opinions, and as the dispute has not yet resulted in litigation, the management of the joint venture decided not to recognise any provision in the financial statements.

8. OTHER NON-CURRENT FINANCIAL ASSETS

This item breaks down as follows:

(Thousands of Euro)

Other non-current financial assets	31/12/2023	31/12/2022	Change
Loan to Krishna Landi Renzo	600	600	0
Guarantee deposits	294	220	74
Other financial assets	8	27	-19
Total	**902**	**847**	**55**

Other non-current financial assets, equal to Euro 902 thousand (Euro 847 thousand at 31 December 2022) includes mainly:

- the Euro 600 thousand loan, disbursed in 2020 by the Parent Company to the joint venture Krishna Landi Renzo in order to finance current operations; this 5-year loan bears half-yearly interest;
- guarantee deposits for Euro 294 thousand.

9. OTHER NON-CURRENT ASSETS

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

In November, after obtaining the favourable opinion of the Committee for Transactions with Related Parties, this receivable was subject to assignment without recourse to Girefin S.p.A. This assignment took place for an equivalent value of Euro 1,575 thousand (sum rounded down) and therefore with a discount of 4.50% paid in a lump sum at the time of the assignment with respect to the timing agreed upon previously during the disposal of the business unit, which established that the remaining amount of Euro 1,710 thousand would be paid in three instalments over the course of the next 3 financial years.

10. DEFERRED TAX ASSETS

This item breaks down as follows:

(Thousands of Euro)

Offsettable deferred tax assets and liabilities	31/12/2023	31/12/2022	Change
Deferred tax assets	9,697	15,708	-6,011
Deferred tax liabilities	-952	-1,599	647
Total net deferred tax assets	**8,745**	**14,109**	**-5,364**

Net deferred tax assets, totalling Euro 8,745 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 new 2024-2028 Business Plan approved on 23 January 2024.

This analysis highlighted that in the 2024-2028 time period, deferred tax assets are unused in relation to tax losses previously recognised for Euro 6,400 thousand and, as a result, the deferred tax assets recognised in the financial statements were written down by the same amount.

At 31 December 2023 offsettable deferred tax liabilities totalled Euro 952 thousand (Euro 1,599 thousand at 31 December 2022) and are primarily related to temporary differences between the carrying amounts of certain tangible and intangible assets and the values recognised for tax purposes.

11. NON-CURRENT ASSETS, CURRENT ASSETS, NON-CURRENT LIABILITIES FOR DERIVATIVE FINANCIAL INSTRUMENTS

The item includes the fair value measurement of financial derivative contracts signed by the Group and 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 breakdown and changes in Non-current assets for derivative financial instruments are shown below:

(Thousands of Euro)

Non-current assets for derivative financial instruments	Fair value hierarchy	Notional 31/12/2023	31/12/2023	31/12/2022	Change
Derivatives on interest rates					
Loans	2	1,053	39	103	-64
Total			**39**	**103**	**-64**

The breakdown and changes in Current assets for derivative financial instruments are shown below:

(Thousands of Euro)

Current assets for derivative financial instruments	Fair value hierarchy	Notional 31/12/2023	31/12/2023	31/12/2022	Change
Derivatives on interest rates					
Loans	2	15,750	0	412	-412
Total			**0**	**412**	**-412**

The breakdown and changes in Non-current liabilities for derivative financial instruments are shown below:

(Thousands of Euro)

Non-current liabilities for derivative financial instruments	Fair value hierarchy	Notional 31/12/2023	31/12/2023	31/12/2022	Change
Derivatives on interest rates					
Loans	2	36,400	515	0	515
Total			**515**	**0**	**515**

The Parent Company entered into financial derivative contracts (IRSs) to cover 70% of the pool loan of Euro 52 million.

CURRENT ASSETS

12. TRADE RECEIVABLES

Trade receivables (including trade receivables due from related parties), stated net of the related depreciation fund, are analysed by geographical segment as follows:

(Thousands of Euro)

Trade receivables by geographical area	31/12/2023	31/12/2022	Change
Italy	13,447	12,420	1,027
Europe (excluding Italy)	22,362	20,458	1,904
America	10,763	15,646	-4,883
Asia and Rest of the World	36,825	34,788	2,037
Provision for bad debts	-10,576	-9,753	-823
Total	**72,821**	**73,559**	**-738**

Trade receivables totalled Euro 72,821 thousand, net of the provision for bad debts equal to Euro 10,576 thousand, compared with Euro 73,559 thousand at 31 December 2022, a value net of a provision for bad debts of Euro 9,753 thousand.

Total transactions for the assignment of trade receivables through factoring without recourse, for which the corresponding receivables were derecognised, amounted to Euro 15.8 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 6,888 thousand (Euro 6,855 thousand at 31 December 2022) and related to supplies of goods to the joint venture Krishna Landi Renzo, the Joint Venture EFI Avtosanoat-Landi Renzo LLC, the Pakistani company AutoFuels and Clean Energy Fuels Corp (minority shareholder of SAFE&CEC). 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	31/12/2023
Provision for bad debts	9,753	1,090	-197	-70	10,576

The allocations made during the year, necessary in order to adjust the carrying amount of the receivables to their assumed recovery value, amounted to Euro 1,090 thousand (compared with Euro 1,066 thousand at 31 December 2022). Uses during the year, on the other hand, totalled Euro 197 thousand.

In accordance with the requirements of Accounting Standard IFRS 7, 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 31/12/2023	83,397	47,792	6,357	3,045	26,203
Trade receivables at 31/12/2022	83,312	52,124	6,623	3,084	21,481

13. INVENTORIES

This item breaks down as follows:

(Thousands of Euro)

Inventories	31/12/2023	31/12/2022	Change
Raw materials and parts	51,133	49,469	1,664
Work in progress and semi-finished products	19,335	17,867	1,468
Finished products	18,150	21,702	-3,552
(Inventory write-down reserve)	-12,358	-12,358	0
Total	**76,260**	**76,680**	**-420**

Closing inventories totalled Euro 76,260 thousand, net of the inventory write-down reserve of Euro 12,358 thousand, basically stable compared with the previous year (Euro 76,680 thousand, net of an inventory write-down reserve of Euro 12,358 thousand).

(Thousands of Euro)

Inventory write-down reserve	31/12/2022	Allocation	Uses	Other changes	31/12/2023
Inventory write-down reserve (raw materials)	7,165	131	-193	-172	6,931
Inventory write-down Reserve (work in progress)	1,190	130	0	103	1,423
Inventory write-down reserve (finished products)	4,003	323	-357	35	4,004
Inventory write-down reserve – total	**12,358**	**584**	**-550**	**-34**	**12,358**

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 31 December 2023, this item totalled Euro 12,358 thousand, unchanged compared with the previous year.

The inventory write-down reserve recorded allocations during the year amounting to Euro 584 thousand and utilisations of Euro 550 thousand.

14. CONTRACT WORK IN PROGRESS

(Thousands of Euro)

Contract work in progress	31/12/2023	31/12/2022	Change
Contract work in progress	17,377	20,429	-3,052
Total	**17,377**	**20,429**	**-3,052**

Contract work in progress totalled Euro 17,377 thousand at 31 December 2023 (Euro 20,429 thousand at 31 December 2022), referring entirely to Clean Tech Solutions orders in progress.

15. OTHER RECEIVABLES AND CURRENT ASSETS

This item breaks down as follows:

(Thousands of Euro)

Other receivables and current assets	31/12/2023	31/12/2022	Change
Tax assets	10,397	9,589	808
Receivables from others	5,313	6,282	-969
Accruals and deferrals	1,645	1,277	368
Total	**17,355**	**17,148**	**207**

Tax assets

Tax assets consist primarily of VAT recoverable from the tax authorities for Euro 6,057 thousand, income tax credit of Euro 2,572 thousand and tax credits of Euro 1,768 thousand. The tax credits recognised to Metatron S.p.A. and the parent company Landi Renzo S.p.A. include credits relating to research and development activities (Art. 1 of Law 160/2019), for a total of Euro 798 thousand.

Receivables from others

(Thousands of Euro)

Receivables from others	31/12/2023	31/12/2022	Change
Advances to suppliers	2,321	2,559	-238
Receivables from social security institutes	43	81	-38
Credit notes to be received	1,107	1,467	-360
Other receivables	1,842	2,175	-333
Total	**5,313**	**6,282**	**-969**

Receivables from others include primarily advances to suppliers (Euro 2,321 thousand) and provisions for credit notes to be received (Euro 1,107 thousand).

Accruals and deferrals

Accruals and deferrals relate mainly to prepaid expenses for long-term 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 year.

At 31 December 2023, there were no deferred charges or accrued income of a duration of more than 5 years.

16. OTHER CURRENT FINANCIAL ASSETS

This item breaks down as follows:

(Thousands of Euro)

Current financial assets	31/12/2023	31/12/2022	Change
Short-term time deposit	20,647	0	20,647
Total	**20,647**	**0**	**20,647**

Current financial assets, amounting to Euro 20,647 thousand at 31 December 2023, relate to investments in money market transactions with a leading banking institution in the form of a short-term “time deposit”, for which specific remuneration is established.

17. CASH AND CASH EQUIVALENTS

This item, consisting of the active balances of bank current accounts and cash in hand in both Euro and foreign currency, breaks down as follows:

(Thousands of Euro)

Cash and cash equivalents	31/12/2023	31/12/2022	Change
Bank and post office accounts	26,469	62,510	-36,041
Cash	26	458	-432
Total	**26,495**	**62,968**	**-36,473**

Cash and cash equivalents at 31 December 2023 totalled Euro 26,495 thousand (Euro 62,968 thousand at 31 December 2022). For analysis of the production and absorption of cash during the 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.

18. SHAREHOLDERS' EQUITY

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

(Thousands of Euro)

Shareholders' equity	31/12/2023	31/12/2022	Change
Share capital	22,500	22,500	0
Other reserves	77,596	91,698	-14,102
Profit (loss) for the period	-35,169	-14,281	-20,888
Total Shareholders' equity of the Group	**64,927**	**99,917**	**-34,990**
Capital and Reserves attributable to minority interests	6,547	5,953	594
Profit (loss) attributable to minority interests	-1,270	14	-1,284
Total minority interests	**5,277**	**5,967**	**-690**
Total consolidated equity	**70,204**	**105,884**	**-35,680**

The share capital stated 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 31 December 2023 shows a variation of Euro 35,680 thousand compared with 31 December 2022, mainly due to the result for the period, the change in the translation reserve, the effect of the revaluation of the Argentine branch due to hyperinflation and the recognition of financial derivative contracts according to the hedge accounting method.

For further details on the changes compared with 31 December 2023, please refer to the Consolidated Statement of Changes in Equity.

The other reserves are shown in detail below:

(Thousands of Euro)

Other reserves	31/12/2023	31/12/2022	Change
Statutory reserve	2,250	2,250	0
Extraordinary and Other Reserves	23,977	22,329	1,648
Share Premium Reserve	51,369	67,119	-15,750
Total Other Reserves of the Group	**77,596**	**91,698**	**-14,102**

The balance of the Statutory Reserve totalled Euro 2,250 thousand and is unchanged.

The Extraordinary Reserve and the other reserves refer to the profits recorded by the Parent Company and by the subsidiary companies in previous years and have increased by Euro 1,650 thousand as a result of the following changes:

- contribution of the overall positive results of the Group's subsidiaries for Euro 1,469 thousand;
    - the change in the translation reserve for a negative amount of Euro 337 thousand;
    - the recognition, according to hedge accounting rules, of derivative financial contracts for Euro -732 thousand;
- other changes connected with the application of IAS 19 on employee benefits for a positive total of Euro 62 thousand;
- measurement of investments with the equity method for a positive amount of Euro 107 thousand, relating to the equity investment in the joint venture Krishna Landi Renzo;
- the effect of monetary revaluation (IAS 29) for a positive amount of Euro 1,079 thousand;

The Share Premium Reserve amounted to Euro 51,368 thousand (Euro 67,119 thousand at 31 December 2022) and decreased after it was used to cover the loss for the previous year 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

19. NON-CURRENT BANK LOANS

This item breaks down as follows:

(Thousands of Euro)

Non-current bank loans	31/12/2023	31/12/2022	Change
Loans and financing	68,113	8,169	59,944
Amortised cost	-328	0	-328
Total	**67,785**	**8,169**	**59,616**

This item includes the medium/long term portion of bank debts for unsecured loans and finance. It totalled Euro 67,785 thousand at 31 December 2023, compared with Euro 8,169 thousand at 31 December 2022. This significant change is due to the fact that as at 31 December 2022 the main bank loans taken out by the Parent Company were all classified as current, as required by the reference accounting standards, following the issue of waiver letters on a date subsequent to year-end close, which were requested because the contractual covenant level had been surpassed at 31 December 2022. If such letters of consent had been received by year-end, non-current bank loans as at 31 December 2022 would have amounted to Euro 80,848 thousand.

The structure of the debt is mainly 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 borrowing currency is the Euro, except for the loan provided in United States dollars by the Bank of Montreal, totalling USD 4 million (classified in bank financing and short-term loans). 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 31 December 2023, is shown below, based on the agreements in place at the financial statement date.

(Thousands of Euro)

Maturities	Loans and financing
2024	52,172
Amortised cost	-185
Bank financing and short-term loans	**51,987**
2025	18,852
2026	20,198
2027	26,750
2028	2,313
2029 and beyond	0
Amortised cost	-328
Non-current bank loans	**67,785**
Total	**119,772**

It should be noted that, as indicated in the Report on Corporate Governance and Ownership Structure, early settlement of loan agreements may be requested should there be a change of control of the Parent Company.

It is considered that the book value of non-current bank loans is aligned with their fair value at the date of the financial statements.

At 31 December 2023, the Group had the following further short-term credit facilities, available but not used:

(Thousands of Euro)

Credit facilities	2023
Cash facility	8,151
Facility for various uses	49,324
Total	**57,475**

As concerns the failure to respect covenants and the Financial Optimisation Project approved on 17 July 2023 by the Board of Directors, please refer to what is described in the sections "Going Concern" or "Bank financing and short-term loans".

20. OTHER NON-CURRENT FINANCIAL LIABILITIES

At 31 December 2023, other non-current financial liabilities totalled Euro 18,503 thousand (Euro 24,456 thousand at 31 December 2022) and relate mainly:

- for Euro 5,190 thousand (value net of the effect of amortised cost of Euro 60 thousand) to the debenture loan issued on 30 December 2021 by the subsidiary SAFE S.p.A. and subscribed by Finint SGR, for an initial value of Euro 7 million. The loan, with a contractual duration until 31 August 2027 and a gross annual nominal fixed rate of 5%, calls for half-yearly repayment starting from 1 January 2024 and is also subject to compliance with financial parameters with reference to the data set forth in the consolidated financial statements of the SAFE&CEC Group as at 31 December of each year. In this regard, please note that the financial covenants on the debenture loan of the SAFE&CEC Group at 31 December 2023 were not met and that on 29 December 2023 Finint SGR issued the relative waiver letter which provided a holiday period with reference to the financial covenants to be calculated as at 31 December 2023;
- for Euro 900 thousand to the non-current share of 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 667 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;
- for Euro 11,746 thousand (value increased by the positive effect of the amortised cost of Euro 59 thousand) 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.

The annual repayment plan of other financial liabilities, based on the balances at 31 December 2023, is shown below.

(Thousands of Euro)

Maturities	Other financial liabilities
2024	7,549
Amortised cost	-90
Other current financial liabilities	**7,459**
2025	5,995
2026	5,995
2027	6,055
2028	69
2029 and beyond	390
Amortised cost	-1
Other non-current financial liabilities	**18,503**
Total	**25,962**

21. NON-CURRENT LIABILITIES FOR RIGHTS OF USE

This item breaks down as follows:

(Thousands of Euro)

	31/12/2022	Increases	Repayments	Other changes	31/12/2023
Buildings	13,578	1,170	-2,493	-517	11,738
Plant and machinery	523	0	0	-59	464
Motor vehicles	409	636	-301	-64	680
Total	**14,510**	**1,806**	**-2,794**	**-640**	**12,882**
of which current	3,196				2,792
of which non-current	11,314				10,090

Right-of-use liabilities of Euro 12,882 thousand were recognised in the financial statements at 31 December 2023 (Euro 14,510 thousand at 31 December 2022), after repayments of Euro 2,794 thousand.

22. PROVISIONS FOR RISKS AND CHARGES

This item and changes in it are shown in detail below:

(Thousands of Euro)

Provisions for risks and charges	31/12/2022	Allocation	Utilisation	Other changes	31/12/2023
Provision for product warranties	3,616	4,079	-3,024	-3	4,668
Provision for lawsuits in progress	104	200	0	-2	302
Provisions for pensions	662	0	-619	-13	30
Other provisions	1,102	285	-137	-6	1,244
Total	**5,484**	**4,564**	**-3,780**	**-24**	**6,244**

Provisions for risks and charges of Euro 6,244 thousand were recognised in the financial statements at 31 December 2023 (Euro 5,484 thousand at 31 December 2022).

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 31 December 2023 this provision totalled Euro 4,668 thousand, after allocations of Euro 4,079 thousand. Uses of the provision for risks for product warranties totalling Euro 3,024 thousand are due to the coverage of warranty costs correlated with supplies provided in previous years.

The use of Euro 619 thousand from the Provisions for pensions mainly regarded the payment of the end of service benefits established contractually in the acquisition of Idro Meccanica S.r.l. by SAFE S.p.A.

23. DEFINED BENEFIT PLANS FOR EMPLOYEES

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	31/12/2023
Employee severance indemnities	3,413	1,723	-1,752	-127	3,257

Uses totalling Euro 1,752 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.

The main economic and financial assumptions used by the actuary in charge of estimates, methodologically unchanged since the previous year, are as follows by individual company:

Actuarial assumptions used for evaluations	31/12/2023
Demographic table	SIM2019 / SIF2019
Discount rate (Euro Swap)	3.10%
Probability of request for advance	2.50%
Expected % of employees who will resign before pension	9.70%
Maximum % of TFR (employee severance indemnity) requested in advance	70.00%
Annual cost of living increase rate	2.25%

The sensitivity analysis shows insignificant variances with respect to the value recognised in the financial statements at 31 December 2023.

24. DEFERRED TAX LIABILITIES

At 31 December 2023, deferred tax liabilities that did not meet the offsetting requirements for the purposes of IAS 12 totalled Euro 3,048 thousand (Euro 2,910 thousand at 31 December 2022) and are mainly related to temporary differences between the book values of certain intangible assets and the values recognised for tax purposes.

(Thousands of Euro)

Offsettable deferred tax liabilities and assets	31/12/2023	31/12/2022	Change
Deferred tax liabilities	3,048	2,910	138
Deferred tax assets	0	0	0
Total net deferred tax liabilities	**3,048**	**2,910**	**138**

CURRENT LIABILITIES

25. BANK FINANCING AND SHORT-TERM LOANS

The breakdown in this item is shown in detail below:

(Thousands of Euro)

Bank financing and short-term loans	31/12/2023	31/12/2022	Change
Advances, import fin. and other current bank payables	33,296	27,559	5,737
Loans and financing	18,876	76,752	-57,876
Amortised cost	-185	-682	497
Total	**51,987**	**103,629**	**-51,642**

"Bank financing and short-term loans", totalling Euro 51,987 thousand (Euro 103,629 thousand at 31 December 2022), consists of the current portion of existing unsecured loans and financing totalling Euro 18,876 thousand, gross of the amortised cost effect, and the utilisation of short-term commercial credit lines for Euro 33,296 thousand.

As already mentioned previously, the change compared with the previous year is due to the fact that the comparative data as at 31 December 2022 include in current portions the entire amount of loans outstanding following the issue of waiver letters on a date subsequent to year-end close, which were requested because the contractual covenant level had been surpassed at 31 December 2022.

If such letters of consent had been received by year-end close, Bank financing and short-term loans as at 31 December 2022 would have amounted to Euro 30,950 thousand.

The table below provides the detail of the Group's Net Financial Position:

(Thousands of Euro)	31/12/2023	31/12/2022
Cash and cash equivalents	26,495	62,968
Current financial assets	20,647	0
Current assets for derivative financial instruments	0	412
Bank financing and short-term loans	-51,987	-103,629
Current right-of-use liabilities	-2,792	-3,196
Other current financial liabilities	-7,459	-3,956
Net short term indebtedness	**-15,096**	**-47,401**
Non-current bank loans	-67,785	-8,169
Other non-current financial liabilities	-18,503	-24,456
Non-current right-of-use liabilities	-10,090	-11,314
Non-current liabilities for derivative financial instruments	-515	0
Non-current assets for derivative financial instruments	39	103
Net medium-long term indebtedness	**-96,854**	**-43,836**
Commitments for the purchase of equity investments	-455	-1,086
Net Financial Position	**-112,405**	**-92,323**
Net Financial Position - adjusted (*)	**-98,592**	**-77,242**
- of which Green Transportation	-82,041	-68,511
- of which Clean Tech Solutions	-16,551	-8,731

(*) Not including the effects of the adoption of IFRS 16 - Leases, the fair value of derivative financial instruments and the payables for the equity investments

The Net Financial Position as at 31 December 2023 is equal to Euro 112,405 thousand (Euro 92,323 thousand as at 31 December 2022), of which Euro 12,882 thousand due to the application of IFRS 16 – Leases, overall a negative Euro 476 thousand due to the fair value of derivative financial instruments and Euro 455 thousand for the payable for the valuation of the call option on the minority stakes of the Chinese subsidiary of the Metatron Group (amount classified in the item Other current liabilities of the consolidated statement of financial position). Without considering the effects arising from the adoption of this accounting standard, the fair value of derivative financial instruments and the remaining payable for the acquisition of equity investments, the adjusted Net Financial Position as at 31 December 2023 would have been equal to Euro 98,592 thousand (gross of the effect of exchange rate fluctuations on liquid assets equal to Euro 1,442 thousand), of which Euro 82,041 thousand linked to the Green Transportation segment and Euro 16,551 thousand to the Clean Tech Solutions segment.

The deterioration in the net financial position at 31 December 2023 compared to the end of the previous year was primarily associated with operations (Euro -5,632 thousand - net of non-recurring outlays for voluntary retirement incentives), investment activities (Euro 9,134 thousand) and cash outflows for leases (Euro 3,808 thousand).

Over recent years, the Group's economic and financial performance has been negatively affected by, inter alia, a series of external events, including the COVID-19 pandemic and, more recently, the outbreak of the Russia-Ukraine conflict, which triggered turbulence in global energy trends (particularly in CNG and LNG prices), leading to growing inflationary pressures as well as difficulties in procuring certain raw materials, which has impacted both demand for the products supplied by the Group and the associated profit margins.

In this regard and with reference to the financial parameters to be tested 30 June 2023 and 31 December 2023 on the main Landi Renzo S.p.A. medium/long-term loans, please note that during the year the Company presented requests to the various financial institutions for waiver letters containing some specific requests for consent and/or exemption, particularly with reference to the failure to comply with the parameter on leverage (the "leverage ratio") at 30 June 2023 and the expected possibility of non-compliance with that ratio at 31 December 2023.

Following timely negotiations, on 11 September 2023 all of the lending banks issued waiver letters confirming their consent to the one-off exemption from that financial parameter with reference to the calculation dates of 30 June and 31 December 2023 ("covenant holiday"). Please also note that such waiver letters also required respect for additional conditions, including an update of the business plan, with the request that it be subjected to an Independent Business Review ("IBR") by an independent business advisor, as well as the establishment and maintenance of a balance of Group cash and cash equivalents at 31 December 2023 equal to a minimum amount no lower than Euro 38 million. Both of these conditions were met.

With regard to the financial parameters at 31 December 2023 established on the debenture loan issued by the subsidiary SAFE S.p.A. and subscribed by Finint (Finanziaria Internazionale Investments SGR S.p.A.), please note that on 29 December 2023, Finint SGR issued the relative waiver letter which provided a holiday period with reference to the financial covenants to be calculated as at 31 December 2023.

In July 2023, also in order to best tackle the complex macroeconomic scenario described in brief above, the Board of Directors of Landi Renzo S.p.A. co-opted Annalisa Stupenengo as Chief Executive Officer and General Manager of the Group, entrusting her with the task of preparing the new 2024-2028 business plan (the "Business Plan"), drafted with the support of a leading strategic consulting firm, which was approved by the Board of Directors of Landi Renzo S.p.A. on 23 January 2024. As requested by the lending banks, the Business Plan was subjected to an IBR by an independent business advisor, which confirmed the substantial sustainability of the relative assumptions and which, along with the absence of external events during the initial months of the year that could jeopardise the estimates made, permitted the Company's Board of Directors to confirm that Business Plan on 17 July 2024.

Furthermore, within this context, the management engaged a financial advisor to analyse the economic and financial situation of the Group and provide assistance in developing a financial structure reorganisation and optimisation strategy (the "Financial Optimisation Project"), while also initiating negotiations with the banking sector to redefine medium/long-term loan agreements. On 17 July 2024, the Board of Directors of Landi Renzo S.p.A. approved the Financial Optimisation Project, giving the Chairman and Chief Executive Officer, separately, the necessary powers to sign documents relevant to the review of agreements with banks and to do what is necessary to execute them.

Considering the timing connected to the definition of the review of medium/long-term loan agreements with the banking sector and the reorganisation and optimisation of the inherent financial structure, the Board of Directors deemed it appropriate to update the calendar of board and shareholders' meetings for the approval of the financial data at 31 December 2023 multiple times.

The Financial Optimisation Project is based on three main guidelines:

1. a capitalisation of Landi Renzo S.p.A. through the injection of new own funds to be carried out through a share capital increase under option for a total (including share premium) of up to Euro 25 million, by issuing ordinary shares, with regular dividend entitlement, guaranteed up to an amount of Euro 20 million by the current majority shareholder of Landi Renzo S.p.A., GBD - Green by Definition S.p.A.("GBD"), to be offered as an option to shareholders of the Company pursuant to Article 2441 of the Italian Civil Code, and to be paid up by means of contributions in cash and through voluntary offsetting, pursuant to Article 1252 of the Italian Civil Code, with receivables due to subscribers from the Company (the "Share Capital Increase under Option");
2. a capitalisation of Landi Renzo S.p.A. through the injection of new own funds to be carried out through an indivisible paid share capital increase in cash reserved for Invitalia - Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A. ("Invitalia"), in its capacity as manager of the "Fund for the protection of employment levels and the continuation of business activity", - for a total (including share premium) of Euro 20 million, by means of the issue of unlisted special class shares convertible into ordinary shares at a ratio of 1:1, with the same characteristics as the ordinary shares outstanding, as well as certain administrative rights recognised by the articles of association (the "Reserved Share Capital Increase" and, along with the Share Capital Increase under Option, the "Transaction"); and
3. a rescheduling of payments on the Company's outstanding medium/long-term financial debt to its lending banks (i.e. Intesa Sanpaolo S.p.A., UniCredit S.p.A. and Sagitta SGR S.p.A., on behalf of the closed-end alternative investment fund reserved for professional investors named "UTP Restructuring Corporate", the latter having taken over for Banco BPM S.p.A. as of July 2024, jointly, the "Lenders"), which is consistent with the generation of operating cash flows to service the debt in light of the economic/financial projections set forth in the Business Plan, as well as

the results of the sensitivity scenario prepared by the independent business advisor as part of the IBR.

Please note that, following the full payment of the Share Capital Increase under Option and the Reserved Share Capital Increase, expected by 31 December 2024, the Company will obtain new own funds for a maximum total of Euro 45 million and, in any event, no less than Euro 40 million.

As part of the above-mentioned process of reviewing the medium/long-term loan agreements with the banking sector, as well as the Transaction involving the Invitalia investment, on 5 August 2024 the Board of Directors acknowledged:

- the signing on 1 August 2024 of the investment agreement between GBD, Invitalia and, limited to certain contractual clauses, Gireimm S.r.l., Girefin S.p.A. and Itaca GAS S.r.l.(the "**GBD Shareholders**"), holding 100% of the share capital of GBD (the "**Investment Agreement**"), of which they received a copy signed by all parties concerned on 1 August 2024 which establishes, inter alia, GBD's commitment to subscribe its pro rata share of the Share Capital Increase under Option (the "**Guaranteed Minimum Share**"), as well as to subscribe any unopted rights after the auction, for a maximum of Euro 20 million, inclusive of the Guaranteed Minimum Share (the "**Guaranteed Maximum Share**"), under the terms and conditions set forth in the Investment Agreement, with the specification that the execution of the commitments to subscribe the Share Capital Increase under Option and the Reserved Share Capital Increase is subject to the following conditions (the "**Conditions Precedent**"):
    i) the approval by the Company's Extraordinary Shareholders' Meeting of the assignment, pursuant to Article 2443 of the Italian Civil Code, to the Board of Directors of a delegation to carry out the Share Capital Increase under Option and the Reserved Share Capital Increase, establishing that the share subscription price, equal for both capital increases, will be determined by the Board of Directors close to the Share Capital Increase under Option subscription period;
    ii) the exercise of the Delegation by the Company's Board of Directors and the establishment of the subscription price of the ordinary shares and the special class shares according to the methodology and criteria set forth in the Investment Agreement;
    iii) the approval by the Ordinary Shareholders' Meeting of the Company of the resolutions concerning the composition of the corporate bodies of Landi Renzo S.p.A. following the signing of the Investment Agreement;
    iv) the adoption by the Extraordinary Shareholders' Meeting of Landi Renzo S.p.A. of the new Articles of Association and the Apostille which will establish that the amendments made to the Articles of Association will become effective only at the date of and in conjunction with the full subscription by Invitalia of the Reserved Share Capital Increase;
    v) the determination of the value of Landi Renzo S.p.A. prior to the Share Capital Increase

under Option by means of the fairness opinion drafted by an independent advisor engaged by Invitalia, which also takes into account an assessment, performed on the basis of a generally accepted methodology such as the internal rate of return or the net present value, of the return on investment or investment benchmarking, as well as the growth and development outlooks of the Landi Renzo Group and the sectors in which it carries on business - in order to verify that such value is equal to or higher than that which will be determined by the Board of Directors of Landi Renzo S.p.A. as part of the Transaction according to what is set forth in the Investment Agreement;

vi) the approval by Consob of the prospectus concerning the Transaction;

vii) the signing by the Company with the Lenders of binding agreements (albeit subject to conditions precedent) relating to the Financial Manoeuvre;

viii) the conclusion of the Share Capital Increase under Option with the subscription, if the terms and conditions set forth in the Investment Agreement are met, of the Guaranteed Maximum Share by GBD; and

ix) the issue of the POSI Policy and, for such purposes, the full payment of the relative premiums and costs by Landi Renzo S.p.A. according to what is set forth in the Investment Agreement;

- the fact that in July 2024, the Ministry of Enterprises and Made in Italy confirmed the lack of grounds to object to the acceptance of the relaunch programme submitted by the Company to Invitalia and subsequently formalised in the above-mentioned investment agreement;
- the signing, on 1 August 2024, of the amendment to the medium/long-term loan agreement for a total maximum of Euro 21 million entered into on 29 June 2022 between Landi Renzo S.p.A. and the Lenders, backed by an irrevocable first demand guarantee issued by SACE S.p.A., pursuant to Italian Decree Law No. 23/2020, and the amendment to the medium/long-term unsecured loan agreement for a total maximum of Euro 52 million entered into on 29 June 2022 also between Landi Renzo S.p.A. and the Lenders (jointly, the "**Amendments**"), of which they received a copy signed by all parties concerned on 1 August 2024 and which in particular call for (a) the rescheduling of current repayment plans; (b) a reset of the leverage ratio financial parameter without prejudice to the fact that, with reference to the calculation dates of 30 June 2024 and 31 December 2024, the above-mentioned financial parameter will no longer be checked; (c) the introduction of the new Adjusted EBITDA financial parameter, to be tested exclusively with regard to the calculation dates of 30 June 2025 and 31 December 2025; and (d) with reference only to the loan agreement with the SACE guarantee, the introduction of a prohibition on the distribution of dividends and/or the acquisition of treasury shares for the entire year 2024, with the specification that the Amendments will become effective (with effect backdated to 28 June 2024) following the fulfilment of the conditions precedent set forth therein (the "**Lender Conditions Precedent**") including, *inter alia*, GBD's payment for a future capital increase of Landi Renzo S.p.A. in the amount of Euro 14,981,665.33 by 5 August 2024 (the "Payment"), and will

also be subject to conditions subsequent including, *inter alia*, the failure to finalise the Transaction in the amount of at least Euro 40 million by 31 December 2024 (the "**Condition Subsequent**"). In this regard, please note that all Lender Conditions Precedent (considering that the above-mentioned future share capital increase payment has already been made) have been met to date;

- the signing, on 1 August 2024, by GBD and the GBD Shareholders of a commitment (the "**Equity Commitment Letter**") calling for the irrevocable commitment of GBD and the GBD Shareholders to the Lenders, (i) subject to the approval of the Company's draft financial statements at 31 December 2023 by the Company's Board of Directors, to make the Payment by no later than 5 August 2024 (in this regard, please note that GBD made the Payment to the Company on 2 August 2024 in an amount equal to the Guaranteed Minimum Share corresponding to Euro 14,981,665.33); and (ii) subject to the fulfilment of the Conditions Precedent set forth in the Investment Agreement, with the exception of the Condition Precedent pursuant to point (viii) above, to subscribe the Guaranteed Minimum Share by means of offsetting with the Payment pursuant to Article 1252 of the Italian Civil Code, as well as to subscribe the Guaranteed Maximum Share under the terms and conditions set forth in the Investment Agreement.

26. OTHER CURRENT FINANCIAL LIABILITIES

This item, totalling Euro 7,459 thousand (Euro 3,956 thousand at 31 December 2021), basically includes:

- Euro 1,750 thousand for the current share of the debenture loan issued by the subsidiary SAFE S.p.A. and subscribed by Finint SGR;
- Euro 3,820 thousand (value net of the effect of the amortised cost of Euro 90 thousand) for the current share of the loan taken out in March 2022 by Landi Renzo S.p.A. from Invitalia;
- Euro 300 thousand for the current share of 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;
- Euro 69 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;
- Euro 1,350 thousand relating to a short-term loan received from a main OEM customer and aimed at the purchase of strategic components to manufacture products for that customer.

27. CURRENT LIABILITIES FOR RIGHTS OF USE

This item amounted to Euro 2,792 thousand (Euro 3,196 thousand at 31 December 2021) 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.

28. TRADE PAYABLES

Trade payables (including trade payables to related parties) can be analysed by geographical segment as follows:

(Thousands of Euro)

Trade payables by geographical area	31/12/2023	31/12/2022	Change
Italy	75,091	72,966	2,125
Europe (excluding Italy)	13,731	14,825	-1,094
America	5,973	6,511	-538
Asia and Rest of the World	5,320	3,731	1,589
Total	**100,115**	**98,033**	**2,082**

Trade payables totalled Euro 100,115 thousand, with an increase of Euro 2,082 thousand compared with 31 December 2022, basically aligned with the previous year.

Trade payables to related parties are Euro 6,681 thousand (Euro 6,857 thousand at 31 December 2022) and mainly refer to relations with the companies Gireimm S.r.l. and Gestimm S.r.l. for property lease payments, as well as with Clean Energy Fuels Corp, Krishna Landi Renzo India Priv. Ltd. and Tamburi Investment Partners S.p.A. All the related transactions are carried out at arm's length conditions.

29. TAX LIABILITIES

At 31 December 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 2,440 thousand, compared with Euro 3,697 thousand at 31 December 2022.

30. OTHER CURRENT LIABILITIES

This item breaks down as follows:

(Thousands of Euro)

Other current liabilities	31/12/2023	31/12/2022	Change
Payables to welfare and social security institutions	2,550	2,274	276
Other payables (payables to employees, to others)	7,862	8,445	-583
Advance payments	16,381	19,041	-2,660
Accrued expenses and deferred income	2,237	2,729	-492
Total	**29,030**	**32,489**	**-3,459**

Other current liabilities amount to Euro 29,030 thousand (Euro 32,489 thousand at 31 December 2022) and include:

- advances on SAFE&CEC Group projects for Euro 16,381 thousand (Euro 19,041 thousand at 31 December 2022);
- other payables of Euro 7,862 thousand (Euro 8,445 thousand at 31 December 2022), relating primarily to payables for current and deferred wages to be paid to employees, as well as the payable for the valuation of the call option on minority interests of the subsidiary Metatron Control System Shanghai (Euro 455 thousand).

The decrease in the item is primarily linked to the reduction in advances against the postponement of some important SAFE&CEC projects to the following year.

INCOME STATEMENT

31. REVENUES FROM SALES AND SERVICES

This item breaks down as follows:

(Thousands of Euro)

Revenues from sales and services	31/12/2023	31/12/2022 (restated)	Change
Revenues related to the sale of assets	298,073	300,742	-2,669
Revenues for services and other revenues	5,266	5,555	-289
Total	**303,339**	**306,297**	**-2,958**

In the financial year which closed on 31 December 2023, the Landi Renzo Group achieved revenues of Euro 303,339 thousand, basically in line with the previous year. Nonetheless, there was an increase in turnover of the Green Transportation segment, which rose from Euro 201,725 thousand in the previous year to Euro 212,900 thousand as at 31 December 2023 (+5.5%), while the Clean Tech Solutions segment declined from Euro 104,572 thousand in the previous year to Euro 90,439 thousand as at 31 December 2023 (-13.5%), a downturn mainly associated with the deferral of several important projects to 2024.

See the Directors' Report for further details on performance of revenues on sales.

Revenues from related parties totalling Euro 19,922 thousand refer to supplies of goods and services to the joint venture Krishna Landi Renzo and to Clean Energy Fuels Corp.

32. OTHER REVENUES AND INCOME

This item breaks down as follows:

(Thousands of Euro)

Other revenues and income	31/12/2023	31/12/2022 (restated)	Change
Grants	1,488	660	828
Other income	817	589	228
Total	**2,305**	**1,249**	**1,056**

“Other revenues and income” totalled Euro 2,305 thousand (Euro 1,249 thousand at 31 December 2022) and mainly relate to grants of Euro 1,488 thousand.

33. COST OF RAW MATERIALS, CONSUMABLES AND GOODS AND CHANGE IN INVENTORIES

This item breaks down as follows:

(Thousands of Euro)

Cost of raw materials, consumables and goods and change in inventories	31/12/2023	31/12/2022 (restated)	Change
Raw materials and parts	118,522	113,345	5,177
Finished products intended for sale	66,786	71,884	-5,098
Other materials and equipment for use and consumption	4,160	3,750	410
Total	**189,468**	**188,979**	**489**

The total costs for purchases of raw materials, consumables and goods (including the change in inventories) amount to Euro 189,468 thousand (Euro 188,979 thousand at 31 December 2022), an increase of Euro 489 thousand compared with 31 December 2022.

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	31/12/2023	31/12/2022 (restated)	Change
Industrial and technical services	35,808	35,086	722
Commercial services	5,683	6,029	-346
General and administrative services	11,876	10,588	1,288
Non-recurring strategic consultancy	2,695	1,718	977
Costs for use of third-party assets	1,637	1,359	278
Total	**57,699**	**54,780**	**2,919**

Costs for services and use of third-party assets amounted to Euro 57,699 thousand (Euro 54,780 thousand at 31 December 2022) with an increase of Euro 2,919 thousand and are inclusive of non-recurring expenses relating to strategic consultancy (Euro 2,695 thousand).

Costs for use of third-party assets in the income statement, equal to Euro 1,637 thousand, mainly relate to contracts eligible for the simplification options established by the IFRS 16 - Leases accounting standard, i.e.

those relating to low-value assets or with a duration of 12 months or less.

35. PERSONNEL EXPENSES

Personnel expenses are shown in detail below:

(Thousands of Euro)

Personnel costs	31/12/2023	31/12/2022 (restated)	Change
Wages and salaries	33,101	30,467	2,634
Social security contributions	7,814	7,839	-25
Expenses for defined benefit plans	1,723	1,652	71
Temporary agency work and transferred work	5,799	5,454	345
Directors' remuneration	1,239	1,272	-33
Non-recurring personnel costs and expenditure	1,334	534	800
Total	**51,010**	**47,218**	**3,792**

Personnel costs totalled Euro 51,010 thousand, an increase compared with the previous year (Euro 47,218 thousand at 31 December 2022), mainly as a result of greater recourse to temporary labour due to the increase in production during the period and the strengthening of the Group's management structure through the inclusion of new professional figures.

Non-recurring personnel costs, of Euro 1,334 thousand, 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.

The following table lists the number of employees in the workforce at the end of the period, broken down between Italian and foreign companies.

	Average			Peak		
Number of employees	31/12/2023	31/12/2022	Change	31/12/2023	31/12/2022	Change
Executives and Clerical Staff	555	558	-3	567	555	12
Manual workers	398	419	-21	397	396	1
Total	**953**	**977**	**-24**	**964**	**951**	**13**

These values do not include temporary agency workers, fixed contract collaborators or the directors.

Performance Shares Plan

On 22 December 2022, the Board of Directors of Landi Renzo SpA approved, pursuant to Article 114-bis of Italian Legislative Decree 58/98, a compensation plan named the "2022-2024 Performance Shares Plan" concerning the free assignment of the right to receive Landi Renzo S.p.A. ordinary shares(for a maximum total of 3,300,000 shares), based on the degree to which specific performance objectives are reached, on the basis of what was approved by the Landi Renzo S.p.A. Shareholders' Meeting on 29 April 2022.The assignment of shares is subject to reaching at least one of the performance objectives as well as the existence, at the date of assignment of the shares, of the employment and/or management relationship with the Company or its subsidiaries.

This plan was valued by an independent third party expert, and was not found to be significant. Also based on the Group's profit performance, no provisions were recognised in the financial statements.

36. ACCRUALS, WRITE-DOWNS OF RECEIVABLES AND OTHER OPERATING EXPENSES

This item breaks down as follows:

(Thousands of Euro)

Accruals, write-downs and other operating expenses	31/12/2023	31/12/2022 (restated)	Change
Other taxes and duties	327	250	77
Other operating expenses	1,699	748	951
Losses on receivables	3	3	0
Provision for product warranties	4,079	2,064	2,015
Bad debts	1,090	497	593
Provisions for penalties from customers	180	1,963	-1,783
Total	**7,378**	**5,525**	**1,853**

Allocations, write-downs and other operating expenses totalled Euro 7,378 thousand (Euro 5,525 thousand at 31 December 2022), up primarily due to non-recurring provisions of Euro 2,121 thousand relating to possible costs for service campaigns with respect to OEM customers (in addition to the normal provision, directly correlated with volumes sold) as well as higher provisions for bad debts recognised by the management by updating, on the basis of information at 31 December 2023, assessments concerning the recoverability of receivables due to the Group from customers.

37. AMORTISATION, DEPRECIATION AND IMPAIRMENT

This item breaks down as follows:

(Thousands of Euro)

Amortisation, depreciation and impairment	31/12/2023	31/12/2022 (restated)	Change
Amortisation of intangible assets	9,089	9,363	-274
Depreciation of tangible assets	4,192	4,233	-41
Depreciation of rights of use	3,425	3,481	-56
Total	**16,706**	**17,077**	**-371**

Amortisation and depreciation amounted to Euro 16,706 thousand (Euro 17,077 thousand at 31 December 2022). No elements emerged from the analysis which revealed the need to change the useful lifetime of tangible and intangible assets.

38. FINANCIAL INCOME

This item breaks down as follows:

(Thousands of Euro)

Financial income	31/12/2023	31/12/2022 (restated)	Change
Interest income on bank deposits	262	25	237
Other income	1,198	1,104	94
Total	**1,460**	**1,129**	**331**

Financial income totalled Euro 1,460 thousand (Euro 1,129 thousand at 31 December 2022) and included interest income on bank deposits and other income as well as Euro 494 thousand relating to interest income on short-term monetary time deposits opened in 2023.

39. FINANCIAL EXPENSES

This item breaks down as follows:

(Thousands of Euro)

Financial expenses	31/12/2023	31/12/2022 (restated)	Change
Interest on bank overdrafts and loans and loans from other financiers	10,075	5,157	4,918
Bank charges and commissions	1,569	2,465	-896
Other operating expenses	2	8	-6
Total	**11,646**	**7,630**	**4,016**

Financial expenses at 31 December 2023 amounted to Euro 11,646 thousand and essentially 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 481 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.

The item Bank charges and commissions in 2022 included the effects connected to the recognition according to what is set forth in IFRS 9 of the new SACE-backed loan agreement entered into on 29 June 2022, which entailed the recognition of figurative costs in the income statement of Euro 843 thousand.

40. EXCHANGE GAINS AND LOSSES

This item breaks down as follows:

(Thousands of Euro)

Exchange gains and losses	31/12/2023	31/12/2022 (restated)	Change
Positive exchange differences realised	2,199	2,637	-438
Positive exchange differences from valuation	965	3,182	-2,217
Negative exchange differences realised	-2,101	-2,766	665
Negative exchange differences from valuation	-2,689	-4,506	1,817
Total	**-1,626**	**-1,453**	**-173**

Net exchange differences amounted to Euro -1,626 thousand (Euro -1,453 thousand at 31 December 2022), mostly generated by valuation losses realised on the depreciation of the Argentine currency.
At 31 December 2023, the Group did not have financial instruments hedging exchange rate risk.

41. NET INCOME / EXPENSES FROM HYPERINFLATION

This item breaks down as follows:

(Thousands of Euro)

Net income/(charges) from hyperinflation	31/12/2023	31/12/2022 (restated)	Change
Income from hyperinflation	382	816	-434
Expenses from hyperinflation	-1,654	-1,033	-621
Total	**-1,272**	**-217**	**-1,055**

Following the change in consumer prices in Argentina, net hyperinflation expenses of Euro 1,272 thousand were recorded. For a detailed analysis, please refer to the specific section of these financial statements on "Hyperinflation".

42. INCOME AND EXPENSES FROM INVESTMENTS

Net expenses from equity investments amounting to Euro 224 thousand are connected mainly to the adjustment of the payable for the valuation of put & call options relating to the minority interest in the Chinese company Metatron Shanghai.

43. INCOME (EXPENSES) ATTRIBUTABLE TO EQUITY INVESTMENTS MEASURED USING THE EQUITY METHOD

This item, totalling a positive Euro 107 thousand (Euro 597 thousand at 31 December 2022), includes the measurement of the equity investment held in the joint venture Krishna Landi Renzo. In the course of the year ending on 31 December 2023, this joint venture significantly boosted its sales to a major Indian OEM customer, recording revenue of Euro 51.8 million and EBITDA of Euro 1.4 million.

44. TAXES

Income taxes are shown in detail below:

(Thousands of Euro)

Taxes	31/12/2023	31/12/2022 (restated)	Change
Current taxes	-902	-1,351	449
Deferred tax liabilities (assets)	-5,719	966	-6,685
Total	**-6,621**	**-385**	**-6,236**

Taxes at 31 December 2023 totalled a negative Euro 6,621 thousand, compared with a negative Euro 385 thousand at 31 December 2022. The change is basically due to the write-down of Euro 6,400 thousand recognised due to an analysis regarding the recoverability of deferred tax assets on prior losses on the basis of the expected results of the coming years.

Since 2022, the Parent Company has also adhered, as the consolidating company, to the national consolidation tax scheme pursuant to Articles 117 to 129 of the Italian Consolidated Income Tax Act (T.U.I.R) with some of the Group's other Italian companies, i.e., SAFE S.p.A., SAFE&CEC S.r.l. and Metatron S.p.A.

The Parent Company, SAFE S.p.A. and Metatron S.p.A. prudently did not recognise deferred tax assets against losses recorded during the year.

Current taxes are shown in detail in the table below:

(Thousands of Euro)

Current taxes	31/12/2023	31/12/2022 (restated)	Change
IRES (corporate income tax)	709	831	-122
IRAP (regional production tax)	46	175	-129
Taxes relating to prior years	-458	-100	-358
Current taxes of foreign companies	605	445	160
Total	**902**	**1,351**	**-449**

45. EARNINGS (LOSS) PER SHARE

The "basic" earnings/(loss) per share was calculated by relating the net profit/(loss) of the Group to the number of ordinary shares in the period (225,000,000 at 31 December 2023). The "basic" earnings share, which corresponds to the "diluted" loss per share, since there are no convertible bonds, was a negative Euro 0.1563 at 31 December 2023, compared with a loss per share of Euro 0.0635 at 31 December 2022.

The result and the number of ordinary shares used for the purposes of calculating basic earnings per share, determined according to the methodology specified by IAS 33, are provided below.

Consolidated earnings/(loss) per share	31/12/2023	31/12/2022
Consolidated earnings/(loss) for the period attributable to the Parent Company shareholders (Euro/thousand)	-35,169	-14,281
Average number of shares in circulation	225,000,000	225,000,000
Basic earnings/(loss) per share for the period	-0.1563	-0.0635

46. INFORMATION ON THE FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

As required by IFRS 7 – Financial Instruments, the attached table provides a comparison between the carrying amount and the fair value of all the financial assets and liabilities, divided according to the categories identified by the above-mentioned accounting standard.

(Thousands of Euro)	31/12/2023		31/12/2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Other non-current financial assets	902	902	2,557	2,557
Receivables and other current assets	90,176	90,176	90,707	90,707
Current financial assets	20,647	20,647	0	0
Current assets for derivative financial instruments	0	0	412	412
Non-current assets for derivative financial instruments	39	39	103	103
Cash and cash equivalents	26,495	26,495	62,968	62,968
Trade payables and other current liabilities	129,145	129,145	130,522	130,522
Non-current liabilities for derivative instruments	515	515	0	0
Financial liabilities measured at amortised cost - non-current portion	96,378	96,378	43,939	43,939
Financial liabilities measured at amortised cost - current portion	62,238	62,238	110,781	110,781

The carrying amount of bank overdrafts and short-term loans and loans and financing approximates their fair value at 31 December 2023, since such classes of financial instruments are indexed at the Euribor market rate.

47. COMMITMENTS

At 31 December 2023, the Group did not have any significant commitments.

48. ANALYSIS OF THE MAIN DISPUTES IN PROGRESS

At 31 December 2023, the Group was involved in proceedings, brought both by and against it, for non-significant amounts.

49. 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.

The main transactions with related parties that took place in 2023 are listed below:

- 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 company located in Corte Tegge - Cavriago;
- 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 (Bologna);
- the service contracts between Gestimm S.r.l. and Landi Renzo S.p.A. for rent of the production plant on Via dell'Industria in Cavriago;
- the service contracts between Reggio Properties LLC, a company in which a stake is held by Girefin S.p.A., for the rents on properties used by the US company;
- the loan granted by Landi Renzo S.p.A. and Krishna Landi Renzo India Private Ltd;
- supply of goods and services to the joint venture Krishna Landi Renzo India Private Ltd;
- supplies of products and materials by Clean Energy Fuel Corp, the minority shareholder of SAFE&CEC.

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	Expense (Income) from JVs measured using equity method	Financial Expenses (Income)	Receivables	Payables	Financial Assets
Gestimm S.r.l.	0	0	0	701	0	0	0	292	0
Krishna Landi Renzo India Priv. Ltd	3,885	1,860	110	0	-107	-18	2,345	46	600
Efi Avtosanoat	0	0	0	0	0	0	443	0	0
Gireimm S.r.l.	0	0	0	1,507	0	0	0	806	0
Tamburi Investment Partners	0	0	0	0	0	0	0	395	0
Reggio Properties LLC	0	0	0	23	0	0	0	23	0
Autofuels	0	0	0	0	0	0	136	0	0
Clean Energy Fuels Corp.	14,043	0	0	0	0	0	3,964	5,120	0
NG Advantage LLC	40	0	0	0	0	0	0	0	0
Wyoming Northstar Inc DBA Clean Energy Cryogenics	94	0	0	0	0	0	0	0	0
	18,062	**1,860**	**110**	**2,231**	**-107**	**-18**	**6,888**	**6,682**	**600**

50. NON-RECURRING SIGNIFICANT EVENTS AND TRANSACTIONS

Pursuant to Consob communication no. 6064293 of 28 July 2006, it is stated that during 2023 no non-recurring significant events or transactions took place aside from the transactions described above.

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

Pursuant to Consob communication no. 6064293 of 28 July 2006, note that, during 2023 and the initial months of 2024, 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 of minority shareholders.

52. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Please refer to the analysis provided in the Directors' Report.

G) INFORMATION PURSUANT TO ARTICLE 149-*duodecies* OF THE CONSOB ISSUER REGULATIONS

In compliance with the express provisions of the Consob Issuer Regulations, Article 149 duodecies, payments, stated in the Group's 2023 Income Statement, made for services rendered by the auditing firm, and by entities belonging to its network, to the companies belonging to the Landi Renzo Group are listed below.

(Thousands of Euro)

Type of Services	Subject who provided the service	Remuneration 2023
Auditing	PricewaterhouseCoopers S.p.A.	482
Other services	PricewaterhouseCoopers S.p.A. and PwC network	63

Annex 1

Consolidated Income Statement at 31 December 2023, prepared in application of the requirements of Consob resolution 15519 of 27/06/2006 and Consob Communication no. DEM/6064293 of 28/07/2006.

(Thousands of Euro)

CONSOLIDATED INCOME STATEMENT	Notes	31/12/2023	of which transactions with related parties	Weight %	31/12/2022 (restated)	of which transactions with related parties	Weight %
Revenues from sales and services	31	303,339	19,922	6.6%	306,297	5,923	1.9%
Other revenues and income	32	2,305			1,249		
Cost of raw materials, consumables and goods and change in inventories	33	- 189,468	-110	0.1%	- 188,979	-110	0.1%
Costs for services and use of third-party assets	34	-57,699	-2,231	3.9%	-54,780	-2,134	3.9%
Personnel costs	35	-51,010			-47,218		
Allocations, write-downs and other operating expenses	36	-7,378			-5,525		
Gross operating profit		**89**			**11,044**		
Amortisation, depreciation and impairment	37	-16,706			-17,077		
Net operating profit		**-16,617**			**-6,033**		
Financial income	38	1,460	18	1.2%	1,129	104	9.2%
Financial expenses	39	-11,646			-7,630		
Exchange gains (losses)	40	-1,626			-1,453		
Net income/(charges) from hyperinflation	41	-1,272			-217		
Income (expenses) from equity investments	42	-224	-224	100.0%	-275	-275	100.0%
Profit (loss) from equity investments measured using the equity method	43	107	107	100.0%	597	597	100.0%
Profit (loss) before tax		**-29,818**			**-13,882**		
Current and deferred taxes	44	-6,621			-385		
Net profit (loss) for the Group and minority interests, including:		**-36,439**			**-14,267**		
Minority interests		-1,270			14		
Net profit (loss) for the Group		-35,169			-14,281		
Basic earnings (loss) per share (calculated on 225,000,000 shares)	45	-0.1563			-0.0635		
Diluted earnings (loss) per share		-0.1563			-0.0635		

Annex 2

Consolidated Statement of Financial Position at 31 December 2023, prepared in application of the requirements of Consob resolution 15519 of 27/06/2006 and Consob Communication no. DEM/6064293 of 28/07/2006.

(Thousands of Euro)

ASSETS	Notes	31/12/2023	of which transactions with related parties	Weight %	31/12/2022	of which transactions with related parties	Weight %
Non-current assets							
Land, property, plant, machinery and other equipment	2	13,232			14,015		
Development costs	3	9,987			11,141		
Goodwill	4	80,132			80,132		
Other intangible assets with finite useful lives	5	15,034			17,263		
Right-of-use assets	6	11,945			13,618		
Equity investments measured using the equity method	7	2,498			2,496		
Other non-current financial assets	8	902	600	66.5%	847	600	70.8%
Other non-current assets	9	0			1,710		
Deferred tax assets	10	8,745			14,109		
Non-current assets for derivative financial instruments	11	39			103		
Total non-current assets		**142,514**			**155,434**		
Current assets							
Trade receivables	12	72,821	6,888	9.5%	73,559	6,855	9.3%
Inventories	13	76,260			76,680		
Contract work in progress	14	17,377			20,429		
Other receivables and current assets	15	17,355			17,148		
Other current financial assets	16	20,647			0		
Current assets for derivative financial instruments	11	0			412		
Cash and cash equivalents	17	26,495			62,968		
Total current assets		**230,955**			**251,196**		
TOTAL ASSETS		**373,469**			**406,630**		

(Thousands of Euro)

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	31/12/2023	of which transactions with related parties	Weight %	31/12/2022	of which transactions with related parties	Weight %
Shareholders' equity							

Share capital	18	22,500			22,500		
Other reserves	18	77,596			91,698		
Profit (loss) for the period	18	-35,169			-14,281		
Total Shareholders' equity of the Group		**64,927**			**99,917**		
Minority interests	18	5,277			5,967		
TOTAL SHAREHOLDERS' EQUITY		**70,204**			**105,884**		
Non-current liabilities							
Non-current bank loans	19	67,785			8,169		
Other non-current financial liabilities	20	18,503			24,456		
Non-current liabilities for rights of use	21	10,090			11,314		
Provisions for risks and charges	22	6,244			5,484		
Defined benefit plans for employees	23	3,257			3,413		
Deferred tax liabilities	24	3,048			2,910		
Non-current liabilities for derivative financial instruments	11	515			0		
Total non-current liabilities		**109,442**			**55,746**		
Current liabilities							
Bank financing and short-term loans	25	51,987			103,629		
Other current financial liabilities	26	7,459			3,956		
Current liabilities for rights of use	27	2,792			3,196		
Trade payables	28	100,115	6,681	6.7%	98,033	6,857	7.0%
Tax liabilities	29	2,440			3,697		
Other current liabilities	30	29,030			32,489		
Total current liabilities		**193,823**			**245,000**		
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**373,469**			**406,630**		

LANDIRENZO

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ARTICLE 154-BIS OF ITALIAN LEGISLATIVE DECREE 58/98

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, the Financial Reporting Manager of Landi Renzo S.p.A., certify:

- the adequacy in relation to the characteristics of the company and
- the effective application of the administrative and accounting procedures for preparing the consolidated financial statements in the course of 2023.

We furthermore declare that:

- consolidated financial statements at 31 December 2023:
  a) have been drawn up in accordance with the international accounting standards recognised in the European Union under the EC regulation No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 and Commission Delegated Regulation (EU) No. 2019/815 of 17 December 2018 (the "ESEF Regulation");
  b) correspond to 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.
- The directors' report includes a reliable analysis of business trends and results, as well as the situation of the issuer and the consolidated companies, along with a description of the main risks and uncertainties to which they are exposed.

Cavriago, 5 August 2024

The Chief Executive Officer	Financial Reporting Manager
Annalisa Stupenengo	Paolo Cilloni

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Independent Auditor's Report

in accordance with article 14 of Legislative Decree No.39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the Shareholders of
Landi Renzo SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Landi Renzo SpA (hereinafter also the "Company") and its subsidiaries (hereinafter also the "Landi Renzo Group"), which comprise the consolidated statement of financial position as of 31 December 2023, the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity, consolidated cash flow statement for the year then ended, and the explanatory notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Landi Renzo Group as of 31 December 2023 and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of Landi Renzo SpA pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PricewaterhouseCoopers SpA

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Significant uncertainty regarding going concern

We draw attention to the fact described in the paragraph "General criteria for preparation of the consolidated financial statements and declaration of conformity - Going Concern" of the explanatory notes, where the directors of Landi Renzo SpA have illustrated the main reasons underlying the negative economic and financial performance of the Company and of the Group it heads, and the consequent process, started by the directors of Landi Renzo SpA and currently in progress, aimed at the reorganization and optimization of the financial structure of the Company and of the Group it heads (also referred to as the "Financial Optimization Project").

The aforementioned Financial Optimization Project provides:

1. a capital increase with option for a total amount (including share premium) up to Euro 25 million, guaranteed up to an amount equal to Euro 20 million by the current majority shareholder of Landi Renzo SpA, GBD - Green by Definition SpA, as per the irrevocable commitment issued by the aforementioned shareholder on August 1, 2024. In this regard, it is specified that in execution of the commitment, the majority shareholder of Landi Renzo SpA, on August 2, 2024, made a payment for a future capital increase of an amount equal to approximately Euro 15 million;

2. a capital increase reserve to Invitalia - Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A -, as manager of the "Fund for the safeguarding of employment levels and the continuation of business activity", - for a total amount (including share premium) equal to Euro 20 million, as per the investment agreement signed with Invitalia on August 1, 2024. In this context, the directors have reported the fact that during the month of July 2024 the "Ministero delle Imprese e del Made in Italy" confirmed the absence of impediment on the acceptance of the relaunch program presented by the Company to Invitalia and subsequently formalized in the aforementioned investment agreement;

3. A rescheduling of the repayment terms of the Company's medium-long term financial debt related to existing loans, as per the amendment agreements of the financing contracts signed with the lending banks on 1 August 2024.

In this context, the directors of Landi Renzo SpA point out that the completion of the operation relating to the aforementioned capital increases (hereinafter also collectively the "Capital Increase"), which represents a resolutive condition of the amendment agreements of the financing contracts, which according to the agreements with Invitalia and the banks must be concluded by 31 December 2024, is exposed to an articulated procedural process due to the technical aspects provided for by both the rules that regulate the market and those of law underlying the investment agreement with Invitalia. This agreement provides some Suspensive Conditions, the occurrence of some of which depends on the occurrence of events beyond the control of the Company, such as obtaining a "*fairness opinion*" issued by an independent advisor appointed by Invitalia that determines the value of Landi Renzo SpA prior to the Capital Increase and verifies that such value is equal to or greater than what will be determined by the Board of Directors of Landi Renzo SpA for the purposes of the Capital Increase.

Considering the fact that:

- the Capital Increase represents a fundamental element of the Financial Optimization Project;
- as of today, the aforementioned "*fairness opinion*" is unavailable and consequently it is not "objectively" possible to know what the determinations of the independent advisor will be;

the directors of Landi Renzo SpA believe that there is a significant uncertainty that may raise doubts about the company's ability to continue operating as a functioning entity, and that could have a fallout over the successful outcome of the Capital Increase and consequently on the Financial Optimization Project as a whole.

The directors believe that, even though there is significant uncertainty regarding the use of the going concern assumption related to the fact that the condition precedent related to the *"fairness opinion"* may not be met by 31 December 2024, no indicators or circumstances have raised that would lead to the assumption that the value of Landi Renzo prior to the capital increase resulting from the *"fairness opinion"* will be lower than what will be determined by the Board of Directors of Landi Renzo SpA for the purposes of the capital increase, and therefore, despite the typical uncertainties of similar procedures, they believe the use of the going concern assumption in the preparation of the consolidated financial statements of Landi Renzo SpA as at 31 December 2023 is appropriate.

Due to the significance of the above - mentioned, we have considered that the evaluation of the going concern assumption represents a key aspect of the audit. The following main audit procedures were carried out in the context of the audit activities:

- analysis of the evaluation process of the directors of Landi Renzo SpA regarding the ability of the Company and the Group to continue operating as a functioning entity;
- obtaining the 2024-2028 economic-financial Business Plan, approved by the Board of Directors on 23 January 2024, subject to *Independent business review* ("IBR") by an independent third-party consultant; analysis of prospective cash flows and the main assumptions underlying them, through discussions with the Company's management, involving the experts in *Business Restructuring Services* of the PwC network who supported us in carrying out a critical analysis of the reasonableness of the aforementioned economic-financial forecasts;
- acquisition of audit evidence about the requests and relationships with the banks, with specific reference to i) the "*waiver*" letters issued by the banks in September 2023 in relation to the non-compliance with the financial covenants at the date of 30th June 2023 and the prospective non-compliance with the same at the date of 31st December 2023; ii) the situation of the credit lines, also through obtaining data and information directly from the banks by circulation procedures;
- obtaining and analysis the investment agreement signed with Invitalia and checking the suspensive conditions included in it;
- obtaining and analysis agreements with banks related to rescheduling of repayment terms of existing loans, and verification of the suspensive and resolutive conditions included in them;
- obtaining and analysis the "*Equity Commitment*" agreement signed by the majority shareholder of Landi Renzo SpA;
- obtaining and verification of the accounting evidence of the payment made by the majority shareholder GBD SpA in favor of Landi Renzo SpA, as future capital increase of approximately Euro 15 million, in execution of the aforementioned agreement signed with banks;
- critical reading of the minutes of the Corporate Bodies;

- carrying out audit procedures on subsequent events;
- critical examination of the information provided by the administrators of Landi Renzo SpA, with particular reference to its correspondence and adequacy with respect to the audit evidences acquired by us.

Our opinion is not modified regarding this aspect.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to what is described in the Significant uncertainty section related to going concern, we have identified the aspects described below as key aspects of the review to be communicated in this report.

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Recoverability of goodwill *See note 4 "Goodwill" and the paragraph "Accounting standards and valuation criteria" of the explanatory notes.*	
As of December 31, 2023, the book value of goodwill amounts to Euro 80.1 million and has not changed compared to the previous year. The goodwill refers to the cash-generating units (*Cash Generating Unit or "CGU")* as follows: - for Euro 47.9 million to the CGU "Green Transportation" (formerly "Automotive); - and for Euro 32.2 million to the CGU "Clean Tech Solutions" (formerly "Infrastructure"). In accordance with the applicable accounting principles, the directors of Landi Renzo SpA carry out the verification of the recoverability of the goodwill allocated to the identified CGUs, comparing the book values of the same with the estimate of their recoverable amount in accordance	The audit approach included the understanding, evaluation, and verification of the consistency of the methodology and of the procedures defined by the Company for the determination of the recoverable amount of the CGUs, approved by the Company's Board of Directors on July 23, 2024, in accordance with IAS 36 international accounting standard adopted by the European Union, as well as its correct application. We have verified the reasonableness of the methodologies adopted and the main assumptions reflected in the evaluation models (discounted cash flow method), prepared by the Company with the assistance of the independent external consultant, also through the involvement of the experts of the

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with the international accounting principle IAS 36 (so-called impairment test), annually or when indicators suggest a possible impairment loss.

Specifically, the directors of Landi Renzo SpA have performed the annual *impairment test* as of December 31, 2023 on all identified CGUs, determining the recoverable amount according to the configuration of the value in use determined by discounting the forecast data of the CGUs contained in the economic-financial industrial plan 2024-2028, approved by the Board of Directors on January 23, 2024, subject to an *Independent Business Review* ("IBR") by an independent third-party consultant, who confirmed the substantial sustainability of the related assumptions, to which a terminal value was added.

The valuation models underlying the determination of the recoverable amount (value in use) of the CGUs to which the goodwill has been allocated were prepared with the assistance of an independent external consultant and are based on complex assessments and management estimates. In particular, the assumptions contained in the models are influenced by future market conditions, as far as the expected financial flows, the perpetual growth rate and the discount rate are concerned.

Following the impairment test carried out, the determinated recoverable amount was higher than the book value for all identified CGUs.
The recoverability of the value of goodwill was considered of particular relevance for the audit of the consolidated financial statements considering the significant impact of the item in question on the Group's financial position, and also in light of the complexity of the estimates underlying the impairment test, such as those relating to forecasts of prospective financial flows, and the variables that make up the discount and growth rates, as they are influenced by future and uncertain events.

Corporate Finance division of the PwC network. In particular, we have verified the reasonableness of the discount rate and the perpetual growth rate compared to the valuation practices normally adopted for companies belonging to the Group Landi Renzo's reference sector.
We have also verified the consistency between the cash flows included in the evaluation models and those included in the economic-financial forecasts.

We also analyzed the reasonableness of the expected cash flows through discussions with the Company's management and with the independent external consultant appointed by the directors of Landi Renzo SpA, as well as through the involvement of the experts of the *Business Restructuring Services* division of the PwC network, who supported us in conducting a critical analysis of the reasonableness of the aforementioned economic-financial forecasts.
We have also verified the mathematical accuracy of the evaluation models prepared by the Company.
Finally, we verified the disclosures provided by the Company in the financial statements about the method adopted to determine the recoverable amount of the CGUs where goodwill has been allocated, the results of the valuations performed and with reference to the "*sensitivity analysis*" performed by the Company.

Recoverability of deferred tax assets

See note 10 "Deferred tax assets" and the paragraph "Accounting standards and valuation criteria" of the explanatory notes.

Deferred tax assets recognised in the consolidated financial statements as of 31 December 2023 amount to Euro 9.7 million, partially offset by deferred tax liabilities equal to Euro 1 million, giving a net deferred tax asset equal to Euro 8.7 million. Deferred tax assets relate for Euro 6.7 million to temporary differences between the book values of assets and liabilities recognised in the financial statements and their tax values and for Euro 3 million to prior tax losses.

The Company reassess the amount of deferred tax assets at each year-end, adjusting it whenever it is no longer likely to recover them through future taxable income.

The estimate process of the recoverable amount is based on evaluative assumptions influenced by economic, financial, and market conditions that are difficult to predict.

The recoverability of deferred tax assets was considered a key audit matter for the purpose of the audit of the consolidated financial statements of the significant impact of the aforementioned item on the financial position of the Landi Renzo Group, as well as the complexity of the evaluation process of the recoverability of these credits closely related to the existence of future taxable income of the Landi Renzo Group and, therefore, to the feasibility of the economic-financial forecasts, considering the current context of uncertainty characterizing the markets.

The audit procedures performed included understanding and evaluating the process adopted by the Company to verify the recoverability of deferred tax assets.
A thorough analysis was conducted by us on deferred tax assets, also involving PwC network tax experts.
We obtained the analysis conducted by the Company on the recoverability of deferred tax assets which was based on the forecasts of the 2024-2028 economic-financial industrial plan, approved by the Board of Directors on January 23, 2024.

We verified the reasonableness of the aforementioned income forecasts through discussions with the Company's management and the involvement of the experts from the *Business Restructuring Services* division of the PwC network, who supported us in the critical analysis of the reasonableness of the expectations included in the Landi Renzo Group's forecast.
Finally, we verified the disclosures provided by the Company in the financial statements, particularly with reference to the evaluations underlying the recoverability of deferred tax assets.

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Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Landi Renzo Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate Landi Renzo SpA or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.
As part of an audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Landi Renzo Group's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of

accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Landi Renzo Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Landi Renzo Group to cease to continue as a going concern;

- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Landi Renzo Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Landi Renzo Group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.
We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No 537/2014

On 29 April 2016, the shareholders of Landi Renzo SpA in general meeting engaged us to perform the statutory audit of the Company's and the consolidated financial statements for the years ending 31 December 2016 to 31 December 2024.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to those charged with governance, in their capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

pwc

Report on Compliance with other Laws and Regulations

Opinion on compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The directors of Landi Renzo SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the "Commission Delegated Regulation") to the consolidated financial statements as of 31 December 2023, to be included in the annual report.

We have performed the procedures specified in auditing standard (SA Italia) No. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Commission Delegated Regulation.

In our opinion, the consolidated financial statements have been prepared in XHTML format and have been marked up, in all significant respects, in compliance with the provisions of the Commission Delegated Regulation.

Due to certain technical limitations, some information included in the illustrative notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of Landi Renzo SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the Landi Renzo Group as of 31 December 2023, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the consolidated financial statements of the Landi Renzo Group as of 31 December 2023 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of the Landi Renzo Group as of 31 December 2023 and are prepared in compliance with the law.

pwc

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree No. 254 of 30 December 2016

The directors of Landi Renzo SpA are responsible for the preparation of the non-financial statement pursuant to Legislative Decree No. 254 of 30 December 2016. We have verified that management approved the non-financial statement.

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016, the non-financial statement is the subject of a separate statement of compliance issued by ourselves.

Parma, 2 September 2024

PricewaterhouseCoopers SpA

Signed by

Nicola Madureri
(Partner)

As disclosed by the Directors on page 3, the accompanying consolidated financial statements of Landi Renzo SpA constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's 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.

Separate Financial Statements at 31 December 2023 – Landi Renzo S.p.A.

Statement Of Financial Position

Income Statement

Statement of Comprehensive Income

Cash Flow Statement

Statement of Changes in Shareholders' Equity

Explanatory notes

ANNEXES

Certification of the financial statements pursuant to article 154-bis of Italian Legislative Decree 58/98

Auditor's Report

Report of the Board of Statutory Auditors to the Shareholders' Meeting

STATEMENT OF FINANCIAL POSITION

(Euro)

ASSETS	Notes	31/12/2023	31/12/2022
Non-current assets			
Land, property, plant, machinery and other equipment	2	7,945,845	8,668,411
Development costs	3	7,252,338	8,037,197
Goodwill	4	30,094,311	30,094,311
Other intangible assets with finite useful lives	5	5,690,254	7,081,928
Right-of-use assets	6	4,055,309	4,589,549
Equity investments in subsidiaries	7	55,431,055	55,170,403
Equity investments in associates and joint ventures	8	2,497,874	2,496,458
Other non-current financial assets	9	1,024,527	964,329
Other non-current assets	10	0	1,710,000
Deferred tax assets	11	6,277,592	11,551,897
Non-current assets for derivative financial instruments	12	0	37,335
Total non-current assets		**120,269,105**	**130,401,818**
Current assets			
Trade receivables	13	24,122,346	27,772,077
Receivables from subsidiaries	14	23,928,687	23,989,668
Inventories	15	41,236,544	42,602,777
Other receivables and current assets	16	5,932,628	6,911,261
Other current financial assets	17	20,211,843	2,000,000
Current assets for derivative financial instruments	12	0	407,443
Cash and cash equivalents	18	7,797,779	39,363,664
Total current assets		**123,229,827**	**143,046,890**
TOTAL ASSETS		**243,498,932**	**273,448,708**

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	31/12/2023	31/12/2022
Shareholders' equity			
Share capital	19	22,500,000	22,500,000
Other reserves	19	62,639,292	79,223,860
Profit (loss) for the period	19	-35,167,303	-15,749,826
TOTAL SHAREHOLDERS' EQUITY		**49,971,989**	**85,974,034**
Non-current liabilities			
Non-current bank loans	20	61,234,621	0
Other non-current financial liabilities	21	12,016,261	15,918,684
Non-current liabilities for rights of use	22	2,815,844	2,922,470
Provisions for risks and charges	23	18,830,999	13,357,997
Defined benefit plans for employees	24	997,212	948,443
Non-current liabilities for derivative financial instruments	12	514,770	0
Total non-current liabilities		**96,409,707**	**33,147,594**
Current liabilities			
Bank financing and short-term loans	25	26,684,570	85,958,688
Other current financial liabilities	26	5,259,706	3,786,244
Current liabilities for rights of use	27	1,194,507	1,675,352
Trade payables	28	54,761,619	55,463,727
Payables to subsidiaries	29	3,177,194	1,919,630
Tax liabilities	30	1,067,923	984,002
Other current liabilities	31	4,971,717	4,539,437
Total current liabilities		**97,117,236**	**154,327,080**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**243,498,932**	**273,448,708**

INCOME STATEMENT

(Euro)

		31/12/2023	31/12/2022
Revenues from sales and services	32	142,939,543	144,036,240
Other revenues and income	33	1,405,460	33,652
Cost of raw materials, consumables and goods and change in inventories	34	-88,260,191	-86,079,188
Costs for services and use of third-party assets	35	-32,494,524	-30,943,567
Personnel costs	36	-21,669,934	-17,883,047
Allocations, write-downs and other operating expenses	37	-4,416,421	-2,614,557
Gross operating profit		**-2,496,067**	**6,549,533**
Amortisation, depreciation and impairment	38	-11,077,237	-11,267,998
Net operating profit		**-13,573,304**	**-4,718,465**
Financial income	39	906,307	1,080,659
Financial expenses	40	-8,877,108	-5,541,762
Exchange gains (losses)	41	-657,074	905,054
Income (expenses) from equity investments	42	-7,568,805	-8,941,603
Income (expenses) attributable to equity investments measured using the equity method	43	107,186	596,066
Profit (loss) before tax		**-29,662,798**	**-16,620,051**
Taxes	44	-5,504,505	870,225
Profit (loss) for the year		**-35,167,303**	**-15,749,826**

Pursuant to Consob resolution no. 15519 dated 27 July 2006, the effects of transactions with related parties on the Income Statement are shown in a specific table in Annex 1.

STATEMENT OF COMPREHENSIVE INCOME

(Euro)

		31/12/2023	31/12/2022
Net profit (loss) for the Group and minority interests:		**-35,167,303**	**-15,749,826**
Profits/losses that will not be subsequently reclassified in the income statement			
Remeasurement of employee defined benefit plans	24	285	130,667
Total profits/losses that will not be subsequently reclassified in the Income Statement		**285**	**130,667**
Profits/losses that will be subsequently reclassified in the Income Statement			
Share of other comprehensive income of equity investments measured using the equity method	8	-105,770	-127,748
Fair value of derivatives, change for the period	12	-729,257	411,286
Total profits/losses that will be subsequently reclassified in the Income Statement		**-835,027**	**283,538**
Profits/losses recorded directly in Shareholders' Equity after tax effects		**-834,742**	**414,205**
Total Statement of Comprehensive Income for the period		**-36,002,045**	**-15,335,621**

STATEMENT OF CASH FLOWS

(Thousands of Euro)

	31/12/2023	31/12/2022
Cash flows from operations		
Pre-tax profit (loss) for the period	-29,663	-16,620
Adjustments for:		
Depreciation of property, plant and machinery	2,750	2,735
Amortisation of intangible assets	6,571	6,843
Depreciation of right-of-use assets	1,757	1,690
Loss (Profit) from disposal of tangible and intangible assets	-113	-17
Impairment loss on receivables	217	630
Net financial charges	8,628	-3,556
Net loss (profit) attributable to equity investments measured using the equity method	-107	8,345
	-9,960	**50**
Changes in:		
Inventories	1,366	-8,110
Trade receivables and other receivables	4,346	-7,301
Trade payables and other payables	687	16,166
Provisions and employee benefits	5,522	-580
Cash generated from operations	**1,961**	**225**
Interest paid	-6,569	-4,345
Interest received	57	1,037
Taxes paid	0	0
Net cash generated (absorbed) by operations	**-4,551**	**-3,083**
Financial flows from investments		
Proceeds from the sale of property, plant and machinery	266	45
Purchase of property, plant and machinery	-2,316	-1,736
Purchase of intangible assets	-371	-208
Development costs	-4,023	-4,247
Purchase of financial fixed assets (equity investments)	0	-25,571
Net cash absorbed by investment activities	**-6,444**	**-31,717**
Free Cash Flow	**-10,995**	**-34,800**
Financial flows from financing activities		
Disbursements (reimbursements) of loans to group companies	2,000	-2,000
Disbursements (reimbursements) of medium/long-term loans	-4,483	18,449
Change in short-term bank debts	4,014	-6,067
Share capital increase (*)	0	58,554
Repayment of leases (IFRS 16)	-1,890	-1,828
Net cash generated (absorbed) by financing activities	**-359**	**67,108**
Net increase (decrease) in cash and cash equivalents	**-11,354**	**32,308**
Cash and cash equivalents at 1 January	39,364	7,056
Net decrease/(increase) in short-term deposits (**)	-20,212	0
Closing cash and cash equivalents	7,798	39,364

(*) net of expenses incurred
(**) monetary time deposit loan granted

STATEMENT OF CHANGES IN EQUITY

(Thousands of Euro)

	Share capital	Statutory reserve	Extraordinary and other reserves	Share premium reserve	Future share capital increase contribution	Profit (loss) for the year	Shareholders' equity
Balance at 31/12/2021	**11,250**	**2,250**	**574**	**28,946**	**8,867**	**-9,131**	**42,756**
Profit (loss) for the year						-15,750	**-15,750**
Actuarial gains/losses (IAS 19)			131				**131**
Valuation of joint ventures using the equity method			-128				**-128**
Change in the cash flow hedge reserve			411				**411**
Total overall profits/losses	**0**	**0**	**414**	**0**	**0**	**-15,750**	**-15,336**
Share capital increase	**11,250**			**47,304**			**58,554**
Allocation of profit				-9,131		9,131	**0**
Total effects deriving from transactions with shareholders	**0**	**0**	**0**	**-9,131**	**0**	**9,131**	**0**
Balance at 31/12/2022	**22,500**	**2,250**	**988**	**67,119**	**8,867**	**-15,750**	**85,974**
Profit (loss) for the year						-35,167	**-35,167**
Actuarial gains/losses (IAS 19)			0				**0**
Valuation of joint ventures using the equity method			-106				**-106**
Change in the cash flow hedge reserve			-729				**-729**
Total overall profits/losses	**0**	**0**	**-835**	**0**	**0**	**-35,167**	**-36,002**
Allocation of profit				-15,750		15,750	**0**
Total effects deriving from transactions with shareholders	**0**	**0**	**0**	**-15,750**	**0**	**15,750**	**0**
Balance at 31/12/2023	**22,500**	**2,250**	**153**	**51,369**	**8,867**	**-35,167**	**49,972**

EXPLANATORY NOTES TO THE SEPARATE FINANCIAL STATEMENTS AT 31 December 2023 OF LANDI RENZO S.P.A.

A) GENERAL INFORMATION AND SIGNIFICANT EVENTS IN THE YEAR

Landi Renzo S.p.A. (the "Company") has been active for over sixty years in the automotive fuel supply systems sector, designing, manufacturing and selling eco-compatible LPG, CNG and hydrogen fuel supply systems. The Company manages all phases of the process that leads to the production, the sale and, for particular business areas, also the installation of automotive fuel supply systems; it sells both to the principal automobile manufacturers at a world-wide level (OEM channel) and to independent retailers and importers (After Market channel).

Landi Renzo S.p.A., has its headquarters in Cavriago (RE) and is the parent company of the Landi Renzo Group, which holds equity investments, directly and indirectly (through other sub-holding companies), in the capital of the companies through which it is active in Italy and abroad.

The company, listed on the Milan Stock Exchange in the FTSE Italy STAR segment, as the Parent Company, has prepared the consolidated financial statements of the Landi Renzo Group at 31 December 2023.

These financial statements are submitted to auditing carried out by the auditing firm PricewaterhouseCoopers S.p.A.

Significant events in the financial year

- 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. Idro Meccanica S.r.l., a company active in the production of technologies and innovative systems for the compression of hydrogen, biomethane and natural gas, which boasts of a full range of products and applications to manage hydrogen compression up to 800 bars, is a strategic investment to strengthen the Group in the hydrogen business.

- On 2 March 2023, the Board of Directors approved the Group's 2023 Economic and Financial 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 on the basis of new economic forecasts.

- 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.

- 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 lending banks issued waiver letters which provided a holiday period with reference to the financial covenants to be calculated as at 30 June and 31 December 2023.

- As a result of the resignation of Cristiano Musi from the position of Chief Executive Officer of Landi Renzo S.p.A., on 28 September 2023 E.M.A. 2021 S.r.l., a vehicle company controlled by Cristiano Musi, sold all 108,380 special shares it held in GbD Green by Definition S.p.A. to GbD Green by Definition S.p.A. In addition, on the same date:

    - Girefin S.p.A., Gireimm S.r.l., Itaca Gas S.r.l., GbD Green by Definition S.p.A. and E.M.A. 2021 S.r.l. consensually terminated the special shares agreement by signing a dedicated termination agreement;
    - several amendments were also made to the shareholders' agreement by signing a dedicated amendment agreement in order to reflect the above-mentioned termination of the special shares investment agreement.

- On 5 October 2023, an agreement was signed with the former Chief Executive Officer of Landi Renzo

S.p.A., Cristiano Musi, who until 2 October 2023 had held the roles of Chief Executive Officer of Safe&Cec S.r.l., SAFE S.p.A. and Idro Meccanica S.r.l., against which indemnity of Euro 666 thousand was recognised. Cristiano Musi no longer holds any operational role in Landi Renzo Group companies.

- On 17 October 2023, the Boards of Directors of SAFE S.p.A. and Idro Meccanica S.r.l. (wholly 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 1 January 2023, will lead to an improvement in operating, corporate, accounting and administrative efficiency and the achievement of synergies and a reduction of overall costs, avoiding the duplication of certain activities, triggering the increased streamlining of such costs.

- On 23 October 2023, the Ordinary Shareholders' Meeting unanimously confirmed, without the application of list voting, Annalisa Stupenengo as the new member of the Company’s Board of Directors, whose term of office will end when the financial statements as at 31 December 2024 are approved. The Board of Directors of Landi Renzo S.p.A., which met on the same date after the Shareholders' Meeting, confirmed Annalisa Stupenengo in her role as Chief Executive Officer and General Manager, assigning her the same powers as those already recognised when she was co-opted.

- On 13 November 2023, the Board of Directors of Landi Renzo S.p.A., after obtaining the favourable opinion of the Committee for Transactions with Related Parties, authorised the disposal, without recourse, to Girefin S.p.A. (related party pursuant to the Related Parties Procedure as Girefin S.p.A., along with Gireimm S.r.l., companies owned by the Landi Trust, indirectly hold control over the Company through GbD Green by Definition S.p.A.) of the remaining receivables, totalling Euro 1,710 thousand, still due to the Company from AVL Italia S.r.l. to which the Company previously sold a business unit. This assignment of receivables took place for an equivalent value of Euro 1,575 thousand (sum rounded down) and therefore with a discount of 4.50% paid in a lump sum at the time of the assignment with respect to the timing agreed upon previously during the disposal of the business unit, which established that this remaining amount of Euro 1,710 thousand would be paid in three instalments over the course of the next 3 financial years. The assignment transaction was assessed as a “transaction with related parties of lesser significance” pursuant to what is set forth in the Procedure for the management of related party transactions. The prior, non-binding opinion in favour of the interest, cost effectiveness and substantial fairness of the relative conditions was provided by the Company's Committee for Transactions with Related Parties, consisting of three independent directors.

B) GENERAL CRITERIA FOR PREPARATION OF THE SEPARATE FINANCIAL STATEMENTS AND DECLARATION OF CONFORMITY

Declaration of conformity with international accounting standards and basis of presentation

The separate financial statements were prepared in accordance with the IFRS-EU, i.e., all International Financial Reporting Standards, all International Accounting Standards (IAS) and all interpretations of the International Reporting Interpretations Committee (IFRIC), previously called the Standard Interpretations Committee (SIC), which, at the reporting date, had been endorsed by the European Union in accordance with the procedure laid out in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002, including Commission Delegated Regulation (EU) no. 2019/815 of 17 December 2018 (the "ESEF Regulation"). The EU-IFRSs were applied uniformly to all periods presented.

The separate financial statements of Landi Renzo S.p.A. at 31 December 2023 were approved and authorised for publication by the Board of Directors on 05 August 2024.

The separate financial statements were drafted in Euro, which is the currency of the primary economic environment in which the Company operates. The figures in the Statement of Financial Position, the Income Statement and the Statement of Comprehensive Income for the period are expressed in Euro, the functional currency of the Company, while the data contained in the Statement of Cash Flows, the Table of Changes in Equity and in these Explanatory Notes are expressed in thousands of Euro.

The financial statement layouts and the relative classification criteria adopted by the Company, from amongst the options laid out in IAS 1 - Presentation of Financial Statements, are specified below:

- the Statement of Financial Position was prepared by classifying assets and liabilities based on whether they are current or non-current;
- the Income Statement was prepared separately from the Statement of Comprehensive Income, and shows operating costs divided by nature, as this is considered more representative than the format showing said items by destination, since it complies with the internal reporting methods and international sector practices.
- the Statement of Comprehensive Income includes, aside from the profit (loss) for the year, the other changes in equity items associated with transactions not carried out with Company shareholders;
- the Statement of Cash Flows was prepared by showing cash flows deriving from operations in accordance with the "indirect method".

Going Concern

Over recent years, the Group's economic and financial performance has been negatively affected by, inter alia, a series of external events, including the COVID-19 pandemic and, more recently, the outbreak of the Russia-Ukraine conflict, which triggered turbulence in global energy trends (particularly in CNG and LNG prices), leading to growing inflationary pressures as well as difficulties in procuring certain raw materials, which has impacted both demand for the products supplied by the Group and the associated profit margins.

In this regard and with reference to the financial parameters to be tested 30 June 2023 and 31 December 2023 on the main Landi Renzo S.p.A. medium/long-term loans, please note that during the year the Company presented requests to the various financial institutions for waiver letters containing some specific requests for consent and/or exemption, particularly with reference to the failure to comply with the parameter on leverage (the "leverage ratio") at 30 June 2023 and the expected possibility of non-compliance with that ratio at 31 December 2023.

Following timely negotiations, on 11 September 2023 all of the lending banks issued waiver letters confirming their consent to the one-off exemption from that financial parameter with reference to the calculation dates of 30 June and 31 December 2023 ("covenant holiday"). Please also note that such waiver letters also required respect for additional conditions, including an update of the business plan, with the request that it be subjected to an Independent Business Review ("IBR") by an independent business advisor, as well as the establishment and maintenance of a balance of Group cash and cash equivalents at 31 December 2023 equal to a minimum amount no lower than Euro 38 million. Both of these conditions were met.

With regard to the financial parameters at 31 December 2023 established on the debenture loan issued by the subsidiary SAFE S.p.A. and subscribed by Finint (Finanziaria Internazionale Investments SGR S.p.A.), please note that on 29 December 2023, Finint SGR issued the relative waiver letter which provided a holiday period with reference to the financial covenants to be calculated as at 31 December 2023.

In July 2023, also in order to best tackle the complex macroeconomic scenario described in brief above, the Board of Directors of Landi Renzo S.p.A. co-opted Annalisa Stupenengo as Chief Executive Officer and General Manager of the Group, entrusting her with the task of preparing the new 2024-2028 business plan (the "Business Plan"), drafted with the support of a leading strategic consulting firm, which was approved by the Board of Directors of Landi Renzo S.p.A. on 23 January 2024. As requested by the lending banks, the Business Plan was subjected to an IBR by an independent business advisor, which confirmed the substantial sustainability of the relative assumptions and which, along with the absence of external events during the initial months of the year that could jeopardise the estimates made, permitted the Company's Board of Directors to confirm that Business Plan on 17 July 2024.

Furthermore, within this context, the management engaged a financial advisor to analyse the economic and financial situation of the Group and provide assistance in developing a financial structure reorganisation and optimisation strategy (the "Financial Optimisation Project"), while also initiating negotiations with the banking sector to redefine medium/long-term loan agreements. On 17 July 2024, the Board of Directors of Landi Renzo S.p.A. approved the Financial Optimisation Project, giving the Chairman and Chief Executive Officer, separately, the necessary powers to sign documents relevant to the review of agreements with banks and to do what is necessary to execute them.

Considering the timing connected to the definition of the review of medium/long-term loan agreements with the banking sector and the reorganisation and optimisation of the inherent financial structure, the Board of Directors deemed it appropriate to update the calendar of board and shareholders' meetings for the approval of the financial data at 31 December 2023 multiple times.

The Financial Optimisation Project is based on three main guidelines:

4. a capitalisation of Landi Renzo S.p.A. through the injection of new own funds to be carried out through a share capital increase under option for a total (including share premium) of up to Euro 25 million, by issuing ordinary shares, with regular dividend entitlement, guaranteed up to an amount of Euro 20 million by the current majority shareholder of Landi Renzo S.p.A., GBD - Green by Definition S.p.A.("GBD"), to be offered as an option to shareholders of the Company pursuant to Article 2441 of the Italian Civil Code, and to be paid up by means of contributions in cash and through voluntary offsetting, pursuant to Article 1252 of the Italian Civil Code, with receivables due to subscribers from the Company (the "Share Capital Increase under Option");
5. a capitalisation of Landi Renzo S.p.A. through the injection of new own funds to be carried out through an indivisible paid share capital increase in cash reserved for Invitalia - Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A. ("Invitalia"), in its capacity as manager of the "Fund for the protection of employment levels and the continuation of business activity", - for a total (including share premium) of Euro 20 million, by means of the issue of unlisted special class shares convertible into ordinary shares at a ratio of 1:1, with the same characteristics as the ordinary shares outstanding, as well as certain administrative rights recognised by the articles of association (the "Reserved Share Capital Increase" and, along with the Share Capital Increase under Option, the "Transaction"); and
6. a rescheduling of payments on the Company's outstanding medium/long-term financial debt to its lending banks (i.e. Intesa Sanpaolo S.p.A., UniCredit S.p.A. and Sagitta SGR S.p.A., on behalf of the closed-end alternative investment fund reserved for professional investors named "UTP Restructuring Corporate", the latter having taken over for Banco BPM S.p.A. as of July 2024, jointly, the "Lenders"), which is consistent with the generation of operating cash flows to service the debt in light of the economic/financial projections set forth in the Business Plan, as well as the results of the sensitivity scenario prepared by the independent business advisor as part of the IBR.

Please note that, following the full payment of the Share Capital Increase under Option and the Reserved Share Capital Increase, expected by 31 December 2024, the Company will obtain new own funds for a maximum total of Euro 45 million and, in any event, no less than Euro 40 million.

As part of the above-mentioned process of reviewing the medium/long-term loan agreements with the banking sector, as well as the Transaction involving the Invitalia investment, on 5 August 2024 the Board of Directors acknowledged:

- the signing on 1 August 2024 of the investment agreement between GBD, Invitalia and, limited to certain contractual clauses, Gireimm S.r.l., Girefin S.p.A. and Itaca GAS S.r.l.(the "**GBD Shareholders**"), holding 100% of the share capital of GBD (the "**Investment Agreement**"), of which they received a copy signed by all parties concerned on 1 August 2024 which establishes, inter alia, GBD's commitment to subscribe its pro rata share of the Share Capital Increase under Option (the "**Guaranteed Minimum Share**"), as well as to subscribe any unopted rights after the auction, for a maximum of Euro 20 million, inclusive of the Guaranteed Minimum Share (the "**Guaranteed Maximum Share**"), under the terms and conditions set forth in the Investment Agreement, with the specification that the execution of the commitments to subscribe the Share Capital Increase under Option and the Reserved Share Capital Increase is subject to the following conditions (the "**Conditions Precedent**"):
    - xix) the approval by the Company's Extraordinary Shareholders' Meeting of the assignment, pursuant to Article 2443 of the Italian Civil Code, to the Board of Directors of a delegation to carry out the Share Capital Increase under Option and the Reserved Share Capital Increase, establishing that the share subscription price, equal for both capital increases, will be determined by the Board of Directors close to the Share Capital Increase under Option subscription period;
    - xx) the exercise of the Delegation by the Company's Board of Directors and the establishment of the subscription price of the ordinary shares and the special class shares according to the methodology and criteria set forth in the Investment Agreement;
    - xxi) the approval by the Ordinary Shareholders' Meeting of the Company of the resolutions concerning the composition of the corporate bodies of Landi Renzo S.p.A. following the signing of the Investment Agreement;
    - xxii) the adoption by the Extraordinary Shareholders' Meeting of Landi Renzo S.p.A. of the new Articles of Association and the Apostille which will establish that the amendments made to the Articles of Association will become effective only at the date of and in conjunction with the full subscription by Invitalia of the Reserved Share Capital Increase;
    - xxiii) the determination of the value of Landi Renzo S.p.A. prior to the Share Capital Increase under Option by means of the fairness opinion drafted by an independent advisor engaged by Invitalia, which also takes into account an assessment, performed on

the basis of a generally accepted methodology such as the internal rate of return or the net present value, of the return on investment or investment benchmarking, as well as the growth and development outlooks of the Landi Renzo Group and the sectors in which it carries on business - in order to verify that such value is equal to or higher than that which will be determined by the Board of Directors of Landi Renzo S.p.A. as part of the Transaction according to what is set forth in the Investment Agreement;

xxiv) the approval by Consob of the prospectus concerning the Transaction;

xxv) the signing by the Company with the Lenders of binding agreements (albeit subject to conditions precedent) relating to the Financial Manoeuvre;

xxvi) the conclusion of the Share Capital Increase under Option with the subscription, if the terms and conditions set forth in the Investment Agreement are met, of the Guaranteed Maximum Share by GBD; and

xxvii) the issue of the POSI Policy and, for such purposes, the full payment of the relative premiums and costs by Landi Renzo S.p.A. according to what is set forth in the Investment Agreement;

- the fact that in July 2024, the Ministry of Enterprises and Made in Italy confirmed the lack of grounds to object to the acceptance of the relaunch programme submitted by the Company to Invitalia and subsequently formalised in the above-mentioned investment agreement;
- the signing, on 1 August 2024, of the amendment to the medium/long-term loan agreement for a total maximum of Euro 21 million entered into on 29 June 2022 between Landi Renzo S.p.A. and the Lenders, backed by an irrevocable first demand guarantee issued by SACE S.p.A., pursuant to Italian Decree Law No. 23/2020, and the amendment to the medium/long-term unsecured loan agreement for a total maximum of Euro 52 million entered into on 29 June 2022 also between Landi Renzo S.p.A. and the Lenders (jointly, the “**Amendments**”), of which they received a copy signed by all parties concerned on 1 August 2024 and which in particular call for (a) the rescheduling of current repayment plans; (b) a reset of the leverage ratio financial parameter without prejudice to the fact that, with reference to the calculation dates of 30 June 2024 and 31 December 2024, the above-mentioned financial parameter will no longer be checked; (c) the introduction of the new Adjusted EBITDA financial parameter, to be tested exclusively with regard to the calculation dates of 30 June 2025 and 31 December 2025; and (d) with reference only to the loan agreement with the SACE guarantee, the introduction of a prohibition on the distribution of dividends and/or the acquisition of treasury shares for the entire year 2024, with the specification that the Amendments will become effective (with effect backdated to 28 June 2024) following the fulfilment of the conditions precedent set forth therein (the “**Lender Conditions Precedent**”) including, *inter alia*, GBD’s payment for a future capital increase of Landi Renzo S.p.A. in the amount of Euro 14,981,665.33 by 5 August 2024 (the “Payment”), and will also be subject to conditions subsequent including, *inter alia*, the failure to finalise the Transaction in the amount of at least Euro 40 million by 31 December 2024 (the “**Condition Subsequent**”). In

this regard, please note that all Lender Conditions Precedent (considering that the above-mentioned future share capital increase payment has already been made) have been met to date;

- the signing, on 1 August 2024, by GBD and the GBD Shareholders of a commitment (the "**Equity Commitment Letter**") calling for the irrevocable commitment of GBD and the GBD Shareholders to the Lenders, (i) subject to the approval of the Company's draft financial statements at 31 December 2023 by the Company's Board of Directors, to make the Payment by no later than 5 August 2024 (in this regard, please note that GBD made the Payment to the Company on 2 August 2024 in an amount equal to the Guaranteed Minimum Share corresponding to Euro 14,981,665.33); and (ii) subject to the fulfilment of the Conditions Precedent set forth in the Investment Agreement, with the exception of the Condition Precedent pursuant to point (viii) above, to subscribe the Guaranteed Minimum Share by means of offsetting with the Payment pursuant to Article 1252 of the Italian Civil Code, as well as to subscribe the Guaranteed Maximum Share under the terms and conditions set forth in the Investment Agreement.

In consideration of the fact that:

- the Share Capital Increase under Option and the Reserved Share Capital Increase represent a fundamental element of the Financial Manoeuvre;
- the finalisation of the Share Capital Increase under Option and the Reserved Share Capital Increase is exposed to a complex procedural process due to the technical aspects established by the rules governing the market as well as the laws underlying the Investment Agreement, which includes Conditions Precedent, the fulfilment of some of which depends on the occurrence of events outside the Company's control, such as obtaining a fairness opinion provided by an independent advisor engaged by Invitalia determining the value of Landi Renzo S.p.A. prior to the Share Capital Increase under Option and which confirms that such value is equal to or greater than that which will be determined by the Board of Directors of Landi Renzo S.p.A. for the purposes of the Transaction;
- at the present date, the fairness opinion mentioned above is unavailable and as a result it is not possible to "objectively" know what the independent advisor will decide;

it is believed that, if the Condition Precedent relating to the fairness opinion is not fulfilled by 31 December 2024, there is significant uncertainty which could give rise to doubts as to the company's capacity to continue to operate as a going concern, as this circumstance could influence the success of the Share Capital Increase under Option and the Reserved Share Capital Increase and as a result of the financial manoeuvre as a whole.

Specifically with regard to the capacity of Landi Renzo S.p.A. to continue to operate as a going concern, the Board of Directors of the Company, on the basis of currently available information, also taking into account the forecasts included in the Liquidity Plan sent to the banking sector in execution of the agreement signed, believes that, as things currently stand, there are no circumstances and/or elements that can lead to the assumption, aside from what is described above, that:

- in general, the Conditions Precedent will not be met with the planned timing;
- the fairness opinion of the independent advisor may indicate that the value of Landi Renzo prior to the Transaction (the fair value) is lower than that which will be determined by the Board of Directors of the Company as part of the Transaction, as the Company has elements available (such as, inter alia, the values resulting from the impairment test and the consolidated book shareholders' equity of the Company at 31 December 2023) which lead it to believe that the fair value of the Company should be higher than the subscription price of the shares as part of the Transaction, also considering the fact that to determine the subscription price of the shares within the context of the Transaction, the Board of Directors will also take into account the trend in the Landi Renzo share price in the months leading up to the Transaction, which to date does not reflect the fair value of the Company according to the information available to the Company and with the specification that the price thus determined will be subject to a discount with respect to the TERP;
- the Transaction may not be completed by no later than 31 December 2024.

As a result, although there is significant uncertainty with regard to the application of the going concern assumption correlated with the fact that the condition precedent relating to the fairness opinion may not be met by 31 December 2024, no indicators or circumstances have emerged that could lead to the assumption that the value of Landi Renzo prior to the share capital increase resulting from the fairness opinion will be lower than that determined by the Board of Directors of Landi Renzo S.p.A. for the purposes of the share capital increases, and therefore, albeit with the uncertainty typical of analogous procedures, the use of the going concern assumption in the preparation of Landi Renzo S.p.A.'s separate financial statements at 31 December 2023 is deemed appropriate.

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

The accounting standards adopted in preparing the separate financial statements at 31 December 2023 are consistent with those adopted for the preparation of the financial statements in the previous year, with the exception of the adoption of the new accounting standards, amendments, improvements and interpretations applicable as of 1 January 2023 listed below.

EU endorsement regulation	Description
(EU) 2021/2036 19 November 2021	IFRS 17 "Insurance Contracts" aims to improve understanding of the exposure to risk, profitability and the financial position of insurers. IFRS 17 replaces IFRS 4. This standard is not applicable to the Company.
(EU) 2022/1491 9 September 2022	The amendments to IFRS 17 - "Insurance contracts: initial application of IFRS 17" and IFRS 9 - "Comparative information" establish a transition option relating to comparative information on financial assets presented on initial application of IFRS 17 and aims to help insurance companies to avoid temporary accounting misalignments between financial assets and insurance contract liabilities, and therefore to improve the usefulness of comparative information for users of financial reports. These amendments are not applicable to the Company.
(EU) 2022/1392 12 August 2022	The amendment to IAS 12 "Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction" 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 amendments named "Disclosure of Accounting Policies –Amendments to IAS 1 and IFRS Practice Statement 2" and "Definition of Accounting Estimates – Amendments to IAS 8" are 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 to distinguish changes in accounting estimates from changes in accounting policies.

The accounting principles and modifications to the accounting principles described above have not had significant effects on the Company's financial statements.

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

The following table lists the new international accounting standards, or the amendments of standards and interpretations already in force, which must begin being applied from 1 January 2024 or thereafter.

EU endorsement regulation	Description
(EU) 2023/2822 20 December 2023	The amendments to IAS 1 clarify the presentation of liabilities in company financial statements. In particular:

	- 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 amendments apply as of 1 January 2024 and must be applied retroactively.
(EU) 2023/2579 21 November 2023	The amendment to IFRS 16 "Sale and Leaseback" clarifies how to account for a sale and leaseback transaction subsequent to the transaction date. The amendment is effective for financial years that begin as of 1 January 2024, and early application is permitted.
(EU) 2023/2468 9 November 2023	The addition to IAS 12 "Income Taxes" named "International tax reform: pillar two model rules" clarifies 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 amendment introduces 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 2024.
(EU) 2024/1317 16 May 2024	The additions to IAS 7 "Statement of cash flows" and IFRS 7 "Financial instruments: disclosures" 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 Company, which did not exercise the right of early application, is evaluating the effects that the adoption of such standards may have on its financial statements.

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
15 August 2023	On 15 August 2023, the IASB issued the amendment to IAS 21 "The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability", which clarifies when a currency cannot be converted into another, how to estimate the exchange rate and the disclosure to be provided in the notes to the financial statements. The amendment comes into force on 1 January 2025 and early application is permitted.
9 April 2024	On 9 April 2024, the IASB issued IFRS 18 "Presentation and Disclosure in Financial Statements", which will provide investors with more transparent and comparable information on the company's financial performance, thus allowing for better investment decisions. IFRS 18 introduces three series of new requirements for improving reporting on the financial performance of companies and providing investors with a better basis for analysing and comparing companies: better comparability in the income statement, more transparency of the performance measures defined by the management and a more useful grouping of information in the financial statements. IFRS 18 replaces IAS 1 - Presentation of Financial Statements and will be in force for annual reporting periods beginning on or after 1 January 2027. Early application is permitted.
9 May 2024	On 9 May 2024, the IASB issued IFRS 19 - Subsidiaries without Public Accountability: Disclosures, which allows subsidiaries to apply IFRSs with reduced disclosures. The application of IFRS 19 will reduce the costs of drafting the financial statements of subsidiaries while maintaining useful information for users of their financial statements.
30 May 2024	On 30 May 2024, the IASB issued amendments to IFRS 9 - Financial instruments and IFRS 7 - Financial instruments: disclosures, aimed at clarifying several interpretation issues emerging after the implementation of IFRS 9. The document proposes amendments connected to: - the settlement of financial liabilities using an electronic payment system; and - the assessment of the contractual cash flow characteristics of financial assets, including those with environmental, social and governance (ESG) features.

C) ACCOUNTING STANDARDS AND VALUATION CRITERIA

The accounting standards described hereafter were applied uniformly for all the periods included in these financial statements.

LAND, PROPERTY, PLANT, MACHINERY AND OTHER EQUIPMENT

Tangible assets were recognised in accordance with the cost criterion at the purchase price or the production cost inclusive of directly attributable accessory costs necessary to make the assets ready for use.

The carrying amount of tangible assets is subsequently adjusted for systematic depreciation, calculated on a straight-line basis from the moment in which the asset is available and ready for use, based on its useful life, understood as the estimated period in which the asset will be used by the company, and any accumulated loss for impairment.

When the asset to be depreciated consists of distinctly identifiable elements whose useful life differs significantly from that of the other parts of the asset, each of those parts are depreciated separately in application of the component approach method.

Any financial expense directly attributable to the purchase and production of tangible assets is capitalised and depreciated on the basis of the useful life of the asset to which it refers.

The following annual depreciation rates are used:

Categories	Depreciation period	Depreciation rates
Leasehold improvements - buildings	The lower between the residual economic usefulness of the improvement and the residual duration of the underlying contract	16.67- 33%
Plant and machinery	Straight-line basis	10 - 17.5%
Industrial and commercial equipment	Straight-line basis	17.5 - 25%
Other assets	Straight-line basis	12 - 20 - 25%

The residual value and the useful life of tangible assets are reviewed at least annually and updated, when applicable, at the end of each year. Based on the analysis performed by the management it was not necessary to amend the useful life compared to those applied in the previous financial year.

Costs incurred for maintenance and repairs are charged in their entirety to the income statement for the year in which they are incurred. Costs for improvements, upgrades and transformation having an incremental nature are attributed to the tangible assets to which they refer, when it is probable that they will increase the future economic benefits expected from the use or the sale of the asset, and depreciated based on the remaining useful life of the assets.

Costs capitalised for leasehold improvements are classified under property and depreciated at the lower of the residual economic usefulness of the improvement and the residual duration of the underlying contract.

The financial expenses directly attributable to the acquisition, construction or production of a tangible asset are recognised in the income statement at the moment at which they are incurred, in accordance with the appropriate accounting treatment provided for by IAS 23.

The carrying amount of tangible assets is subjected to verification in order to discover any possible impairment, using the methods described in the paragraph "Impairment of assets".

At the moment of sale or when no future economic benefits are expected from the use of an asset, it is eliminated from the financial statements and any loss or profit (calculated as the difference between the sale value and the carrying amount) is recognised in the income statement in the year of the aforementioned elimination.

INTANGIBLE FIXED ASSETS

Intangible assets consist of identifiable non-monetary elements with no physical consistency, which can be controlled and can generate future economic benefits. These elements are initially recognised at purchase and/or production cost, inclusive of expenses directly attributable to make the asset ready for use. Intangible assets are amortised on a straight-line basis throughout their estimated useful life; amortisation rates are reviewed on an annual basis and are amended if the current useful life differs from that estimated previously. The useful life estimated by the Company for the various categories of intangible assets, valid for all periods presented, is shown below.

Categories	Useful Life
Development costs	from 3 to 5 years
Industrial patents and rights to use intellectual property	3 years
Software, licenses and others	3 years
Trademarks	from 7 to 18 years

DEVELOPMENT EXPENDITURE

Research and development expenditure are recognised in the Income Statement for the year in which they are incurred, with the exception of development expenditure recognised under intangible assets if the conditions established in IAS 38, reported below, are satisfied:

- the project is clearly identified and the costs relating to it are identifiable and can be measured reliably;
- the technical feasibility of the product is demonstrated;
- there is evidence of the Company's intention to complete the development project and to sell the assets generated by the project;
- there is a potential market or, in the case of internal use, the usefulness of the intangible asset for the production of the goods generated by the project is demonstrated;
- the technical and financial resources necessary for the completion of the project are available

The amortisation period starts only when the development phase is completed and the result generated by the project can be marketed, and is generally based on the estimated duration of the benefits linked with the product developed (generally 3 years). Capitalised development expenditure is stated at cost, minus accumulated amortisation and any accumulated losses from impairment.

GOODWILL

The goodwill deriving from business combinations after 1 January 2005 is initially entered at cost, and represents the excess of the purchase cost over the purchaser's share of the net fair value referring to the identifiable values of existing and potential assets and liabilities.

At the acquisition date, any goodwill emerging is allocated to each of the cash generating units (or "CGUs") that are expected to benefit from the synergistic effects deriving from the acquisition. Taking into account the corporate reorganisation process taking place over recent years, the current organisational structure and the methods whereby control is exercised over operations, a single "Green Transportation - Automotive" CGU has been identified, to which goodwill is allocated for impairment testing purposes. After the initial recognition, since goodwill is regarded as an intangible asset with an indefinite life, it is no longer amortised and is decreased by any accumulated losses in value, determined as described below. Goodwill is subjected to an analysis of recoverability on at least an annual basis, or even more frequently if events or changes in circumstances arise that could result in possible impairment, identifying the CGUs which benefit from acquisition synergies. Cash flows are discounted to the cost of capital as a function of the specific risks of the unit concerned. Impairment is stated when it emerges from the check on discounted cash flows that the recoverable value of the CGU is less than the carrying amount and is stated as a priority under goodwill.

Any impairment is identified through valuations that take as a reference the ability of each CGU to produce financial flows capable of recovering the portion of goodwill allocated to it. If the value recoverable by the

CGU is less than the carrying amount attributed, the corresponding impairment is recognised. Such impairment is restored if the reasons that generated it cease to exist.

OTHER INTANGIBLE FIXED ASSETS

Other intangible assets with finite useful life, acquired or self-created, are capitalised when it is probable that use of the asset will generate future economic benefits and its cost can be measured reliably. These assets are initially recognised at purchase or development cost.

Costs incurred subsequently relating to intangible assets are capitalised only if they increase the future economic benefits of the specific asset capitalised and they are amortised on the basis of the aforementioned criteria according to the assets to which they refer.

RIGHT-OF-USE ASSETS

A contract is, or contains, a lease if it grants the right to use a specified asset for a period of time in exchange for a consideration.

Each lease component is separate from other contract components, unless the Company adopts the practical expedient under paragraph 15 of IFRS 16, which allows the lessee to opt, for each class of underlying asset, to not separate the other components and to recognise them together with the lease components.

The lease duration is determined as the lease period which is non-cancellable, to which the following periods are added:

- periods covered by an extension option if exercise of that option by the lessee is reasonably certain; and
- periods covered by a termination option if the lessee is reasonably certain not to exercise that option.

In deciding whether the lessee has reasonable certainty of exercising these options, all relevant facts and circumstances that create an economic incentive for the lessee in its evaluation are considered. The lessee must re-determine the lease duration if the non-cancellable period of the lease is changed.

At the date when the contract comes into effect, the Company recognises right-of-use assets and the relative lease liability. At the date when the contract comes into effect, the right-of-use asset is measured at cost. The cost of the right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- payments due to leasing made at or before the effective date, net of incentives on received leasing;
- initial direct costs incurred by the lessee; and
- the estimate of costs the lessee shall incur to dispose of and remove the underlying asset and restore the site in which it is located or to restore the underlying asset according to the conditions in the contractual terms and conditions.

At the effective date of the contract, the lessee shall measure the lease liability at the current value of payments owing for the leasing not paid at this date. Payments owing for the leasing include the following amounts:

- fixed payments, net of any leasing incentives to receive;
- variable payments owing for leasing which depend on an index or rate, initially measured using an index or rate at the effective date;
- amounts that the lessee shall pay as a guarantee of the residual value;
- the price to exercise the purchase option, if the lessee has reasonable certainty of exercising the option; and
- payments of penalties for termination of the leasing, if the duration takes into account the lessee exercising the option to terminate the leasing.

Payments owing for the leasing must be discounted using the interest rate embedded in the contract, if it can be easily determined. If this is not possible, the lessee must use the marginal lending rate, i.e. the incremental interest rate that the Company should pay to obtain a loan of the same duration and amount of the lease agreement.

After initial recognition, the right-of-use asset is measured at cost, net of accumulated depreciation and accumulated impairment losses, adjusted to take account of any re-determination of lease liabilities.

After initial recognition, the lease liability is measured:

- increasing the carrying amount to take into account interest on lease liabilities;
- decreasing the carrying amount to take into account payments owing for leasing undertaken; and
- redetermining the carrying amount to take into account any new measurements or contract amendments or a revision in payments owing for leasing which is fixed in substance.

In the case of changes in leasing which do not constitute separate leasing, the right-of-use asset is redetermined, in keeping with the change in the lease liability at the date of the amendment. The lease liability is redetermined based on the new conditions in the lease agreement, using the discount rate at the date of the amendment.

The Company uses two exemptions, provided for by IFRS 16, with reference to:

(i) short-term leasing, i.e. leasing of 12 months or less;

(ii) leasing with low-value assets (less than Euro 5,000).

In these cases, the asset comprising the right of use and relative liability is not recognised, and payments owing for the leasing are recognised in the income statement.

IMPAIRMENT OF ASSETS

At each reporting date, tangible and intangible assets with a finite useful life are analysed in order to identify the existence of any indicators of impairment originating from sources external or internal to the

Company. When these indicators are identified, the recoverable value of the above-mentioned assets is estimated, and any impairment loss is recognised in the Income Statement.

Management uses various assumptions in applying this method, including estimates of changes in revenues, the gross profit margin, operating costs, the growth rate of terminal values, investments, changes in operating capital and the weighted average cost of capital (discount rate) which combine in defining a medium-term plan, specifically aimed at performing an impairment test, revised at least annually and approved by the Board of Directors of the Parent Company.

If the carrying amount exceeds the recovery value, the assets or the cash generating units to which they belong are written down until they reflect the recovery value. Such losses are accounted for on the Income Statement.

The impairment test is carried out when conditions occur inside or outside the company that suggest that the assets have suffered a reduction in value. In the case of goodwill or other intangible assets with an indefinite useful life, the impairment test is carried out at least annually. If the conditions that resulted in the impairment cease to exist, the same value is restored proportionally on the previously devalued assets until it reaches, at most, the value that such goods would have had, net of amortisation calculated on the historical cost, in the absence of a prior impairment. Restorations of value are recognised in the income statement.

The value of previously devalued goodwill is not restored.

To evaluate any impairment of capitalised development expenditure, the Company attributes such costs to the corresponding specific projects and evaluates their recoverability based on forecasts of expected sales of the products to which the development costs refer. Specifically, if the margin arising from the above-mentioned sales does not allow for the recoverability of capitalised costs, this constitutes impairment, which is reflected in the financial statements. This assessment is performed at each year-end close and/or in the presence of trigger events.

EQUITY INVESTMENTS IN SUBSIDIARY AND ASSOCIATES AND JOINT VENTURES

Equity investments in subsidiary companies are measured using the cost method including directly related costs, adjusted according to impairment losses.

In the case where there is evidence of events indicative of long term impairment, the value of the equity investments is subjected to an impairment test according to the provisions of IAS 36. The original value is restored in subsequent years if the reasons for write-down cease to exist.

The risk deriving from any losses exceeding the cost is recorded under provisions, to the extent to which there is a legal or implicit obligation or the intention to meet said obligation.

Equity investments in joint ventures are companies for which an agreement existed at the date when the financial statements were prepared, through which there are similar rights on net assets, rather than rights on assets, and obligations for liabilities.

Equity investments in *joint ventures* are measured using the equity method.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control refers to the sharing on a contractual basis of the control of an arrangement, which exists solely when decisions on significant activities require the unanimous consent of all parties sharing control.

OTHER CURRENT AND NON-CURRENT FINANCIAL ASSETS

On initial recognition, financial assets are classified in one of the three categories listed below on the basis of the following elements:

- the entity's business model for the management of the financial assets;
- the characteristics of the financial asset's contractual cash flows.

Financial assets are subsequently derecognised only if the disposal entails the substantial transfer of all risks and rewards connected to the assets. On the other hand, if a significant portion of the risks and rewards relating to the disposed financial assets has been retained, they continue to be recognised in the financial statements, even if legally their ownership has been effectively transferred.

Financial assets at amortised cost

This category includes the financial assets that meet both of the following conditions:

- the financial asset is held according to a "hold to collect" business model; and
- the contractual terms of the financial asset call for cash flows at specific dates represented solely by payments of principal and interest ("SPPI test" passed).

These assets are initially recognised at fair value inclusive of the transaction costs or income directly attributable to the instrument. Subsequent to initial recognition, the financial assets in question are measured at amortised cost using the effective interest method. The amortised cost method is not used for assets measured at historical cost whose short duration makes the effect of discounting negligible, for those without a defined maturity or for revocable credit lines.

Financial assets at fair value through other comprehensive income

This category includes the financial assets that meet both of the following conditions:

- the financial asset is held according to a "hold to collect and sell" business model; and
- the contractual terms of the financial asset call for cash flows at specific dates represented solely by payments of principal and interest ("SPPI test" passed).

This category includes shareholdings, not qualifiable as controlling, associated or of joint control, which are not held for trading, which the entity has opted to designate at fair value through other comprehensive income.

These assets are initially recognised at fair value inclusive of the transaction costs or income directly attributable to the instrument. Subsequently, shareholdings not qualifiable as controlling, associated or of joint control are measured at fair value, and amounts recognised as a matching entry to equity (statement of comprehensive income) should not be subsequently transferred to the income statement, even in the case of disposal. The only component referring to the equity instruments in question subject to recognition in the income statement is the relative dividends.

For the equity instruments included in this category not listed in an active market, the cost criterion is used to estimate fair value only on a residual basis and in a limited circumstances, or when the most recent information to measure fair value is insufficient, or if there is a broad range of possible fair value measurements and cost represents the best estimate of fair value within that range of values.

Financial assets at fair value through profit or loss

This category includes financial assets other than those classified under "Financial assets at amortised cost" and "Financial assets at fair value through other comprehensive income".

This category includes financial assets held for trading and derivative contracts not qualified as hedges.

Assets at fair value through other comprehensive income are initially recognised at fair value without considering the transaction costs or income directly attributable to the instrument. Subsequently, they are measured at fair value and the valuation effects are attributed to the income statement.

Impairment of financial assets

In accordance with the provisions of IFRS 9, the Company applies a simplified approach to estimate expected credit losses throughout the life of the instrument and takes into consideration its past experience with respect to credit losses, adjusted on the basis of specific forecasts relating to the nature of the Company's receivables and the economic context.

In brief, the Company measures expected losses on financial assets so as to reflect:

- an objective amount weighted on the basis of probabilities determined by assessing a range of possible results;
- the time value of money;
- reasonable and demonstrable information that is available without excessive cost or effort at the reporting date on past events, current conditions and outlooks on future economic conditions.

A financial asset is impaired when one or more events with a negative impact on the estimated future cash flows of the financial asset takes place. Observable data relating to the following events constitute proof that the financial asset is impaired:

a) significant financial difficulties of the issuer or the debtor;

b) a violation of the contract, such as breach or an unmet deadline;

c) for economic or contractual reasons relating to the financial difficulties of the debtor, the creditor extends a concession to the debtor that the creditor would not have otherwise taken into consideration;

d) it is likely that the debtor will declare bankruptcy or other financial restructuring procedures;

e) the disappearance of an active market for that financial asset due to financial difficulties; or

f) the acquisition or creation of the financial asset with large discounts that reflect the credit losses incurred.

For financial assets at amortised cost, the value of any impairment is measured as the difference between the carrying amount of the asset and the present value of expected future cash flows, discounted on the basis of the original effective interest rate. This value is recognised in the income statement.

INVENTORIES

The item inventories includes raw materials and materials used in the production process, semi-finished products, spare parts and finished products.

Inventories are stated at the lower value between purchase or manufacturing cost, inclusive of accessory costs, measured according to the FIFO method, and the realisation value that can be inferred from market performance.

The measurement of inventories includes the direct costs of materials and labour and the indirect costs of production (variable and fixed), determined on the basis of normal production capacity.

Where necessary, depreciation funds are calculated for obsolete stocks or those with a slow turnaround taking account of their future possibility of use or recovery.

TRADE RECEIVABLES

Receivables are initially recognised at fair value. The initial value is subsequently adjusted to take into account repayments of capital, any write-downs and the amortisation of the difference between repayment amount and initial value. Amortisation is performed on the basis of the internal effective interest rate, represented by the interest rate that aligns, on initial recognition, the present value of expected cash flows and the initial value (so-called Amortised cost method). If there is objective evidence indicating impairment, the asset value is decreased to the discounted value of the future flows obtainable from it. Such losses are recognised on the Income Statement. If, in subsequent periods, the reasons for the preceding write-down no longer exist, the value of the asset is restored to the amount that would have derived from applying the amortised cost without write-down.

The provision for bad debts, determined in order to measure receivables at their effective realisation value, includes write-downs recognised in order to take account of objective indications that trade receivables are impaired. Write-downs, which are based on the most recent information available and management's best estimate, are recognised in such a way as to decrease impaired assets to the present value of future cash flows obtainable from them.

OTHER RECEIVABLES AND OTHER CURRENT ASSETS

Other receivables and other current financial assets are measured, upon initial recognition, at fair value. Subsequently, such receivables are measured using the amortized cost method based on the effective internal interest rate represented by the rate that equates, at the time of initial recognition, the present value of expected cash flows and the book value. If there is objective evidence of indicators of impairment, the asset is reduced to such an extent that it is equal to the discounted value of the flows obtainable in the future. Impairment losses are recognized in the Income Statement. If in subsequent periods the reasons for the previous write-downs cease to exist, the value of the assets is restored up to the value that would have resulted from the application of the amortized cost if the write-down had not been made.

DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

Financial assets are derecognized when one of the following conditions is met:

• the contractual right to receive cash flows from the asset has expired; • the Company has substantially transferred all the risks and rewards associated with the asset;

• the Company has neither transferred nor retained substantially all the risks and rewards associated with the financial asset but has ceded control of it.

Financial liabilities are derecognized when they are extinguished, that is, when the contractual obligation is fulfilled, cancelled or prescribed. An exchange of debt instruments with substantially different contractual terms should be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial change in the contractual terms of an existing financial liability, even partially, should be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

ASSIGNMENT OF RECEIVABLES

The Company is permitted to assign part of its trade receivables through factoring transactions. The operations for assignment of receivables can be with or without recourse; some non-recourse assignments include deferred payment clauses (for example, the payment by the factor of a minority part of the purchase price is subordinate to the total collection of receivables), requiring an exemption on the part of the assignor or implying the maintenance of significant exposure to the progress of the financial flows deriving from the receivables assigned.

This type of operation does not meet the requirements laid down by IFRS 9 for eliminating financial assets from the balance sheet, since the associated benefits and risks have not been substantially transferred.

Consequently, all the receivables assigned through factoring operations that do not meet the requirements for elimination established by IFRS 9 continue to be recorded in the Financial Statements of the Company, although they have been legally assigned; a financial liability for the same amount is recorded in the financial statements as Payables for Advances on Assignment of Receivables. Profits and losses related to the assignment such assets are recorded only when the same assets are removed from Statement of Financial Position of the Company.

CASH AND CASH EQUIVALENTS

The item relating to cash and cash equivalents includes, primarily, bank deposits repayable on demand, as well as cash on hand and other short-term investments that are highly convertible (convertible into cash and cash equivalents within ninety days). Cash and cash equivalents are measured at fair value, which usually coincides with their nominal value; any changes are recognised on the Income Statement.

For the purposes of representing cash flows for the period, when drawing up the Cash Flow Statement, short-term bank debts are represented among the cash flows of the financing activities, since they are for the most part attributable to bank advances and short term bank loans.

SHARE CAPITAL AND OTHER EQUITY ITEMS

(i) Share capital

The share capital is made up of the ordinary shares in circulation.

The costs relating to the issue of new shares or options are classified in equity as a deduction of the income deriving from the issue of such instruments.

As provided for by IAS 32, if equity instruments are repurchased, such instruments (treasury shares) are recognised as a direct deduction from Equity under the item "Other Reserves". Gains or losses are not recognised on the Income Statement when treasury shares are purchased, sold or cancelled.

The consideration paid or received, including any cost directly incurred and attributable to the capital transaction, net of any related tax benefit, is directly recognised as an Equity transaction.

(ii) Statutory reserve and other reserves

The statutory reserve is formed from the allocation of part of the Company's profit for the year (5% each year until it has reached 20% of the share capital) and may be used exclusively to cover losses. The other reserves include the reserves of profits and capital for a specific use, the profit (loss) of previous years not distributed or allocated to a reserve, as well as the reserve generated upon the adoption of IFRS.

PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are set aside to cover current obligations - legal or implicit - deriving from past events, for which a reliable estimate of the amount required to settle the obligation can be made at the end of the year. Provisions for risks and charges are stated if said charges are likely to be incurred. Any change in the estimate of provisions is reflected on the Income Statement in the period when it occurs.

If a liability is regarded as merely potential, no allocation to provisions for risk and charges is made and only adequate information is provided in these notes to the financial statements.

When the financial effect of time is significant and the date of cash outflows associated with the obligation can be reliably determined, the estimated cost is discounted to the present value using a rate reflecting the current market values and includes the additional effects relating to the specific risk that may be associated with each liability. After discounting, the increase in the provision due to the passage of time is recognised as a financial expense.

The product warranty provision is stated on sale of the underlying goods or supply of the underlying services. The provision is determined using historical information on warranties and by weighting the probability associated with possible results.

The provisions are periodically updated to reflect changes in estimated costs, realisation timing and the discount rate; revisions of the estimated provisions are recognised in the same item of the Income Statement which previously included the provision or, when the liability relates to an asset, as a matching entry to the asset to which it refers.

EMPLOYEE BENEFITS

Short-term benefits are represented by salaries, wages, the relative social security contributions, compensation in lieu of holidays and incentives provided in the form of a bonus payable in twelve months after the reporting date. These benefits are accounted for as components of personnel cost in the period in which the work activity is provided.

Post-employment benefits are broken down into two types: defined contribution plans and defined benefit plans.

In defined contribution plans, social security contributions are recognised in the Income Statement when they are incurred, based on the relative nominal value.

Defined benefit plans

Defined benefit plans are represented by the TFR (employee severance indemnity) contributions accrued up to 31 December 2006 for the employees of the Company. These are measured in accordance with IAS 19 by independent actuaries, using the projected unit funding method.

This calculation consists in estimating the amount of benefit that an employee will receive at the expected retirement date, using demographic assumptions (such as, for example, death rate and personnel turnover rate) and financial assumptions (such as, for example, discount rate and future salary increases). The amount thus determined is discounted to the present value and re-proportioned based on the accrued length of service compared to the total length of service and represents a reasonable estimate of the benefits that each employee has already accrued because of his/her service. The discount rate used derives from the curve of rates on Markit iBoxx € Corporate AA 10+ bonds at the end of the reporting period, with a similar maturity date to the bond held for employees.

Actuarial gains and losses emerging following the revaluations of net liabilities for defined benefit plans were immediately entered in the other items of the Statement of Comprehensive Income.

Net interest and other costs of defined benefit plans are instead recognised in the Income Statement.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the entity pays fixed contributions into a separate entity and has no legal or implicit obligation to pay further contributions. The contributions to defined contribution plans are recognised as an expense in the Income Statement in the periods in which the employees provide their work. Contributions paid in advance are recorded as assets to the extent that the advance payment will result in a reduction in future payments or a refund.

SHARE-BASED PLANS

The cost of transactions regulated with equity instruments is determined by the fair value at the date of assignment, using an appropriate measurement method. This cost, together with the corresponding increase in shareholders' equity, is recognised under personnel costs for the period when conditions relative to achieving objectives and/or the provision of the service are met. The accumulated costs recognised for these transactions at the end of the reporting period up to the date of accrual are commensurate with the expiry of the accrual period and the best estimate of the number of instruments serving the plan at the time of accrual.

The service or performance conditions are not considered when the fair value for the plan is defined at the assignment date. However, the likelihood that these conditions are met in defining the best estimate of the number of equity instruments that will be accrued is considered.

Market conditions are reflected in the fair value at the assignment date.

Any other condition related to the plan, which does not entail a service obligation, is not considered as a condition of accrual.

Non-accrual conditions are reflected in the fair value of the plan and require immediate recognition of the plan cost, unless there are also service or performance conditions.

When the rights include a market condition or a non-accrual condition, these are treated as if they had accrued regardless of whether market conditions or other non-accrual conditions are met or not, save for all other performance and/or service conditions having to be met.

A cost for each change that increases the total fair value of the payment plan, or that is favourable for employees in any case, is recognised as a cost; this cost is measured with reference to the date of the change.

When a plan is cancelled by the entity or counterparty, any remaining part of the fair value of the plan is immediately recognised in the income statement.

TRADE PAYABLES

Trade payables are stated at the fair value of the initial consideration received in exchange and subsequently measured at amortised cost, using the effective interest method. Trade payables with due dates that fall under normal sales terms are not discounted to the present value.

DERIVATIVE FINANCIAL INSTRUMENTS

In keeping with IFRS 9, derivative financial instruments may be measured on a hedge accounting basis when:

- the hedging relationship consists only of eligible hedging instruments and eligible hedged items;
- at the inception of the hedging relationship there is formal designation and documentation of the hedging relationship and the Company's risk management objective and strategy for undertaking the hedge;
- the hedging relationship meets all of the following effectiveness requirements:
- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship;
- the hedge ratio of the hedging relationship is the same as that actually used in the economic hedge, also through rebalancing and is consistent with the risk management strategy adopted by the Company.

Fair value hedge

If a derivative financial instrument is designated as a hedge of the exposure to changes in fair value (fair value hedge) of an asset or liability attributable to a particular risk that could affect profit or loss, the profit or loss arising from subsequent fair value measurements of the hedging instrument are recognised in the income statement. The profit or loss on the hedged item, attributable to the hedged risk, change the carrying amount of this item and are recognised in the income statement.

Cash flow hedge

When a derivative financial instrument is designated as a hedge of the exposure to variability in cash flows, the effective portion of changes in fair value of the derivative financial instrument is recognised as other comprehensive income and presented in the cash flow hedge reserve. The effective portion of changes in fair value of the derivative financial instrument which is recognised in other comprehensive income is limited to the accumulated change in fair value of the hedged instrument (at the current value) from the start of hedging. The ineffective portion of changes in fair value of the derivative financial instrument is recognised immediately in profit/(loss) for the year.

If the hedging no longer meets eligibility criteria or the hedging instrument is sold, matures or is exercised, the recognition of hedging transactions stops on a forward-looking basis. When an entity discontinues hedge accounting for a cash flow hedge, the amount that has been accumulated in the cash flow hedge reserve remains in shareholders' equity until, in the case of the hedging of a transaction that results in the recognition of a non-financial asset or liability, it is included in the cost of the non-financial asset or liability at the time of initial recognition, or in the case of other cash flow hedges, it is reclassified to profit/loss in the same year or in the same years when the hedged future cash flows have an effect on profit/(loss) for the year.

If the hedged future cash flows are no longer expected to occur, that amount is immediately reclassified from the cash flow hedge reserve and hedge costs reserve to the Income Statement.

If hedge accounting cannot be adopted, profits or losses arising from the fair value measurement of the derivative financial instrument are recognised immediately in profit or loss.

CURRENT AND NON-CURRENT FINANCIAL LIABILITIES, TAX LIABILITIES AND OTHER LIABILITIES

Short- and long-term financial payables and other short- and long-term liabilities are initially recognised at fair value. The initial value is subsequently adjusted to take into account repayments of principal and the amortisation of the difference between repayment amount and initial value. Amortisation is performed on the basis of the internal effective interest rate, represented by the interest rate that aligns, on initial recognition, the present value of cash flows connected to the liability and the initial value (so-called amortised cost method).

When there is a change in cash flows and it is possible to estimate them reliably, the value of payables is recalculated to reflect that change on the basis of the present value of the new cash flows and the internal rate of return initially determined.

The item "Tax liabilities" includes all liabilities to the Tax Authorities payable or offsettable in the short-term connected with direct and indirect taxes.

RECOGNITION OF REVENUES

Revenue from contracts with customers is recognised when the following conditions are met:

- the contract with the customer has been identified;
- the performance obligations set forth in the contract have been identified;
- the price has been determined;
- the price has been allocated to the individual performance obligations set forth in the contract;
- the performance obligation set forth in the contract has been met.

The Company recognises revenue from contracts with customers when it fulfils the performance obligation, transferring the good or service (or the asset) to the customer. The asset is transferred when the customer acquires control over it.

The Company transfers control over the good or service over time, and therefore fulfils the performance obligation and recognises revenue over time, when one of the following criteria is met:

- the customer simultaneously receives and uses the benefits arising from the entity's service as it is provided;
- the service of the Company creates or improves the asset that the customer controls as the asset is created or improved;
- the service of the Company does not create an asset which has an alternative use for the Company and the Company has the enforceable right to payment for the service completed until the date considered.

If the performance obligation is not met over time, it is met at a specific moment. In that case, the Company recognises revenue when the customer acquires control over the promised asset.

The contractual consideration included in the contract with the customer may include fixed or variable amounts or both. If the contractual consideration includes a variable amount as discounts, price allowances, incentives, penalties or other similar elements, the Company estimates the amount of the consideration to which it will be entitled in exchange for the transfer of the promised goods or services to the customer. The Company includes the amount of the estimated variable consideration in the transaction price only to the extent to which it is highly likely that when the uncertainty associated with the variable consideration is subsequently resolved, there will not be a significant downward adjustment in the amount of cumulative revenue recognised.

The Company allocates the contractual price to the individual performance obligations on the basis of the stand-alone selling prices (SSP) of the individual performance obligations. When there is no SSP, the Company estimates the SSP using a market adjusted approach.

The Company applies its judgement in determining the performance obligation, variable consideration and the allocation of the transaction price.

Incremental costs for obtaining customer contracts are accounted for as assets and amortised throughout the term of the underlying contract, if the Company expects them to be recovered. Incremental costs for obtaining the contract are costs that the Company incurs to obtain the contract with the customer and which it would not have incurred if it had not obtained the contract. The costs for obtaining the contract which would have been incurred even if the contract had not been obtained should be recognised as a cost at the moment they are incurred, unless they are explicitly chargeable to the customer even if the contract is not obtained.

The costs incurred to perform contracts with customers are capitalised as assets and amortised throughout the term of the underlying contract only if such costs do not fall under the scope of application of another accounting standard (such as IAS 2 - Inventories, IAS 16 - Property, plant and equipment or IAS 38 - Intangible assets) and satisfy all of the following conditions:

- the costs are directly correlated with the contract or an expected contract, which the entity can specifically identify;
- the costs provide the entity with new or greater resources to be used to meet (or continue to meet) performance obligations in the future;

it is expected that such costs will be recovered.

GRANTS

Grants from public and private bodies are recognised at fair value when it is reasonably certain that they will be received and the conditions for receiving them will be met.

Grants related to income (provided as immediate financial assistance to an entity or to cover expenses and losses incurred in a previous year) are fully recognised in the Income Statement when the above-mentioned conditions, necessary for their recognition, are met.

No capital contributions were obtained in the year in question.

COSTS

Costs are recognised in so far as it is possible to reliably determine that economic benefits will flow to the company. Costs for services are recognised for the year in question at the moment when they are received.

DIVIDENDS

Dividends are recognised on the Income Statement on the date on which the right to receive them matures.

FINANCIAL INCOME AND CHARGES

Income and charges of a financial nature are recognised on an accrual basis, on the basis of the interest accrued on the net value of the related financial assets and liabilities, using the effective interest method.

TAXES

Income taxes include current and deferred taxes. Income taxes are generally stated on the Income Statement, except when they refer to items directly accounted for in equity or in the general Income Statement. Current taxes are income taxes expected to be paid or received, calculated by applying the rate applicable at the date of the financial statements to the taxable income or tax losses for the year.

Deferred taxes are calculated using the so-called liability method on the temporary differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax values. Deferred tax assets and liabilities are not stated on goodwill and on assets and liabilities which do not influence taxable income. Deferred taxes are calculated on the basis of the tax rate that is expected to be in force when the asset is realised or the liability is settled. Deferred tax assets (hereafter also called "prepaid taxes") are recognised only when it is likely that taxable profits sufficient to realise these assets will be generated in future years. Deferred tax assets and liabilities are offset only for homogeneous expiry dates, when there is a legal right to offset and when they refer to recoverable taxes due to the same tax authority. Income tax deriving from distribution of dividends is stated when the liability relating to their payment is recognised.

Recoverability of deferred tax assets is checked at the end of each period, on the basis of plans duly approved by the Board of Directors and taking the tax consolidation indicated below into account, and any part for which recovery is unlikely is stated on the Income Statement.

Since 2022, Landi Renzo S.p.A. has adhered, as the consolidating company, to the national consolidation tax scheme pursuant to Articles 117 to 129 of the Italian Consolidated Income Tax Act (T.U.I.R) with the other Italian companies of the Group, i.e., Metatron S.p.A., SAFE S.p.A and SAFE&CEC S.r.l. This adherence is valid for the 2022-2024 three-year period and may be automatically renewed.

TRANSLATION OF ENTRIES INTO FOREIGN CURRENCY

The functional and presentation currency of Landi Renzo S.p.A. is the Euro (€). As required by IAS 21, transactions in foreign currency are initially recognised at the exchange rate in place on the date of the transaction. Monetary assets and liabilities in foreign currency are reconverted to the functional currency at the exchange rate in place on the closing date of the Financial Statements.

Non-monetary items measured at historical cost in foreign currency are translated using the exchange rate in force on the initial date that the transaction was recognised.

Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

The exchange differences realised at the time of collecting from debtors and paying creditors in foreign currency are entered in the income statement in the item exchange gain/losses.

EARNINGS PER SHARE

The Company determines the earnings per share based on IAS 33 - Earnings per share.

(a) Basic earnings per share

The basic earnings per share is calculated by dividing the profit (loss) pertaining to the Company shareholders by the weighted average of ordinary shares in circulation during the year, excluding treasury shares.

(b) Diluted earnings per share

The diluted earnings per share is calculated by dividing the profit (loss) pertaining to the Company shareholders by the weighted average of ordinary shares in circulation during the year, excluding treasury shares. To calculate the diluted earnings per share, the weighted average of shares in circulation is modified assuming the exercise by all assignees of rights with a potentially dilutive effect, while the profit (loss) pertaining to Company shareholders is adjusted to take into account any effects, net of taxes, of the exercise of such rights.

COMMUNICATION ON FINANCIAL INSTRUMENTS

In accordance with the provisions of Accounting Standard IFRS 7, supplementary information is supplied on the financial instruments in order to evaluate:

- the impact of the financial instruments on the statement of financial position, on the economic result and on the financial flows of the company;
- the nature and size of the risks deriving from financial instruments to which the company is exposed, as well as the methodologies with which such risks are managed.

CLASSES OF FINANCIAL INSTRUMENTS

The following elements are accounted for in compliance with the accounting standards on financial instruments.

(Thousands of Euro)

Balance Sheet Assets	31 December 2023				
	Amortised cost	Fair value through OCI	Fair value through profit or loss	Hedge accounting	Total
Other non-current financial assets	1,025				1,025
Trade receivables	24,122				24,122
Receivables from subsidiaries	23,929				23,929
Other receivables and current assets	5,933				5,933
Other current financial assets	20,212				20,212
Cash and cash equivalents	7,798				7,798
Total	**83,019**	**0**	**0**	**0**	**83,019**

Balance Sheet Liabilities	Amortised cost	Fair value through OCI	Fair value through profit or loss	Hedge accounting	Total
Non-current bank loans	61,235				61,235
Non-current liabilities for rights of use	2,816				2,816
Non-current liabilities for derivative financial instruments	0			515	515
Other non-current financial liabilities	12,016				12,016
Bank financing and short-term loans	26,685				26,685
Current liabilities for rights of use	1,195				1,195
Other current financial liabilities	5,260				5,260
Total	**109,207**	**0**	**0**	**515**	**109,722**

(Thousands of Euro)

Balance Sheet Assets	31 December 2022				
	Amortised cost	Fair value through OCI	Fair value through profit or loss	Hedge accounting	Total
Current assets for derivative financial instruments	0			407	407
Other non-current financial assets	964				964
Other non-current assets	1,710				1,710
Trade receivables	27,772				27,772
Receivables from subsidiaries	23,990				23,990
Other receivables and current assets	6,911				6,911
Other current financial assets	2,000				2,000
Non-current assets for derivative financial instruments	0			37	37
Cash and cash equivalents	39,364				39,364
Total	**102,711**	**0**	**0**	**444**	**103,155**

Balance Sheet Liabilities	Amortised cost	Fair value through OCI	Fair value through profit or loss	Total
Non-current liabilities for rights of use	2,922			2,922
Other non-current financial liabilities	15,919			15,919
Bank financing and short-term loans	85,959			85,959
Current liabilities for rights of use	1,675			1,675

Other current financial liabilities	4,539				4,539
Total	**111,014**	**0**	**0**	**0**	**111,014**

USE OF ESTIMATES AND ASSESSMENTS

The preparation of Financial Statements in accordance with the IFRS (International Financial Reporting Standards) requires application of accounting standards and methods that are sometimes based on subjective assessments and estimates based, in turn, on past experience and 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 Statement of Financial Position, the Income Statement and the Statement of Cash Flows, and in disclosures provided.

Please note that the situation caused by the current economic and financial scenario has resulted in the necessity to make assumptions on future performance that are characterised by significant uncertainty. 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;
- 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 on 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 consolidated financial statements, and concluded that this assumption is suitable as there are no doubts as to business continuity.

MOST IMPORTANT ACCOUNTING STANDARDS THAT REQUIRE A GREATER DEGREE OF SUBJECTIVITY

A description is provided below of the most significant accounting standards that require, more than the others, greater subjectivity on the part of the directors in producing the estimates and for which a change in the conditions underlying the assumption used may have a significant impact on the financial data of the company.

Valuation of receivables

Trade receivables are adjusted with the relevant write-down fund in order to take account of their effective recoverable value. The determination of the amount of depreciation carried out requires the directors to make subjective evaluations based on the documentation and on the information available, also in relation to the solvency of the customer, as well as on experience and historical trends.
The continuation of the current economic and financial situation and its possible aggravation could lead to further deterioration in the financial conditions of the Company's debtors beyond that already taken into consideration prudentially in quantifying the write-downs recorded in the financial statements.

Valuation of goodwill and intangible assets in progress

In accordance with the accounting standards applied by the Company, goodwill and intangible assets in progress are subjected to annual verification (impairment test) in order to assess whether they have suffered a reduction in value, which is established by means of an impairment test, when the net carrying amount of the unit generating the cash flows to which these items are allocated appears to be greater than its recoverable value (defined as the greater value between the value in use and the fair value of the same).
The above mentioned value confirmation check necessarily requires subjective evaluations to be made based on the information available within the Company, and on the reference market outlook and historical trends. In addition, whenever it is supposed that a potential reduction in value could be generated, the Company determines said reduction using those evaluation techniques considered suitable.
The same value tests and evaluation techniques are applied to intangible and tangible assets with a defined useful life when indicators exist that predict difficulties in recovering the corresponding net carrying amount. The correct identification of elements indicative of the existence of a potential reduction in value as well as the estimates for determination of the reduction depend principally on factors that can vary over time, even significantly, therefore influencing the evaluations and estimates made by the directors.

Provisions for risks

Establishing whether or not a current obligation (legal or implied) exists is in some cases difficult to determine. The directors assess such phenomena on a case by case basis, together with an estimate of the amount of the economic resources required in order to meet that obligation. When the directors consider that is merely possible that liabilities may arise, the risks are indicated in the appropriate information section on commitments and risks, without resulting in any allocation in the financial statements.

Defined benefit plans

The Company offers defined benefit plans to some of its employees. Using the services of experts and actuaries, management used various statistical assumptions and evaluation factors to calculate the charges and the current value of assets and liabilities relating to these plans. The assumptions relate to the discount rate, the expected return on the assets servicing the plan, the rates of future salary increases, demographic trends, the inflation rate and expected health costs. The actuaries consulted also use subjective factors, such as mortality and resignation rates.

Share-based plans

The Company has assigned the CEO and other managers a compensation plan named "2022-2024 Performance Shares Plan" for the free assignment of the right to receive Landi Renzo S.p.A. ordinary shares based on the degree to which specific performance objectives are reached. Using the services of experts and actuaries, management used various statistical assumptions and evaluation factors to calculate the charges and the current value of assets and liabilities relating to these plans.

Provision for product warranties

Based on product sales, the Company allocates provisions according to the costs estimated as likely to be incurred for product warranties. Management establishes the value of such provisions on the basis of historical information on the nature, frequency and average cost of operations carried out under warranty and on the basis of specific contractual agreements.
The Company strives to improve the quality of its products and to minimise the burden deriving from operations under warranty.

Potential liabilities

The Company is subject to lawsuits regarding a number of disputes that were submitted to the jurisdiction of various Countries. Given the inherent uncertainty of these disputes, it is difficult to predict with certainty the resulting financial cost, or the time frame within which it will arise. The lawsuits and disputes against the Company derive primarily from complex legal problems, that are subject to varying degrees of uncertainty, considering the facts and circumstances involved in each dispute and the different laws applicable. To assess the risks deriving from potential liabilities of a legal nature correctly and prudentially, management periodically obtains information on the situation from its legal advisers. The Company establishes a liability in relation to such disputes when it considers it likely that a financial cost will occur and when the amount of the resulting losses can be reasonably estimated.

Valuation of closing inventories

Closing inventories of products with characteristics of obsolescence or slow turnaround are periodically subjected to tests for their correct valuation and are written down where the recoverable value thereof is less than the carrying amount. The write-downs carried out are based, primarily, on assumptions and estimates of management deriving from its experience and the historical results achieved, as well as estimates of the use/sale of inventories.

Valuation of deferred tax assets

The valuation of deferred tax assets is made on the basis of taxable income expected in future years and expected tax rates at the date when the temporary differences are expected to occur, insofar as they are considered applicable in the future. The measurement of such expected profits depends on factors that may change over time and have a significant impact, therefore, on the valuation of deferred tax assets.

Transactions with related parties

The Company deals with related parties under contractual conditions considered to reflect the arm's length conditions on the markets in question, taking account of the characteristics of the goods and services supplied and received.

RISK ANALYSIS

In accordance with the requirements of Accounting Standard IFRS 7, the following analysis is provided regarding the nature and extent of risks deriving from financial instruments to which the company is exposed, as well as the methodologies with which such risks are managed.

The main risks are reported and discussed at the Top Management level of the Company in order to create the prerequisites for their hedging, insurance and for the assessment of the residual risk.

Interest rate risk

The Company is exposed to the interest rate risk associated with both cash in hand and with medium to long term loans. The exposure refers mainly to the Euro zone. As regards exposure to the risk of interest rate volatility, note that the financial indebtedness with banks is regulated primarily by variable interest rates.

To partially reduce risks connected with fluctuating interest rates, the Company entered into financial derivative contracts (IRSs) to cover 70% of the pool loan taken out in June 2022 for a total of Euro 52 million, maturing in June 2027.

Interest rate risks were measured using sensitivity analysis and the potential impacts of Euribor interest rate fluctuations on the financial statements at 31 December 2023 were analysed with particular reference to cash and cash equivalents and to loans. The increase of 50 basis points on the Euribor, like all the other variables, would have produced an increase in financial costs for the Company of Euro 447 thousand in comparison to an increase of financial income equal to Euro 153 thousand.

Exchange risk

The Company sells part of its production and, although to much lesser degree, also purchases some components also in countries outside the Euro zone. In relation to the exchange risk, it is reported that the amount of accounting balances expressed in currency other than the Euro is not considered significant compared to the total revenue of the Company, therefore the sensitivity analysis required by IFRS 7 is not provided as it is considered non-significant. The Company has not subscribed to instruments to cover exchange rate fluctuations and, in accordance with the Company's policy up to this moment, no derivatives are subscribed solely for trading purposes. Therefore, the Company remains exposed to the exchange rate risk on the balances of the assets and liabilities in foreign currency at year end.

Price risk

The Company makes purchases and sales internationally, and therefore it is exposed to the normal risk of price fluctuation typical of its industry. Where possible, Company policy covers the risk through medium-term supplier commitments.

In particular, raw material shortages and price increases triggered growth in market volatility over the last two years, further stressing the supply chain. In the course of 2023, there was a progressive decline in prices, which brought values into line with those observed prior to the outbreak of the Russia-Ukraine conflict.

When possible, the Company adjusts sale prices in the After Market channel or engages in commercial negotiations with customers in the OEM channel to enter into commercial agreements that make it possible to attenuate the economic effects of changes in purchase prices.

In this context, in 2023 a commercial agreement was entered into for the revision of sale prices with the main Group customer operating in the OEM channel, which provided benefits already during the second half of the year.

Credit risk

Credit risk is the risk that a customer or one of counterparts of a financial instrument causes a financial loss through failure to fulfil an obligation and derives primarily from trade receivables, from other financial assets and from guarantees that may have been given by the company.

Trade receivables and other receivables

The Company deals mainly with known and reliable customers. It is Company policy to subject customers requesting extended payment conditions to procedures for checking their credit class. This check also includes external assessments when available. Sales limits are established for each customer, which represent the maximum line of credit, beyond which direct approval by management is required. In addition, the balance of the receivables is monitored on a fortnightly basis over the period, in order to minimise exposure to the risk of losses. Finally, regarding new customers and those not operating in EU countries, a letter of credit to guarantee successful collection is normally used, where possible.

The Company uses non-recourse assignment of debts.

The Company allocates a provision for impairment that reflects the estimated losses on trade receivables and on other receivables, made up primarily of individual write-downs of significant exposures.

The Company has relations with customers of significant size, as it operates in the OEM channel.

Other financial assets

The credit risk regarding the other financial assets of the Company, including cash and cash equivalents, presents a maximum risk equal to the carrying amount of these assets in the case of insolvency of the counterpart.

Guarantees

When required, the policies of the Group provide for the issue of financial guarantees in favour of subsidiary companies and associates. At 31 December 2023, the Company had provided its subsidiaries with a number of letters of patronage, in detail:

- Letters of patronage for a total of Euro 13 million for SAFE S.p.A.
- Letters of patronage for a total of around Euro 5 million for Metatron S.p.A.

Liquidity risk

Liquidity risk may arise due to the incapacity to obtain, under cost effective conditions, the financial resources required to cover Company operations and to meet the obligations associated with financial liabilities.

The main factors resulting in the Company's liquidity situation are on one hand the resources generated or absorbed by operations and investing activities, and on the other the characteristics of debt maturity and renewal or liquidity of financial investments and market conditions.

In order to mitigate this risk, the Company treasury carries out the following activities:

- verification of forecast financial requirements;
- obtaining adequate lines of credit;
- optimisation of liquidity, when feasible, through centralised Company cash flow management structures;
- maintenance of an adequate level of available liquidity;
- pursuit of the proper balance between short- and medium/long-term debt;
- monitoring of compliance with the parameters established in loan covenants.

As regards this last aspect, please note that the main loans of Landi Renzo S.p.A. require respect for financial parameters (covenants). In this regard, please note that following the failure to comply with the contractual financial parameters at 30 June 2023 established on the main loan agreements of Landi Renzo S.p.A., the directors initiated negotiations with the banks, which concluded on 11 September 2023 with the issue of waiver letters by the lending banks, which provided a holiday period with reference to the financial covenants to be calculated as at 30 June and 31 December 2023.

As regards the definition of the review of medium/long-term loan agreements with the banking sector and the reorganisation and optimisation of the inherent financial structure, please refer to what was described above.

The counterparties of derivative contracts, which are not significant for the Company, are qualified financial institutions.

See the Directors' Report for all further information on risk factor analysis pursuant to Article 154-*ter* TUF (Consolidated Law on Finance).

Climate change risk

The Company is highly committed to responding to the challenges of climate change to improve the Group's resilience and take advantage of the opportunities deriving from the transition to a low-carbon economy. For more details on climate change, please refer to the non-financial report as at 31 December 2023 and following reports.

Fair value hierarchy

Financial instruments measured at fair value are classified based on a hierarchy of three levels, according to procedures to determine the fair value, i.e. with reference to the factors used in the process to determine the value:

- Level 1, financial instruments whose fair value is determined based on a quoted price on an active market;
- Level 2, financial instruments whose fair value is determined based on measurement techniques that use parameters observable either directly or indirectly on the market. This category includes instruments measured based on forward market curves and differential, short-term contracts;
- Level 3, financial instruments whose fair value is determined based on measurement techniques that use parameters that are unobservable on the market, or use only internal estimates.

E) NOTES TO THE FINANCIAL STATEMENTS

1. SEGMENT REPORTING

Please refer, as provided for by IFRS 8, to the analysis provided in the consolidated financial statements.

NON-CURRENT ASSETS

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

The changes in net tangible assets during the financial year 2022 are shown in detail below:

(Thousands of Euro)

Net value	31/12/2021	Acquisitions	(Disposals)	Depreciation rates	Other changes	31/12/2022
Land and buildings	104	19	0	-75	0	48
Plant and machinery	4,293	621	0	-983	125	4,056
Industrial and commercial equipment	4,668	790	-20	-1,563	71	3,946
Other tangible assets	422	72	-3	-114	0	377
Assets in progress and advance payments	206	234	-3	0	-196	241
Total	**9,693**	**1,736**	**-26**	**-2,735**	**0**	**8,668**

The changes in net tangible assets during the financial year 2023 are shown in detail below:

(Thousands of Euro)

Net value	31/12/2022	Acquisitions	(Disposals)	Depreciation rates	Other changes	31/12/2023
Land and buildings	48	53	0	-60	21	62
Plant and machinery	4,056	332	0	-905	84	3,567
Industrial and commercial equipment	3,946	1,385	-158	-1,670	165	3,668
Other tangible assets	377	120	-18	-115	0	364
Assets in progress and advance payments	241	426	-112	0	-270	285
Total	**8,668**	**2,316**	**-288**	**-2,750**	**0**	**7,946**

Tangible assets showed an overall decrease of Euro 722 thousand, decreasing from Euro 8,668 thousand at 31 December 2022 to Euro 7,946 thousand at 31 December 2023.

Increases for the year, amounting to Euro 2,316 thousand, primarily relate to the acquisition of moulds and new production lines.

The item "Assets in progress and payments on account" totalled Euro 285 thousand as at 31 December 2023 (Euro 241 thousand as at 31 December 2022) and primarily includes investments in the completion phase in assets expected to be used in the production process in the next year.

The column "Other Changes" includes the accounting entries for the respective categories of non-current assets completed during the year.

3. DEVELOPMENT EXPENDITURE

Changes in development expenditure during 2022 are shown in detail below:

(Thousands of Euro)

	31/12/2021	Acquisitions	Amortisation rates	Other changes	31/12/2022
Development costs	8,869	4,247	-5,079	0	8,037

Changes in development expenditure during 2023 are shown in detail below:

(Thousands of Euro)

	31/12/2022	Acquisitions	Amortisation rates	Other changes	31/12/2023
Development costs	8,037	4,023	-4,808	0	7,252

Development expenditure, totalling Euro 7,252 thousand (Euro 8,037 thousand at 31 December 2022), includes the costs incurred by the Company for internal personnel, for services rendered by third parties and for projects satisfying the requirements of IAS 38 in order to be capitalised.

Costs capitalised in 2023 totalled Euro 4,023 thousand (Euro 4,247 thousand at 31 December 2022).

Development activities during the 2023 financial year saw the continuation of new projects relating to products for the OEM and After Market channels, as well as for the Heavy Duty segment.

The analysis of the recoverability of the values recognised for development activities, which the Company 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 31 December 2023, did not bring to light any impairment.

4. GOODWILL

The Goodwill item totalled Euro 30,094 thousand, unchanged compared with the previous year.

(Thousands of Euro)

Goodwill	31/12/2022	Acquisitions	Write-downs	31/12/2023
Goodwill	30,094	0	0	30,094
Total	**30,094**	**0**	**0**	**30,094**

The item Goodwill, amounting to Euro 30,094 thousand at 31 December 2023, is attributable in full to the Green Transportation CGU and did not change compared with the value recognised in the previous year. As required by IAS 36, goodwill was tested for impairment and the relative results were approved by the Board of Directors of Landi Renzo S.p.A. on 23 July 2024.

To take into account the changed market environment with respect to what was set forth in the previous plan, and also following the Group's hiring of Annalisa Stupenengo as the new Chief Executive Officer, a new Business Plan was drafted for the 2024-2028 five-year period, with the support of a leading strategic consulting firm, which was approved by the Board of Directors of Landi Renzo S.p.A. on 23 January 2024. Also taking into account the negotiations initiated by the management with the banking sector, aimed at redefining the debt structure in order to make it consistent with the economic and financial forecasts of the new business plan, that plan was subjected to an Independent Business Review ("IBR") by a leading independent business advisor, which confirmed the substantial solidity, consistency and sustainability of the Plan's assumptions.
To perform the impairment test mentioned above, the Company relied on the support of an independent external advisor.
The Company verified the recoverability of the goodwill recognised by comparing the carrying amount of net invested capital with the recoverable value, 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.

A description is provided below of the main assumptions contributing to the determination of the value in use and, as a result, the recoverable amount of the CGUs subject to valuation.

<u>Calculation of the Discount Rate: W.A.C.C.</u>

- The Cost of Capital (Ke) was determined using the Adjusted Capital Asset Pricing Model (Adj. CAPM) and the following main assumptions:
    - Risk Free Rate equal to the returns on the German 10-year Bund;

- Market Risk Premium corresponding to the EY consensus for 2024 for mature economies;
- Levered Beta determined on the basis of the average unlevered beta and financial structure of the comparable companies identified;
- addition of a Country Risk Premium consistent with the geographical breakdown of the CGU's turnover;
- Additional Risk Premium defined in relation to the size of the Company; and
- Execution Risk determined on the basis of a gap analysis performed on historical and forward-looking data for the company.

- The Cost of Debt (Kd) was calculated based on the following underlying assumptions:
    - risk-free rate equal to the average over the last six months of the five-year EURIRS, in line with the possibility of the assumption of fixed rate debt in Europe;
    - spread on the base rate estimated based on the average spread of listed comparables identified in relation to their financial structure and their capacity to cover interest payable (ICR); and
    - Italian tax rate to reflect the country in which the Company is taxed.

Terminal Value

The estimated Terminal Value was determined based on Business Plan values and specifically:

- revenue, on a conservative basis, was estimated assuming a constant value with respect to the final year of the plan;
- EBITDA was calculated considering a margin corresponding to the value of the last year of the plan. This value was then adjusted to take into consideration the depreciation of rights of use linked to lease agreements;
- the value of amortisation and depreciation was determined as equal to 100% of capex;
- capex was estimated assuming a constant value with respect to the final year of the plan;
- the Working Capital (WC) delta was considered to be equal to zero as: a) it is consistent with the zero revenue growth assumption included in the Terminal Value; b) it represents the best estimate for the steady state period subsequent to the restructuring; and
- operating taxes were defined on the basis of a tax rate that includes two distinct rates: 1) a rate representative of the tax impact on EBT during the plan period (2024-2028); 2) a rate, inclusive of IRAP (regional production tax), applied on the share referring to the country Italy.

Furthermore, to determine the Terminal Value, a growth rate (g) was used that was defined on the basis of the long-term inflation rates of the reference countries.

On the basis of the parameters set forth above, the risk-free rate is 2.5%, so the weighted average cost of capital (W.A.C.C.) relating to the Green Transportation CGU is equal to 12.9% (11.8% as at 31 December 2022). The "g" growth rate is instead 2.7% (3.4% as at 31 December 2022).

This test, prepared with the support of an independent external advisor and approved by the Board of Directors of the Company on 23 July 2024, did not bring to light any impairment losses. Furthermore, specific sensitivity analyses were performed as required by valuation practices which did not bring to light any critical issues with regard to the recoverable amount of the goodwill recognised.

The results of the impairment test and the main sensitivity analyses performed, in order to provide specific indications on the changes in the basic assumptions (WACC and EBITDA) 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	Break-even W.A.C.C.
Green Transportation CGU	4	32	13.0%

Please also note that, in order to further corroborate the results obtained from impairment testing, additional sensitivity analyses were performed which took into consideration:

- the results of the Independent Business Review performed by a leading independent business and strategic advisory firm on the 2024-2028 Business Plan;
- the forecast at 31 December 2024 prepared by the management, taking into consideration the preliminary results of the first 6 months of the year of the Green Transportation CGU.

The results of these checks led to recoverable values higher than the carrying amount of goodwill and in general of net invested capital.

Moreover, the stock market capitalisation value of Landi Renzo S.p.A. at 31 December 2023 amounted to Euro 101 million, higher than the value of the consolidated shareholders' equity at the same date.
The need to modify the financial calendar to allow for the performance of activities connected to the Financial Optimisation Project, with the resulting limitation of economic and financial information to the market and investors, is expected to have negatively influenced the Company's share price trends in 2024 and, as a result, its stock market capitalisation, which in any event remained higher than the value of shareholders' equity since early June 2024. In July 2024, the stock market capitalisation was lower than the consolidated shareholders' equity at the date of 31 December 2023, standing at roughly Euro 60 million.

The estimates and forecasts developed by the Company management in drafting the 2024-2028 Business Plan are based on expectations regarding developments in the businesses in which the Company operates. Given the potential effect of external factors outside the Company's control, particularly the evolution of the market environment, and since the estimate of the recoverable amount requires the use of discretionary factors, the management cannot ensure that there will not be changes in the future in the recoverable amount of the Green Transportation CGU, making it necessary to redetermine the value of goodwill recognised in the financial statements. These factors are constantly monitored by the Company management.

5. OTHER INTANGIBLE ASSETS WITH FINITE USEFUL LIVES

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

(Thousands of Euro)

Other intangible assets with finite useful lives	31/12/2021	Acquisitions	(Disposals)	(Amortisation)	Other changes	31/12/2022
Patents and intellectual property rights	323	125	-2	-210	0	236
Concessions and trademarks	8,317	83	0	-1,554	0	6,846
Total	**8,640**	**208**	**-2**	**-1,764**	**0**	**7,082**

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

(Thousands of Euro)

Other intangible assets with finite useful lives	31/12/2022	Acquisitions	(Disposals)	(Amortisation)	Other changes	31/12/2023
Patents and intellectual property rights	236	208	0	-206	0	238
Concessions and trademarks	6,846	163	0	-1,557	0	5,452
Total	**7,082**	**371**	**0**	**-1,763**	**0**	**5,690**

Other intangible assets with finite useful lives decreased from Euro 7,082 thousand at 31 December 2022 to Euro 5,690 thousand at 31 December 2023, and include:

- licenses for specific applications and supporting software for research and development activities, as well the purchase of management software licenses;
- the net value of owned trademarks, in particular the Lovato trademark (Euro 2,556 thousand) and the value of the AEB trademark (Euro 2,525 thousand). These trademarks are currently in use and are entered in the accounts at fair value at the time of purchase according to evaluations made by independent professionals, net of the accumulated amortisation. These values are amortised over 18

years, the period deemed to represent the useful lifetime of the trademarks. At the date of these financial statements, no indicators affecting the recoverability of the above values in the financial statements had been identified.

The increase in the period, equal to Euro 371 thousand, is mainly due to the purchase of new software licences.
During the year there were no events or circumstances that indicate possible impairment in relation to the other intangible assets mentioned above.

6. RIGHT-OF-USE ASSETS

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

(Thousands of Euro)

Net value	31/12/2021	Increases	Decreases	Depreciation rates	Other changes	31/12/2022
Buildings	2,114	3,536	0	-1,437	103	4,316
Motor vehicles	368	160	0	-253	-1	274
Total	**2,482**	**3,696**	**0**	**-1,690**	**102**	**4,590**

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

(Thousands of Euro)

Net value	31/12/2022	Increases	Decreases	Depreciation rates	Other changes	31/12/2023
Buildings	4,316	770	0	-1,543	18	3,561
Motor vehicles	274	452	0	-214	-18	494
Total	**4,590**	**1,222**	**0**	**-1,757**	**0**	**4,055**

Right-of-use assets decreased from Euro 4,590 thousand at 31 December 2022 to Euro 4,055 thousand at 31 December 2023.

The increases during the year, amounting to Euro 1,222 thousand, are linked primarily to a new lease agreement entered into in 2023 for a new warehouse and the signing of new long-term lease agreements for the use of vehicles.

7. EQUITY INVESTMENTS IN SUBSIDIARIES

This item breaks down as follows:

(Thousands of Euro)

Equity investments in subsidiaries	31/12/2022	Increases	Decreases	Impairment losses	31/12/2023
Equity investments	55,170	3,139	-749	-2,129	55,431

The following are the changes in equity investments:

Thousands of Euro	Initial value	Increases	Decreases	Impairment losses	Final value	Equity Investment
LR Industria e Comercio Ltda	311	0	0	-311	0	99.99%
Landi International B.V.	18	0	0	0	18	100.00%
Beijing Landi Renzo Autogas System Co. Ltd	2,057	0	0	0	2,057	100.00%
L.R. Pak (Pvt) Limited	0	0	0	0	0	70.00%
Landi Renzo Pars Private Joint Stock Company	1,263	0	0	-680	583	99.99%
Metatron S.p.A.	27,148	0	0	0	27,148	100.00%
Landi Renzo RUS	148	0	0	0	148	51.00%
SAFE&CEC	24,225	0	0	0	24,225	51.00%
Landi Renzo RO S.r.l.	0	0	0	0	0	100.00%
Landi Renzo VE C.A.	0	0	0	0	0	100.00%
Landi Renzo USA	0	0	0	0	0	100.00%
AEB America S.r.l.	0	3,140	-750	-1,138	1,252	96.00%
Lovato do Brasil Ind Com	0	0	0	0	0	100.00%
Officine Lovato Private Ltd	0	0	0	0	0	74.00%
Total equity investments	**55,170**	**3,140**	**-750**	**-2,129**	**55,431**	

The increase of Euro 3,140 thousand during the period relates entirely to the AEB America share capital increase subscribed by Landi Renzo S.p.A. in 2023. The equity investment was subsequently aligned with the applicable value of shareholders' equity at 31 December 2023, against which the provision to cover losses recognised in the financial statements was used (Euro 1,888 thousand, of which Euro 750 thousand recognised in 2022).

Write-downs of the equity investments in LR Comercio e Industria and Landi Renzo Pars were required to adjust the carrying amount to the shareholders' equity of the two subsidiaries.

With reference to the value of the equity investment held in SAFE&CEC S.r.l., recognised in the financial statements for Euro 24,225 thousand, following the decline in revenue linked to the slowdown in production and the deferral to the next year of several important orders planned for 2023, the directors of Landi Renzo S.p.A. considered it appropriate to subject to the equity investment to a specific impairment test intended to confirm the absence of any impairment losses. This test, prepared by the directors of Landi Renzo S.p.A. with the support of an independent external advisor and approved by the Board of Directors of the Company on 23 July 2024, did not bring to light any impairment losses at 31 December 2023.

With reference to the value of the equity investment held in Metatron S.p.A., recognised in the financial statements for Euro 27,148 thousand, also taking into account the significant increase in turnover recorded by the subsidiary in the second half of 2023, its performance in the initial months of 2024, the existing order portfolio and the growth potential of the OEM - Heavy Duty channel laid out in the 2024-2028 Business Plan, approved by the Board of Directors on 23 January 2024, the directors have not identified indicators of impairment of the equity investment.
In this regard, please note moreover that the goodwill recognised in the consolidated financial statements of Landi Renzo S.p.A. at 31 December 2023 deriving from the acquisition of control of Metatron S.p.A. was classified in the Green Transportation CGU, which was tested for impairment and did not bring to light impairment at 31 December 2023.

8. EQUITY INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

This item breaks down as follows:

(Thousands of Euro)

Equity investments in associates and joint ventures	31/12/2022	Increases	Decreases	Valuation using the net equity method	31/12/2023
Krishna Landi Renzo India Private Ltd Held	2,496	0	0	2	2,498
Total	**2,496**	**0**	**0**	**2**	**2,498**

The Krishna Landi Renzo equity investment was subject to a revaluation of Euro 2 thousand, of which a positive Euro 107 thousand relating to the valuation of the equity investment and a negative Euro 105 thousand for the exchange adjustment.
In the course of the year ending on 31 December 2023, Krishna Landi Renzo significantly boosted its sales to a major Indian OEM customer, recording revenue of Euro 51.8 million and EBITDA of Euro 1.4 million.

The Indian joint venture Krishna Landi Renzo was subject to an audit by the local tax and customs authorities, which identified a different interpretation for the purposes of the customs classification of certain products it imported in the 2019-2024 period. The local management immediately requested an audit by two different leading advisors specialised in customs matters, which confirmed that the actions of the company were basically correct. Given what is set forth in those opinions, and as the dispute has not yet resulted in litigation, the management of the joint venture decided not to recognise any provision in the financial statements.

9. OTHER NON-CURRENT FINANCIAL ASSETS

This item breaks down as follows:

(Thousands of Euro)

Other non-current financial assets	31/12/2022	Decreases	Increases	Other changes	Impairment losses	31/12/2023
Loan to Landi Renzo USA	0	0	840	-840	0	0
Loan to Landi Renzo Pars	287	0	0	0	0	287
Loan to Landi International BV	30	0	15	0	0	45
Loan to Krishna Landi Renzo India Private Ltd Held	600	0	0	0	0	600
Total equity investments in other companies	9	0	0	0	0	9
Guarantee deposits	38	0	46	0	0	84
Total	**964**	**0**	**901**	**-840**	**0**	**1,025**

At 31 December 2023 other non-current financial assets totalled Euro 1,025 thousand and refer primarily to:

- outstanding loans to the subsidiary Landi Renzo Pars amounting to Euro 287 thousand, which did not change compared with the previous year;
- the Euro 600 thousand loan, disbursed in 2020 to the joint venture Krishna Landi Renzo in order to finance current operations; this 5-year loan bears half-yearly interest;
- outstanding loan to the Subsidiary Landi International BV amounting to Euro 45 thousand.

The increase of the financial receivable from Landi Renzo USA Co., equal to Euro 840 thousand, refers to new loan tranches disbursed to the US subsidiary in the course of 2023. The recoverability of that financial receivable was evaluated by the management considering some factors affecting the debtor's ability to repay the loan granted. In particular, considering the current financial position of the US branch, the profitability of previous financial years and the year at 31 December 2023, as well as budget forecasts, its ability to service the debt and the future prospects, the relative provision for bad debts was supplemented in order to cover the receivable in full (equal to a total of Euro 13,174 thousand at 31 December 2023).

10. OTHER NON-CURRENT ASSETS

This item breaks down as follows:

(Thousands of Euro)

Other non-current assets	31/12/2023	31/12/2022	Change
Other non-current assets	0	1,710	-1,710

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

In November, after obtaining the favourable opinion of the Committee for Transactions with Related Parties, this receivable was subject to assignment without recourse to Girefin S.p.A. This assignment took place for an equivalent value of Euro 1,575 thousand (sum rounded down) and therefore with a discount of 4.50% paid in a lump sum at the time of the assignment with respect to the timing agreed upon previously during the disposal of the business unit, which established that the remaining amount of Euro 1,710 thousand would be paid in three instalments over the course of the next 3 financial years.

11. DEFERRED TAX ASSETS

This item breaks down as follows:

(Thousands of Euro)

Net deferred tax assets and liabilities	31/12/2023	31/12/2022	Change
Deferred tax assets	7,250	13,131	-5,881
Deferred tax liabilities	-972	-1,579	607
Total net deferred tax assets	**6,278**	**11,552**	**-5,274**

The following table shows the values of the offsettable deferred tax assets and liabilities and their movements from 31 December 2022 to 31 December 2023:

(Thousands of Euro)

Deferred tax assets	31/12/2022	Uses	Temporary differences	Write-downs	31/12/2023
Inventory write-down reserve	1,959	0	28	0	1,987
Provision for product warranties	694	-592	884	0	986
Provision for bad debts - taxed	862	0	0	0	862
Provision for other risks and lawsuits	8	0	0	0	8
Other temporary differences	392	-80	279	0	591
Tax losses	9,216	0	0	-6,400	2,816
Total deferred tax assets	**13,131**	**-672**	**1,191**	**-6,400**	**7,250**
Offsettable deferred tax liabilities	**31/12/2022**	**Uses**	**Temporary differences**	**Write-downs**	**31/12/2023**
Non-deductible amortisation of trademarks	1,000	-262	0	0	738
TFR - Equity reserve	31	0	0	0	31
Other temporary differences	548	-428	83	0	203
Total deferred tax liabilities	**1,579**	**-690**	**83**	**0**	**972**
Total net deferred tax assets	**11,552**	**18**	**1,108**	**-6,400**	**6,278**

At 31 December 2023, net deferred tax assets, totalling Euro 6,278 thousand (Euro 11,552 thousand at 31 December 2022), related to both temporary differences between the carrying amounts of assets and liabilities on 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 new 2024-2028 Business Plan approved on 23 January 2024.

These analyses highlighted that in the 2024-2028 time period, deferred tax assets are unused in relation to tax losses previously recognised for Euro 6,400 thousand and, as a result, the deferred tax assets recognised in the financial statements were written down by the same amount.

At 31 December 2023 offsettable deferred tax liabilities totalled Euro 972 thousand (Euro 1,579 thousand at 31 December 2022) and are primarily related to temporary differences between the carrying amounts of certain tangible and intangible assets and the values recognised for tax purposes.

12. NON-CURRENT ASSETS, CURRENT ASSETS, LIABILITIES FOR DERIVATIVE FINANCIAL INSTRUMENTS

The item includes the fair value measurement of financial derivative contracts signed by the Company, 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 breakdown and changes in Non-current assets for derivative financial instruments are shown below:

(Thousands of Euro)

Non-current assets for derivative financial instruments	Fair value hierarchy	Notional 31/12/2023	31/12/2023	31/12/2022	Change
Derivatives on interest rates					
Loans	2	0	0	37	-37
Total	**2**	**0**	**0**	**37**	**-37**

The breakdown and changes in Current assets for derivative financial instruments are shown below:

(Thousands of Euro)

Current assets for derivative financial instruments	Fair value hierarchy	Notional 31/12/2023	31/12/2023	31/12/2022	Change
Derivatives on interest rates					
Loans	2	15,750	0	407	-407
Total	**2**	**15,750**	**0**	**407**	**-407**

The breakdown and changes in Non-current liabilities for derivative financial instruments are shown below:

(Thousands of Euro)

Non-current liabilities for derivative financial instruments	Fair value hierarchy	Notional 31/12/2023	31/12/2023	31/12/2022	Change
Derivatives on interest rates					
Loans	2	36,400	515	0	515
Total	**2**	**36,400**	**515**	**0**	**515**

The Company entered into financial derivative contracts (IRSs) to cover 70% of the pool loan originally for Euro 52 million.

CURRENT ASSETS

13. 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	31/12/2023	31/12/2022	Change
Italy	6,664	6,792	-128
Europe (excluding Italy)	5,490	6,897	-1,407
Asia and Rest of the World	13,867	13,372	1,675
America	4,018	6,425	-2,407
Provision for bad debts	-5,917	-5,714	-203
Total	**24,122**	**27,772**	**-3,650**

Trade Receivables totalled Euro 24,122 thousand at 31 December 2023, net of the Provision for Bad Debts equal to Euro 5,917 thousand, compared with Euro 27,772 thousand, net of a provision for bad debts of Euro 5,714 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 14.3 million (Euro 14.5 million at 31 December 2022).

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

Trade receivables from related parties totalled Euro 2,788 thousand at 31 December 2023, compared with Euro 4,657 thousand in 2022, and related to supplies of goods and services to the joint ventures Krishna Landi Renzo and EFI Avtosanoat Landi Renzo LLC. All the transactions are carried out at arm's length conditions.

The provision for bad debts, calculated using analytical criteria on the basis of the data available, changed as follows:

(Thousands of Euro)

Provision for bad debts	31/12/2022	Provisions	Uses	31/12/2023
Provision for bad debts	5,714	217	-14	5,917

The allocations made during the year, necessary in order to adjust the carrying amount of the receivables to their assumed recovery value, amounted to Euro 217 thousand. Uses during the year, on the other hand, totalled Euro 14 thousand.

In accordance with the requirements of IFRS 7, 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)

Trade receivables ageing			Past due		
	Total	Not past due	0-30 days	30-60 days	60 and beyond
Trade Receivables at 31/12/2023 (gross of provision)	30,039	12,704	2,813	694	13,828
Trade Receivables at 31/12/2022 (gross of provision)	33,486	19,823	2,671	768	10,224

14. RECEIVABLES FROM SUBSIDIARIES

This item breaks down as follows:

(Thousands of Euro)

Receivables from subsidiaries	31/12/2023	31/12/2022	Change
Landi Renzo Beijing	417	631	-214
LR Industria e Comercio Ltda	5,449	5,989	-540
Landi Renzo Polska	6,808	5,038	1,770
Landi Renzo Pars	416	402	14
LR PAK Pakistan	1,106	1,102	4
SAFE&CEC srl	3	244	-241
SAFE SpA	26	89	-63
Metatron SpA	315	45	270
Idro Meccanica srl (*)	0	1	-1
Landi Renzo RUS	1,576	831	745
LR Romania	3,732	2,491	1,241
Landi Renzo Usa Corp.	2,504	2,459	45
AEB America	900	3,991	-3,091
Officine Lovato Pvt Ltd	677	677	0
LOVATO do Brasil	1,180	1,180	0
Provision for bad debts from subsidiaries	-1,180	-1,180	0
Total	**23,929**	**23,990**	**-61**

(*) company merged into SAFE S.p.A. in 2023

Receivables from subsidiaries totalled Euro 23,929 thousand at the end of the period compared with Euro 23,990 thousand for the previous year.

The receivables from Lovato do Brasil, equal to Euro 1,180 thousand, have been written down in full.

15. INVENTORIES

This item breaks down as follows:

(Thousands of Euro)

Inventories	31/12/2023	31/12/2022	Change
Raw materials and parts	30,264	30,309	-45
Work in progress and semi-finished products	10,548	10,239	309
Finished products	7,695	9,225	-1,530
(Inventory write-down reserve)	-7,270	-7,170	-100
Total	**41,237**	**42,603**	**-1,366**

Closing inventories at 31 December 2023 totalled Euro 41,237 thousand (Euro 42,603 thousand at 31 December 2022), net of the inventory write-down reserve of Euro 7,270 thousand, a decrease of Euro 1,366 thousand compared with 31 December 2022.

The Company estimated an inventory write-down reserve to cover risks of technical obsolescence of stocks and to align the carrying amount with their presumed realisation value.

(Thousands of Euro)

Inventory write-down reserve	31/12/2022	Provisions	Uses	31/12/2023
Inventory write-down reserve (raw materials)	5,316	0	0	5,316
Inventory write-down reserve (work in progress)	840	0	0	840
Inventory write-down Reserve (finished products)	1,014	100	0	1,114
Inventory write-down reserve – total	**7,170**	**100**	**0**	**7,270**

At 31 December 2023, this item totalled Euro 7,270 thousand, marking an increase of Euro 100 thousand compared with the previous year.

16. OTHER RECEIVABLES AND CURRENT ASSETS

This item breaks down as follows:

(Thousands of Euro)

Other receivables and current assets	31/12/2023	31/12/2022	Change
Tax assets	4,026	3,571	455
Receivables from others	1,184	2,882	-1,698
Accruals and deferrals	723	458	265
Total	**5,933**	**6,911**	**-978**

Tax assets

This item breaks down as follows:

(Thousands of Euro)

Tax assets	31/12/2023	31/12/2022	Change
VAT recoverable	1,804	1,609	195
IRES (corporate income tax) and IRAP (regional production tax) advance payments and tax credits	2,222	1,962	260
Total	**4,026**	**3,571**	**455**

Tax assets amounted to Euro 4,026 thousand and represent primarily amounts due from the Tax Authorities for VAT (Euro 1,804 thousand) and research and development tax credits pursuant to Article 1 of Law 160/2019, tax credits for investments in operating assets and credits for IRES (corporate income tax) and IRAP (regional production tax) payments on account.

Receivables from others

This item breaks down as follows:

(Thousands of Euro)

Receivables from others	31/12/2023	31/12/2022	Change
Advances to suppliers	87	731	-644
Receivables from social security institutes	18	53	-35
Credit notes to be received	806	1,279	-473
Other receivables	273	819	-546
Total	**1,184**	**2,882**	**-1,698**

Receivables from others include primarily provisions for credit notes to be received for premiums from suppliers. The decrease recorded in Other receivables was due to the short-term portion of the receivable from AVL of Euro 570 thousand, which has been assigned, as described previously.

Accruals and deferrals

This item includes prepaid insurance premiums, rentals, type approvals, membership contributions and hardware and software maintenance fees paid in advance.

At 31 December 2023, there were no deferred charges or accrued income of a duration of more than 5 years.

17. OTHER CURRENT FINANCIAL ASSETS

This item breaks down as follows:

(Thousands of Euro)

Other current financial assets	31/12/2023	31/12/2022	Change
SAFE S.p.A. loan	0	2,000	-2,000
Short-term time deposit	20,212	0	20,212
Total	**20,212**	**2,000**	**18,212**

Other current financial assets, amounting to Euro 20,212 thousand at 31 December 2023, relate to investments in money market transactions with a leading banking institution in the form of a short-term "time deposit", for which specific remuneration is established.

The loan of Euro 2,000 thousand at 31 December 2022 granted to the company SAFE S.p.A. was collected in full in February 2023.

18. CASH AND CASH EQUIVALENTS

This item, consisting of the active balances of bank current accounts and cash in hand in both Euro and foreign currency, breaks down as follows:

(Thousands of Euro)

Cash and cash equivalents	31/12/2023	31/12/2022	Change
Bank and post office accounts	7,797	39,363	-31,566
Cash	1	1	0
Total	**7,798**	**39,364**	**-31,566**

Cash and cash equivalents at 31 December 2023 totalled Euro 7,798 thousand (Euro 39,364 thousand at 31 December 2022). For analysis of the production and absorption of cash during the year, please refer to the 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.

19. SHAREHOLDERS' EQUITY

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

(Thousands of Euro)

Shareholders' equity	31/12/2023	31/12/2022	Change
Share capital	22,500	22,500	0
Statutory reserve	2,250	2,250	0
Extraordinary reserve	0	0	0
IAS transition reserve	-320	-320	0
OPI reserve 2	922	922	0
Share premium reserve	51,369	67,119	-15,750
Discounted profit/loss reserve	-182	-182	0
Future share capital increase contribution	8,867	8,867	0
Unavailable reserve for the equity measurement of investments	360	360	0
Cash flow hedge reserve	-393	336	-729
Profit reserve	-234	-128	-106
Profit (loss) for the period	-35,167	-15,750	-19,417
Total shareholders' equity	**49,972**	**85,974**	**-36,002**

Share capital

The share capital (fully subscribed and paid-up) stated in the financial statements at 31 December 2023 is equal to nominal Euro 22,500 thousand and is subdivided into a total of 225,000,000 shares, with a nominal value equal to Euro 0.10.

Statutory reserve

The balance of the Statutory Reserve at 31 December 2023 amounted to Euro 2,250 thousand and is unchanged compared with the previous year.

Extraordinary reserve

The Extraordinary Reserve amounts to zero as at 31 December 2023, unchanged compared with 31 December 2022.

IAS transition reserve

The IAS Transition Reserve includes the effect of the first-time adoption of IFRS 9 (Euro 320 thousand).

OPI reserve 2

This reserve includes the effect of accounting for the Emmegas and Lovato Gas S.p.A. mergers in the course of 2018 and 2020, based on the provisions set forth in Assirevi document OPI no. 2R, which entailed the recognition of a reserve of Euro 409 thousand and Euro 4,139 thousand, respectively, as well as the effects of the A.E.B. merger in 2017, which entailed a reduction of Euro 3,626 thousand in the reserve.

Share premium reserve

The Share Premium Reserve amounted to Euro 51,369 thousand and decreased compared with the previous year (Euro 67,119 thousand at 31 December 2022) after it was used to cover the loss for the year at 31 December 2022.

As a result of the realignment of the tax value of the AEB trademark with the statutory value, pursuant to Art. 110 of Decree Law 104/2020, a tax suspension restriction in the amount of Euro 4,082 thousand was placed on the “share premium reserve”.

Future share capital increase contribution

The reserve includes the payment made by the majority shareholder for future capital increases of Euro 8,867 thousand in 2017, as financial support for the Company.

The following table shows the individual equity items, distinguishing them according to origin, availability and their using in the three previous years.

Nature and description	*Amount (in thousands)*	*Possibility of use (*)*	*Portion available*	*Summary of use in the three previous years*
Share capital	**22,500**			
Capital reserves				
Share premium	51,369	A,B,C (***)	47,287	26,654
Future share capital increase contribution	8,867	A	8,867	
Profit reserves				
Statutory reserve	2,250	B		
Extraordinary reserve	0	A,B,C	0	4,511
IAS transition reserve	-320		-320	
OPI reserve 2	922		922	-
Discounted profit/loss reserve (IAS 19)	-182		-182	
Unavailable reserve from valuation of investments using equity method	126			
Cash flow hedge reserve	-393			
Profit (Loss) for the year 2023	-35,167			
Total	**49,972**		**56,573**	
Non-distributable portion (**)			-16,119	
Residual distributable portion			**72,692**	

(*) Possibility of use: A - for share capital increases B - for covering losses C - for distribution to shareholders

(**) Non-amortisable development expenditure and future capital increase contributions

(***) tax suspension restriction according to DL 104/2020 of Euro 4,082 thousand

NON-CURRENT LIABILITIES

20. NON-CURRENT BANK LOANS

(Thousands of Euro)

Non-current bank loans	31/12/2023	31/12/2022	Change
Loans and financing	61,562	0	61,562
Amortised cost	-327	0	-327
Total	**61,235**	**0**	**61,235**

This item includes the medium/long term portion of bank debts for unsecured loans and finance. It totalled Euro 61,235 thousand at 31 December 2023 (zero at 31 December 2022).
This significant change is due to the fact that as at 31 December 2022 the main bank loans taken out by the Company were all classified as current, as required by the reference accounting standards, as the relative waiver letters were received after year-end close.
If such letters of consent had been received by year-end, non-current bank loans as at 31 December 2022 would have amounted to around Euro 73 million.

The structure of the debt is mainly 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 annual repayment plan for the medium/long-term loans at the date on which these financial statements were approved is shown below, based on the agreements in place at the financial statement date.

Maturities	Instalment amount
2024	26,869
Amortised cost	-185
Bank financing and short-term loans	**26,684**
2025	16,250
2026	18,250
2027	25,750
2028	1,312
Amortised cost	-327
Non-current bank loans	**61,235**
TOTAL	**87,919**

It should be noted that, as indicated in the Report on Corporate Governance and Ownership Structure, early settlement of loan agreements may be requested should there be a change of control of the Company.

It is considered that the carrying amount of the non-current bank payables is aligned with their fair value at the reporting date.

At 31 December 2023, the Company had the following further short-term credit facilities, available but not used:

(Thousands of Euro)

Credit facilities	2023
Cash facility	2,835
Facility for various uses	27,219
Total	**30,054**

As concerns the failure to respect covenants and the Financial Optimisation Project approved on 17 July 2023 by the Board of Directors, please refer to what is described in the sections "Going Concern" or "Bank financing and short-term loans".

21. OTHER NON-CURRENT FINANCIAL LIABILITIES

This item breaks down as follows:

(Thousands of Euro)

Other non-current financial liabilities	31/12/2023	31/12/2022	Change
SIMEST Loan	270	360	-90
Invitalia Loan	11,687	15,589	-3,902
Amortised cost	59	-30	89
Total	**12,016**	**15,919**	**-3,903**

At 31 December 2023, other non-current financial liabilities totalled Euro 12,016 thousand (Euro 15,919 thousand at 31 December 2022) and relate to:

- Euro 270 thousand for the non-current portion of the loan disbursed by Simest to the Company initially for Euro 600 thousand, of which Euro 240 thousand as a grant, repayable at an interest rate of 0.55% in 8 half-yearly instalments as of 30 June 2024;
- Euro 11,746 thousand (value net of the effect of the amortised cost of Euro 59 thousand) for 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.

22. NON-CURRENT LIABILITIES FOR RIGHTS OF USE

This item breaks down as follows:

(Thousands of Euro)

Net value	31/12/2022	Increases	Repayments	Other changes	31/12/2023
Buildings	4,265	923	-1,675	0	3,513
Motor vehicles	332	380	-215	0	497
Total	**4,597**	**1,303**	**-1,890**	**0**	**4,010**
of which current	1,675				1,194
of which non-current	2,922				2,816

Right-of-use liabilities of Euro 4,010 thousand were recognised in the financial statements at 31 December 2023 (Euro 4,597 thousand at 31 December 2022), after repayments of Euro 1,890 thousand.

23. PROVISIONS FOR RISKS AND CHARGES

The breakdown and changes in this item are shown in detail below:

(Thousands of Euro)

Provisions for risks and charges	31/12/2022	Allocation	Utilisation	31/12/2023
Provision for pensions and similar obligations	22	1	-6	17
Provision for product warranty risks	2,494	3,167	-2,122	3,539
Provision for risks on investments	10,761	6,202	-1,888	15,075
Other provisions	81	200	-81	200
Total	**13,358**	**9,570**	**-4,097**	**18,831**

Provisions for risks and charges of Euro 18,831 thousand were recognised in the financial statements at 31 December 2023 (Euro 13,358 thousand at 31 December 2022).

The Provision for product warranties includes the best estimate of the costs related to the commitments that the Company has taken on as an effect of legal or contractual provisions, in relation to the expenses connected with providing product warranties for a certain period of time starting from the sale thereof. This estimate was calculated both with reference to the historical data of the Company and on the basis of specific contractual content. At 31 December 2023 this provision totalled Euro 3,539 thousand, after allocations of Euro 3,167 thousand. Uses of the provision for product warranties totalling Euro 2,122 thousand are due to the coverage of warranty costs correlated with supplies of components in previous years.

The Provision for risks on investments amounting to Euro 115,075 thousand at 31 December 2023 relates to the provision to cover losses recorded on the subsidiaries Landi Renzo Pak Limited (Euro 1,162 thousand), Landi Renzo RO S.r.l. (Euro 10,937 thousand), Landi Renzo USA Corporation (Euro 2,375 thousand) and LR Industria e Comercio (Euro 600 thousand).
In the course of 2023, provisions amounting to Euro 6,202 thousand were recognised to cover losses recorded on the subsidiaries Landi Renzo RO (Euro 4,464 thousand), AEB America (Euro 1,138 thousand) and LR Industria e Comercio (Euro 600 thousand).
Following the AEB America share capital increase subscribed by Landi Renzo S.p.A. in 2023, the relative provision recognised in the financial statements, totalling Euro 1,888 thousand, was used in full to reduce the value of the equity investment.
The above-mentioned companies indeed had losses for the year and negative values of shareholders' equity. The provisions recorded were therefore made and recognised in the provision for risks in order to reflect the value of losses exceeding the cost value of such equity investments, taking into account the risk and the Company's intention to take financial responsibility for them, in order to cover such losses.

24. DEFINED BENEFIT PLANS FOR EMPLOYEES

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	31/12/2023
Employee post-employment benefits	948	9	-23	63	997

The provision of Euro 9 thousand relates to revaluation of TFR (employee severance indemnity) at the end of the period, while use of Euro 23 thousand refers to the amounts paid to employees who ceased working during the year. Other changes include the transfer to Landi Renzo S.p.A. of an employee from the subsidiary Metatron S.p.A.

The main economic and financial assumptions used by the actuary in charge of estimates, methodologically unchanged since the previous year, are as follows:

Actuarial assumptions used for evaluations	31/12/2023
Demographic table	SIM2019 / SIF2019
Discount rate (Euro Swap)	3.10%
Probability of request for advance	2.50%
Expected % of employees who will resign before pension	9.70%
Maximum % of TFR (employee severance indemnity) requested in advance	70.00%
Annual cost of living increase rate	2.25%

The sensitivity analysis shows insignificant variances with respect to the value recognised in the financial statements at 31 December 2023.

CURRENT LIABILITIES

25. BANK FINANCING AND SHORT-TERM LOANS

This item breaks down as follows:

(Thousands of Euro)

Bank financing and short-term loans	31/12/2023	31/12/2022	Change
Advances, import fin. and other current bank payables	15,046	12,684	2,362
Loans and financing	11,824	73,957	-62,133
Amortised cost	-185	-682	497
Total	**26,685**	**85,959**	**-59,274**

At 31 December 2023 this item, totalling Euro 26,685 thousand, compared with Euro 85,959 thousand in 2022, was made up of the current portion of existing loans and financing totalling Euro 11,824 thousand, including the effect of amortised cost of Euro 185 thousand, and the use of short-term commercial credit lines totalling Euro 15,046 thousand.

As already mentioned previously, the change compared with the previous year is due to the fact that the comparative data as at 31 December 2022 include in current portions the entire amount of loans outstanding following the issue of waiver letters on a date subsequent to year-end close, which were requested because the contractual covenant level had been surpassed at 31 December 2022.
If such letters of consent had been received by year-end close, Bank financing and short-term loans as at 31 December 2022 would have amounted to Euro 13,280 million.

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 loans are not secured by real collateral and there are no clauses other than the early payment clauses normally envisaged by commercial practice.

A breakdown of the net financial position of the Company is provided below:

(Thousands of Euro)

	31/12/2023	31/12/2022
Cash and cash equivalents	7,798	39,364
Other current financial assets	20,212	2,000
Bank financing and short-term loans	-26,685	-85,959
Current liabilities for rights of use	-1,195	-1,675
Other current financial liabilities	-5,260	-3,786
Assets for derivative financial instruments	0	407
Net short term indebtedness	**-5,130**	**-49,649**
Non-current bank loans	-61,235	0
Other non-current financial liabilities	-12,016	-15,919
Non-current liabilities for rights of use	-2,816	-2,922
Liabilities for derivative financial instruments	-515	0
Assets for derivative financial instruments	0	37
Net medium-long term indebtedness	**-76,582**	**-18,804**
Net Financial Position	**-81,712**	**-68,453**
Net Financial Position - adjusted (*)	**-77,186**	**-64,300**

The Net Financial Position at 31 December 2023 was equal to Euro -81,712 thousand (Euro -68,453 thousand at 31 December 2022), and was impacted by the adoption of the international accounting standard IFRS 16 - Leases, which resulted in the recognition of financial liabilities for rights of use of Euro 4,011 thousand at 31 December 2023 (Euro 4,597 thousand at 31 December 2022), as well as the fair value recognition of financial derivative contracts for Euro -515 thousand at 31 December 2023 (positive Euro 444 thousand at 31 December 2022).

Without considering the effects arising from the adoption of this accounting standard and the fair value of derivative financial instruments, the adjusted Net Financial Position as at 31 December 2023 would have been equal to Euro 77,186 thousand.

The deterioration in the net financial position at 31 December 2023 compared to the end of the previous year is linked to operations and investing activities and cash outflows for leases.

Over recent years, the Group's economic and financial performance has been negatively affected by, inter alia, a series of external events, including the COVID-19 pandemic and, more recently, the outbreak of the Russia-Ukraine conflict, which triggered turbulence in global energy trends (particularly in CNG and LNG prices), leading to growing inflationary pressures as well as difficulties in procuring certain raw materials, which has impacted both demand for the products supplied by the Group and the associated profit margins.

In this regard and with reference to the financial parameters to be tested 30 June 2023 and 31 December 2023 on the main Landi Renzo S.p.A. medium/long-term loans, please note that during the year the Company presented requests to the various financial institutions for waiver letters containing some specific requests for consent and/or exemption, particularly with reference to the failure to comply with the parameter on leverage (the "leverage ratio") at 30 June 2023 and the expected possibility of non-compliance with that ratio at 31 December 2023.

Following timely negotiations, on 11 September 2023 all of the lending banks issued waiver letters confirming their consent to the one-off exemption from that financial parameter with reference to the calculation dates of 30 June and 31 December 2023 ("covenant holiday"). Please also note that such waiver letters also required respect for additional conditions, including an update of the business plan, with the request that it be subjected to an Independent Business Review ("IBR") by an independent business advisor, as well as the establishment and maintenance of a balance of Group cash and cash equivalents at 31 December 2023 equal to a minimum amount no lower than Euro 38 million. Both of these conditions were met.

With regard to the financial parameters at 31 December 2023 established on the debenture loan issued by the subsidiary SAFE S.p.A. and subscribed by Finint (Finanziaria Internazionale Investments SGR S.p.A.), please note that on 29 December 2023, Finint SGR issued the relative waiver letter which provided a holiday period with reference to the financial covenants to be calculated as at 31 December 2023.

In July 2023, also in order to best tackle the complex macroeconomic scenario described in brief above, the Board of Directors of Landi Renzo S.p.A. co-opted Annalisa Stupenengo as Chief Executive Officer and General Manager of the Group, entrusting her with the task of preparing the new 2024-2028 business plan (the "Business Plan"), drafted with the support of a leading strategic consulting firm, which was approved by the Board of Directors of Landi Renzo S.p.A. on 23 January 2024. As requested by the lending banks, the Business Plan was subjected to an IBR by an independent business advisor, which confirmed the substantial sustainability of the relative assumptions and which, along with the absence of external events during the initial months of the year that could jeopardise the estimates made, permitted the Company's Board of Directors to confirm that Business Plan on 17 July 2024.

Furthermore, within this context, the management engaged a financial advisor to analyse the economic and financial situation of the Group and provide assistance in developing a financial structure reorganisation and optimisation strategy (the "Financial Optimisation Project"), while also initiating negotiations with the banking sector to redefine medium/long-term loan agreements. On 17 July 2024, the Board of Directors of Landi Renzo S.p.A. approved the Financial Optimisation Project, giving the

Chairman and Chief Executive Officer, separately, the necessary powers to sign documents relevant to the review of agreements with banks and to do what is necessary to execute them.

Considering the timing connected to the definition of the review of medium/long-term loan agreements with the banking sector and the reorganisation and optimisation of the inherent financial structure, the Board of Directors deemed it appropriate to update the calendar of board and shareholders' meetings for the approval of the financial data at 31 December 2023 multiple times.

The Financial Optimisation Project is based on three main guidelines:

1. a capitalisation of Landi Renzo S.p.A. through the injection of new own funds to be carried out through a share capital increase under option for a total (including share premium) of up to Euro 25 million, by issuing ordinary shares, with regular dividend entitlement, guaranteed up to an amount of Euro 20 million by the current majority shareholder of Landi Renzo S.p.A., GBD - Green by Definition S.p.A. ("GBD"), to be offered as an option to shareholders of the Company pursuant to Article 2441 of the Italian Civil Code, and to be paid up by means of contributions in cash and through voluntary offsetting, pursuant to Article 1252 of the Italian Civil Code, with receivables due to subscribers from the Company (the "Share Capital Increase under Option");
2. a capitalisation of Landi Renzo S.p.A. through the injection of new own funds to be carried out through an indivisible paid share capital increase in cash reserved for Invitalia - Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A. ("Invitalia"), in its capacity as manager of the "Fund for the protection of employment levels and the continuation of business activity", - for a total (including share premium) of Euro 20 million, by means of the issue of unlisted special class shares convertible into ordinary shares at a ratio of 1:1, with the same characteristics as the ordinary shares outstanding, as well as certain administrative rights recognised by the articles of association (the "Reserved Share Capital Increase" and, along with the Share Capital Increase under Option, the "Transaction"); and
3. a rescheduling of payments on the Company's outstanding medium/long-term financial debt to its lending banks (i.e. Intesa Sanpaolo S.p.A., UniCredit S.p.A. and Sagitta SGR S.p.A., on behalf of the closed-end alternative investment fund reserved for professional investors named "UTP Restructuring Corporate", the latter having taken over for Banco BPM S.p.A. as of July 2024, jointly, the "Lenders"), which is consistent with the generation of operating cash flows to service the debt in light of the economic/financial projections set forth in the Business Plan, as well as the results of the sensitivity scenario prepared by the independent business advisor as part of the IBR.

Please note that, following the full payment of the Share Capital Increase under Option and the Reserved Share Capital Increase, expected by 31 December 2024, the Company will obtain new own funds for a maximum total of Euro 45 million and, in any event, no less than Euro 40 million.

As part of the above-mentioned process of reviewing the medium/long-term loan agreements with the banking sector, as well as the Transaction involving the Invitalia investment, on 5 August 2024 the Board of Directors acknowledged:

- the signing on 1 August 2024 of the investment agreement between GBD, Invitalia and, limited to certain contractual clauses, Gireimm S.r.l., Girefin S.p.A. and Itaca GAS S.r.l. (the "**GBD Shareholders**"), holding 100% of the share capital of GBD (the "**Investment Agreement**"), of which they received a copy signed by all parties concerned on 1 August 2024 which establishes, inter alia, GBD's commitment to subscribe its pro rata share of the Share Capital Increase under Option (the "**Guaranteed Minimum Share**"), as well as to subscribe any unopted rights after the auction, for a maximum of Euro 20 million, inclusive of the Guaranteed Minimum Share (the "**Guaranteed Maximum Share**"), under the terms and conditions set forth in the Investment Agreement, with the specification that the execution of the commitments to subscribe the Share Capital Increase under Option and the Reserved Share Capital Increase is subject to the following conditions (the "**Conditions Precedent**"):
    i) the approval by the Company's Extraordinary Shareholders' Meeting of the assignment, pursuant to Article 2443 of the Italian Civil Code, to the Board of Directors of a delegation to carry out the Share Capital Increase under Option and the Reserved Share Capital Increase, establishing that the share subscription price, equal for both capital increases, will be determined by the Board of Directors close to the Share Capital Increase under Option subscription period;
    ii) the exercise of the Delegation by the Company's Board of Directors and the establishment of the subscription price of the ordinary shares and the special class shares according to the methodology and criteria set forth in the Investment Agreement;
    iii) the approval by the Ordinary Shareholders' Meeting of the Company of the resolutions concerning the composition of the corporate bodies of Landi Renzo S.p.A. following the signing of the Investment Agreement;
    iv) the adoption by the Extraordinary Shareholders' Meeting of Landi Renzo S.p.A. of the new Articles of Association and the Apostille which will establish that the amendments made to the Articles of Association will become effective only at the date of and in conjunction with the full subscription by Invitalia of the Reserved Share Capital Increase;
    v) the determination of the value of Landi Renzo S.p.A. prior to the Share Capital Increase under Option by means of the fairness opinion drafted by an independent advisor engaged by Invitalia, which also takes into account an assessment, performed on the basis of a generally accepted methodology such as the internal rate of return or the net present value, of the return on investment or investment benchmarking, as well as the growth and development outlooks of the Landi Renzo Group and the sectors in which it

carries on business - in order to verify that such value is equal to or higher than that which will be determined by the Board of Directors of Landi Renzo S.p.A. as part of the Transaction according to what is set forth in the Investment Agreement;

vi) the approval by Consob of the prospectus concerning the Transaction;

vii) the signing by the Company with the Lenders of binding agreements (albeit subject to conditions precedent) relating to the Financial Manoeuvre;

viii) the conclusion of the Share Capital Increase under Option with the subscription, if the terms and conditions set forth in the Investment Agreement are met, of the Guaranteed Maximum Share by GBD; and

ix) the issue of the POSI Policy and, for such purposes, the full payment of the relative premiums and costs by Landi Renzo S.p.A. according to what is set forth in the Investment Agreement;

- the fact that in July 2024, the Ministry of Enterprises and Made in Italy confirmed the lack of grounds to object to the acceptance of the relaunch programme submitted by the Company to Invitalia and subsequently formalised in the above-mentioned investment agreement;
- the signing, on 1 August 2024, of the amendment to the medium/long-term loan agreement for a total maximum of Euro 21 million entered into on 29 June 2022 between Landi Renzo S.p.A. and the Lenders, backed by an irrevocable first demand guarantee issued by SACE S.p.A., pursuant to Italian Decree Law No. 23/2020, and the amendment to the medium/long-term unsecured loan agreement for a total maximum of Euro 52 million entered into on 29 June 2022 also between Landi Renzo S.p.A. and the Lenders (jointly, the "**Amendments**"), of which they received a copy signed by all parties concerned on 1 August 2024 and which in particular call for (a) the rescheduling of current repayment plans; (b) a reset of the leverage ratio financial parameter without prejudice to the fact that, with reference to the calculation dates of 30 June 2024 and 31 December 2024, the above-mentioned financial parameter will no longer be checked; (c) the introduction of the new Adjusted EBITDA financial parameter, to be tested exclusively with regard to the calculation dates of 30 June 2025 and 31 December 2025; and (d) with reference only to the loan agreement with the SACE guarantee, the introduction of a prohibition on the distribution of dividends and/or the acquisition of treasury shares for the entire year 2024, with the specification that the Amendments will become effective (with effect backdated to 28 June 2024) following the fulfilment of the conditions precedent set forth therein (the "**Lender Conditions Precedent**") including, *inter alia*, GBD's payment for a future capital increase of Landi Renzo S.p.A. in the amount of Euro 14,981,665.33 by 5 August 2024 (the "Payment"), and will also be subject to conditions subsequent including, *inter alia*, the failure to finalise the Transaction in the amount of at least Euro 40 million by 31 December 2024 (the "**Condition Subsequent**"). In this regard, please note that all Lender Conditions Precedent (considering that the above-mentioned future share capital increase payment has already been made) have been met to date;
- the signing, on 1 August 2024, by GBD and the GBD Shareholders of a commitment (the "**Equity**

Commitment Letter") calling for the irrevocable commitment of GBD and the GBD Shareholders to the Lenders, (i) subject to the approval of the Company's draft financial statements at 31 December 2023 by the Company's Board of Directors, to make the Payment by no later than 5 August 2024 (in this regard, please note that GBD made the Payment to the Company on 2 August 2024 in an amount equal to the Guaranteed Minimum Share corresponding to Euro 14,981,665.33); and (ii) subject to the fulfilment of the Conditions Precedent set forth in the Investment Agreement, with the exception of the Condition Precedent pursuant to point (viii) above, to subscribe the Guaranteed Minimum Share by means of offsetting with the Payment pursuant to Article 1252 of the Italian Civil Code, as well as to subscribe the Guaranteed Maximum Share under the terms and conditions set forth in the Investment Agreement.

26. OTHER CURRENT FINANCIAL LIABILITIES

This item breaks down as follows:

(Thousands of Euro)

Other current financial liabilities	31/12/2023	31/12/2022	Change
Payables to other financial backers	5,260	3,786	1,474
Total	**5,260**	**3,786**	**1,474**

At 31 December 2023, other current financial liabilities totalled Euro 5,260 thousand (Euro 3,786 thousand at 31 December 2022) and relate to the current portion of the Invitalia loan for Euro 3,902 thousand (plus the relative amount of interest accrued at 31 December 2023 for Euro 7 thousand and the relative amortised cost of Euro -89 thousand), the current portion of the payable to SIMEST for Euro 90 thousand and the financial advance received from an OEM customer for Euro 1,350 thousand.

27. CURRENT LIABILITIES FOR RIGHTS OF USE

This item amounted to Euro 1,195 thousand (Euro 1,675 thousand at 31 December 2022) and relates to the current portion of right-of-use liabilities recognised in the financial statements following the application of the international accounting standard IFRS 16 - Leases.

28. TRADE PAYABLES

Trade payables (including trade payables to related parties) totalled Euro 54,762 thousand and can be analysed by geographical segment as follows:

(Thousands of Euro)

Trade payables by geographical area	31/12/2023	31/12/2022	Change
Italy	47,483	48,791	-1,308
Europe (excluding Italy)	4,097	3,546	551
Asia and Rest of the World	3,088	2,948	140
America	94	179	-85
Total	**54,762**	**55,464**	**-702**

Trade payables to related parties of Euro 1,539 thousand (Euro 1,377 thousand at 31 December 2022) refer mainly to relations with the companies Gireimm S.r.l. and Gestimm S.r.l. for property lease payments and relationships for the supply of goods with the joint venture Krishna Landi Renzo.
All the related transactions are carried out at arm's length conditions.

29. PAYABLES TO SUBSIDIARIES

The trade payables due to subsidiaries refer to the payables for purchase of components and finished products and totalled Euro 3,177 thousand (Euro 1,920 at 31 December 2022) and in part to tax consolidation payables to SAFE S.p.A. for Euro 234 thousand and to SAFE&CEC S.r.l. for Euro 42 thousand.
All the related transactions are carried out at arm's length conditions.

30. TAX LIABILITIES

This item breaks down as follows:

(Thousands of Euro)

Tax liabilities	31/12/2023	31/12/2022	Change
IRPEF	1,051	911	140
Flat-rate and income tax	17	73	-56
Total	**1,068**	**984**	**84**

At 31 December 2023, tax liabilities totalled Euro 1,068 thousand, primarily relating to IRPEF (personal income tax) withholdings of Euro 1,051 thousand and substitute and income taxes of Euro 17 thousand.

31. OTHER CURRENT LIABILITIES

This item breaks down as follows:

(Thousands of Euro)

Other current liabilities	31/12/2023	31/12/2022	Change
Advance payments from customers	34	593	-559
Payables to welfare and social security institutes	1,385	1,105	280
Other payables (payables to employees, to others)	2,993	2,509	484
Accrued expenses and deferred income	560	332	228
Total	**4,972**	**4,539**	**433**

Other current liabilities amount to Euro 4,972 thousand (Euro 4,539 thousand at 31 December 2022). In particular, the "Other Payables" item, amounting to Euro 2,993, refers primarily to payables for current pay and deferred pay to be settled in relation to employees.

INCOME STATEMENT

32. REVENUES FROM SALES AND SERVICES

This item breaks down as follows:

(Thousands of Euro)

Revenues from sales and services	31/12/2023	31/12/2022	Change
Revenues related to the sale of assets	138,695	139,815	-1,120
Revenues for services and other revenues	4,245	4,221	24
Total	**142,940**	**144,036**	**-1,096**

During 2023, the Company achieved revenues of Euro 142,940 thousand, a marginal decrease of Euro 1,096 thousand compared with the previous year. See the Directors' Report for further details on performance of revenues on sales.

Revenues for services and other revenues consist of:

(Thousands of Euro)

Revenues for services and other revenues	31/12/2023	31/12/2022	Change
Services rendered	552	909	-357
Technical consultancy	538	258	280
Intercompany services rendered	76	77	-1
Reimbursement of transport expenses	191	337	-146
Reimbursement of other costs	179	348	-169
Reimbursement of employee canteen costs	93	84	9
Other income	2,616	2,208	408
Total	**4,245**	**4,221**	**24**

Income from services rendered include primarily technical consultancy and charges of services for the testing of components supplied to leading automobile manufacturers.

Technical consultancy refers to services charged to OEM customers for technical services on new components designed for gas systems, an activity which was completed in the course of 2023.

Intercompany services supplied refer to services of an administrative, operating and technical nature charged to the subsidiary companies and governed by agreements at arm's length conditions.

Reimbursements of other costs relate primarily to revenue from incentives for the production of electricity by the photovoltaic system (Euro 168 thousand).

Other income refers mainly to payments to recover costs related to production activity and royalties.

33. OTHER REVENUES AND INCOME

This item breaks down as follows:

(Thousands of Euro)

Other revenues and income	31/12/2023	31/12/2022	Change
Grants	1,042	0	1,042
Other income	363	34	329
Total	**1,405**	**34**	**1,371**

"Other revenues and income" totalled Euro 1,405 thousand at 31 December 2023 (Euro 34 thousand at 31 December 2022) and relate primarily to tax grants for research and development activities of Euro 842 thousand and for investments in operating assets for the technological and digital transformation of production processes (former hyper-amortisation) for Euro 200 thousand.

34. COST OF RAW MATERIALS, CONSUMABLES AND GOODS AND CHANGE IN INVENTORIES

This item breaks down as follows:

(Thousands of Euro)

Cost of raw materials, consumables and goods and change in inventories	31/12/2023	31/12/20222	Change
Raw materials and parts	65,520	70,136	-4,616
Finished products	20,054	22,889	-2,835
Other materials	1,319	1,164	155
Change in inventories	1,367	-8,110	9,477
Total	**88,260**	**86,079**	**2,181**

Total costs for purchase and consumption of raw materials, consumables and goods (including the change in inventories) increased from Euro 86,079 thousand at 31 December 2022 to Euro 88,260 thousand at 31 December 2023.

35. 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	31/12/2023	31/12/2022	Change
Industrial and technical services	22,327	22,681	-354
Commercial services	2,315	2,147	168
General and administrative services	6,003	4,999	1,004
Costs for use of third-party assets	414	205	209
Non-recurring strategic consultancy	1,436	912	524
Total	**32,495**	**30,944**	**1,551**

Costs for services and use of third-party assets amounted to Euro 32,495 thousand (Euro 30,944 thousand at 31 December 2022) with an increase of Euro 1,551 thousand and are inclusive of non-recurring expenses relating to strategic consultancy (Euro 1,436 thousand).

Costs for use of third-party assets in the income statement, equal to Euro 414 thousand, mainly relate to contracts eligible for the simplification options established by the IFRS 16 - Leases accounting standard, i.e. those relating to low-value assets or with a duration of 12 months or less.

36. PERSONNEL EXPENSES

Personnel expenses are analysed as follows:

(Thousands of Euro)

Personnel costs	31/12/2023	31/12/2022	Change
Wages and salaries	12,086	9,182	2,904
Social security contributions	4,312	4,173	139
Expenses for defined benefit plans	1,024	934	90
Temporary agency work and transferred work	2,547	2,576	-29
Directors’ remuneration	689	714	-25
Non-recurring personnel costs and expenditure	1,012	304	708
Total	**21,670**	**17,883**	**3,787**

Personnel costs totalled Euro 21,670 thousand, an increase compared with the previous year (Euro 17,883 thousand at 31 December 2022), mainly the strengthening of the Company’s management structure through the inclusion of new professional figures. The Company had a total of 287 employees at 31 December 2023, up by 8 compared with the previous year (279 at 31 December 2022).

The Company 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.

Non-recurring personnel costs amount to Euro 1,012 thousand at 31 December 2023 and relate to the voluntary retirement incentives agreed upon with some employees.

Refer to the Report on Remuneration published pursuant to Article 123-*ter* of the Consolidated Law on Finance for details of directors' remuneration.

The average and peak number of employees in the Company workforce, divided by qualification in the two years analysed, is shown below:

	Average			Peak		
Number of employees	**31/12/2023**	**31/12/2022**	**Change**	**31/12/2023**	**31/12/2022**	**Change**
Executives and Clerical Staff	165	165	0	169	163	6
Manual workers	118	124	-6	118	116	2
Total	**283**	**289**	**-6**	**287**	**279**	**8**

These values do not include temporary agency workers or the directors.

Performance Shares Plan

On 22 December 2022, the Board of Directors of Landi Renzo S.p.A. approved, pursuant to Article 114-bis of Italian Legislative Decree 58/98, a compensation plan named the "2022-2024 Performance Shares Plan" concerning the free assignment of the right to receive Landi Renzo S.p.A. ordinary shares (for a maximum total of 3,300,000 shares), based on the degree to which specific performance objectives are reached, on the basis of what was approved by the Landi Renzo S.p.A. Shareholders' Meeting on 29 April 2022. The assignment of shares is subject to reaching at least one of the performance objectives as well as the existence, at the date of assignment of the shares, of the employment and/or management relationship with the Company or its subsidiaries.

This plan was valued by an independent third party expert, and was not found to be significant. Also based on the Group's profit performance, no provisions were recognised in the financial statements.

37. ACCRUALS, WRITE-DOWNS AND OTHER OPERATING EXPENSES

This item breaks down as follows:

(Thousands of Euro)

Accruals, write-downs and other operating expenses	31/12/2023	31/12/2022	Change
Other taxes and duties	96	94	2
Other operating expenses	936	453	483
Losses on receivables	0	0	0
Provision for product warranties	3,167	1,438	1,729
Bad debts	217	630	-413
Total	**4,416**	**2,615**	**1,801**

The costs included in this item totalled Euro 4,416 thousand at 31 December 2023 compared with Euro 2,615 thousand at 31 December 2022, up primarily due to provisions of Euro 1,500 thousand relating to possible non-recurring costs for service campaigns with respect to OEM customers (in addition to the normal provision, directly correlated with volumes sold).

38. AMORTISATION, DEPRECIATION AND IMPAIRMENT

This item breaks down as follows:

(Thousands of Euro)

Amortisation, depreciation and impairment	31/12/2023	31/12/2022	Change
Amortisation of intangible assets	6,570	6,843	-273
Depreciation of tangible assets	2,750	2,735	15
Depreciation of rights of use	1,757	1,690	67
Total	**11,077**	**11,268**	**-191**

Amortisation and depreciation amounted to Euro 11,077 thousand (Euro 11,268 thousand at 31 December 2022). No elements emerged from the analysis which revealed the need to change the useful lifetime of tangible and intangible assets.

39. FINANCIAL INCOME

This item breaks down as follows:

(Thousands of Euro)

Financial income	31/12/2023	31/12/2022	Change
Interest income on bank deposits	24	13	11
Other income	882	1,068	-186
Income on equity investments	0	0	0
Total	**906**	**1,081**	**-175**

Financial income at 31 December 2023 amounts to Euro 906 thousand, down slightly compared with the previous year. This item mainly includes interest income accrued on bank time deposits.

40. FINANCIAL EXPENSES

This item breaks down as follows:

(Thousands of Euro)

Financial expenses	31/12/2023	31/12/2022	Change
Interest on bank overdrafts and loans and loans from other financiers	7,705	3,580	4,125
Bank charges and commissions	1,172	1,962	-790
Total	**8,877**	**5,542**	**3,335**

Financial expenses at 31 December 2023 amounted to Euro 8,877 thousand (Euro 5,542 thousand at 31 December 2022) and essentially 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 (Euro 113 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.

The item Bank charges and commissions in 2022 included the effects connected to the recognition according to what is set forth in IFRS 9 of the new SACE-backed loan agreement entered into on 29 June 2022, which entailed the recognition of figurative costs in the income statement of Euro 843 thousand.

41. EXCHANGE GAINS AND LOSSES

This item breaks down as follows:

(Thousands of Euro)

Exchange gains and losses	31/12/2023	31/12/2022	Change
Positive exchange differences realised	129	520	-391
Positive exchange differences from valuation	0	1,014	-1,014
Negative exchange differences realised	-125	-423	298
Negative exchange differences from valuation	-661	-206	-455
Total	**-657**	**905**	**-1,562**

The impact of exchange rate differences on the year was negative by Euro 657 thousand, compared to a positive effect of Euro 905 thousand at 31 December 2022.

At 31 December 2023 the Company did not have any financial instruments to cover of exchange rate risk.

In accordance with the requirements of Accounting Standard IFRS 7, financial income and expenses ascribed to the income statement are analysed below by individual financial instrument category:

(Thousands of Euro)

	31/12/2023	31/12/2022	Change
Interest income on cash and cash equivalents	24	0	24
Interest expenses from financial liabilities measured at amortised cost	-7,705	-3,580	-4,125
Exchange gains (losses)	-657	905	-1,562
Total	**-8,338**	**-2,675**	**-5,663**

42. INCOME (EXPENSES) FROM EQUITY INVESTMENTS

This item breaks down as follows:

(Thousands of Euro)

Income (expenses) from equity investments	31/12/2023	31/12/2022	Change
Income on equity investments	0	0	0
Expenses from equity investments	-7,569	-8,942	1,373
Total	**-7,569**	**-8,942**	**1,373**

Income and expenses from equity investments had a negative net value of Euro 7,569 thousand and include:

- the adjustment of the provision for impairment on the outstanding loan with the US subsidiary Landi Renzo USA, a negative Euro 376 thousand, deriving from the exchange effect during the year following changes in the Euro/USD exchange rate;
- write-downs of equity investments held in Landi Renzo Pars by Euro 680 thousand and LR Industria e Comercio by Euro 311 thousand;
- the provision to cover losses recorded on the subsidiaries Landi Renzo RO S.r.l. (Euro 4,464 thousand), LR Industria e Comercio (Euro 600 thousand) and AEB America (Euro 1,138 thousand).

43. INCOME (EXPENSES) FROM JOINT VENTURES MEASURED USING THE EQUITY METHOD

This item breaks down as follows:

(Thousands of Euro)

Income (expenses) from joint ventures measured using the equity method	31/12/2023	31/12/2022	Change
Revaluation of equity investments	107	596	-489
Write-down of equity investments	0	0	0
Total	**107**	**596**	**-489**

This item, totalling a positive Euro 107 thousand (positive Euro 596 thousand at 31 December 2022), includes the measurement of the equity investment held in the joint venture Krishna Landi Renzo. In the course of the year ending on 31 December 2023, this joint venture significantly boosted its sales to a major Indian OEM customer, recording revenue of Euro 51.8 million and EBITDA of Euro 1.4 million.

44. TAXES

Income taxes are shown in detail below:

(Thousands of Euro)

Taxes	31/12/2023	31/12/2022	Change
Current taxes	0	107	-107
Deferred tax liabilities (assets)	-5,505	763	-6,268
Total	**-5,505**	**870**	**-6,375**

Taxes at 31 December 2023 totalled a negative Euro 5,505 thousand, compared with a positive Euro 870 thousand at 31 December 2022. The change is basically due to the write-down of Euro 6,400 thousand recognised due to an analysis regarding the recoverability of deferred tax assets on prior losses on the basis of the expected results of the coming years.

Since 2022, Landi Renzo S.p.A. has adhered, as the consolidating company, to the national consolidation tax scheme pursuant to Articles 117 to 129 of the Italian Consolidated Income Tax Act (T.U.I.R) with some of the Group's other Italian companies, i.e., SAFE S.p.A., SAFE&CEC S.r.l. and Metatron S.p.A.

Deferred tax assets were prudently not recognised against losses recorded during the year.

The theoretical tax charge is only reconciled with the effective charge in relation to IRES, which has characteristics typical of a corporate income tax, taking into consideration the tax rate applying to the company. No reconciliation between theoretical and actual tax burden has been prepared for IRAP (regional production tax), in view of the different way of determining the basis of calculation for the tax. The summarised data is shown below:

	31/12/2023		
(Thousands of Euro)	**Taxable total**	**Taxes**	**%**
Result before tax	-29,663		
Taxes calculated at the tax rate in force		-7,119	24.0%
Permanent differences			
- non-deductible costs	146	35	-0.1%
- write-downs and non-recurrent losses	7,569	1,817	-6.1%
- amortisation/depreciation without taxation	-462	-111	0.4%
- share of non-taxed financial income	-107	-26	0.1%
- other non-taxable income	-1,317	-316	1.1%
interest expense without taxation	7,848	1,884	-6.3%
Write-off of prepaid taxes on tax losses measured in prev. years	26,667	6,400	-21.6%
Tax loss for the year without deferred tax assets	12,255	2,941	-9.9%
Total Taxes for the year/Effective rate		**5,505**	**-18.6%**

OTHER INFORMATION

45. INFORMATION ON THE FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

As required by IFRS 7 – Financial Instruments, the attached table provides a comparison between the carrying amount and the fair value of all financial assets and liabilities, divided according to the categories identified by the aforementioned accounting standard.

(Thousands of Euro)	31/12/2023		31/12/2022	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Receivables and other current assets	53,984	53,984	58,673	58,673

Cash and cash equivalents	7,798	7,798	39,364	39,364
Trade payables	57,939	57,939	57,384	57,384
Financial liabilities measured at amortised cost - non-current portion	73,251	73,251	15,919	15,919
Financial liabilities measured at amortised cost - current portion	31,944	31,944	89,745	89,745

Note that the carrying amount of the loans and financing approximates their fair value at 31 December 2023, since such classes of financial instruments are indexed at the Euribor market rate.

46. GUARANTEES PROVIDED

The Company did not provide any guarantees to third parties during the year, but provided them to several subsidiaries in the form of credit mandates, letters of patronage or stand-by on loans. At 31 December 2023, the Company had provided its subsidiaries with a number of letters of patronage, in detail:

- Letters of patronage for a total of Euro 13 million for SAFE S.p.A.
- Letters of patronage for a total of around Euro 5 million for Metatron S.p.A.

47. ANALYSIS OF THE MAIN DISPUTES IN PROGRESS

At 31 December 2023, the Company is not involved in proceedings, brought by or against it, for significant amounts with the Tax Authorities, social security institutions or other public authorities, or third parties.

48. TRANSACTIONS WITH RELATED PARTIES

In addition to relations with subsidiaries, associates and Joint Ventures, transactions with related parties also included transactions with other related parties, meaning service supply relations between Gireimm S.r.l. and Gestimm S.r.l., subsidiaries of the parent company Girefin S.p.A., (parent company of GBD - Green by Definition S.p.A.) and Landi Renzo S.p.A. relating to lease payments on the property housing the operating unit and technical centre.

The following table summarises the relationships with other related parties and intercompany relationships (thousands of Euro):

Company	Sales revenues	Revenues for services and other revenues	Financial Income	Sale of assets	Purchase of finished products	Costs for use of third-party assets	Purchase of assets	Costs for services	Financial expenses	Expense and Income from Equity Investments	Expense and Income from JVs measured using the equity method	Financial Assets	Financial Liabilities	Receivables	Other receivables	Payables
Gestimm S.r.l.	0	0	0	0	0	701	0	0	0	0	0	0	0	0	0	292
Krishna Landi Renzo India Priv. Ltd	3,885	1,860	18	0	0	0	0	0	0	0	107	600	0	2,345	0	46
Efi Avtosanoat	0	0	0	0	0	0	0	0	0	0	0	0	0	443	0	0
Gireimm S.r.l.	0	0	0	0	0	903	0	0	0	0	0	0	0	0	0	806
Tamburi Investment Partners	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	395
Total related parties	**3,885**	**1,860**	**18**	**0**	**0**	**1,604**	**0**	**0**	**0**	**0**	**107**	**600**	**0**	**2,788**	**0**	**1,539**
SAFE&CEC S.r.l.	0	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SAFE SpA	0	290	0	0	0	0	0	23	0	0	0	0	0	26	0	23
Landi International B.V.	0	0	0	0	0	0	0	0	0	0	0	45	0	0	0	0
Landi Renzo Polska	4,668	63	0	0	1,562	0	0	2	0	0	0	0	0	6,808	0	1,426
Beijing Landi Renzo Cina	2,672	2	0	0	88	0	0	0	0	0	0	0	0	417	0	437
LR Industria e Comercio Ltda	96	31	0	0	9	0	0	1	0	0	0	0	0	5,449	0	92
Landi Renzo Pars	0	0	14	0	0	0	0	14	0	0	0	288	0	416	0	69
LR PAK Pakistan	0	3	0	0	0	0	0	0	0	0	0	0	0	1,059	47	3
Landi Renzo Ro Srl	1,229	56	0	0	6	0	0	1	0	0	0	0	0	3,732	0	108
Landi Renzo Usa Corp.	28	83	0	0	0	0	0	70	0	0	0	0	0	2,504	0	70
Landi Renzo VE C.A.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
AEB America	414	3	0	0	0	0	0	0	0	0	0	0	0	888	13	236
Officine Lovato Private Ltd	0	0	0	0	0	0	0	0	0	0	0	0	0	677	0	0
Landi Renzo RUS	2,498	0	0	0	0	0	0	0	0	0	0	0	0	1,576	0	0
Metatron SpA	72	107	0	13	24	0	0	225	0	0	0	0	0	262	53	420
Total subsidiaries	**11,677**	**838**	**14**	**13**	**1,689**	**0**	**0**	**336**	**0**	**0**	**0**	**333**	**0**	**23,814**	**113**	**2,884**
Overall total	**15,562**	**2,698**	**32**	**13**	**1,689**	**1,604**	**0**	**336**	**0**	**0**	**107**	**933**	**0**	**26,602**	**113**	**4,423**

49. NON-RECURRING SIGNIFICANT EVENTS AND TRANSACTIONS

Pursuant to Consob communication no. 6064293 of 28 July 2006, it is stated that during 2023 no non-recurring significant events or transactions took place aside from the transactions described above.

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

Pursuant to Consob communication no. 6064293 of 28 July 2006, note that, during 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 of minority shareholders.

51. ADOPTION OF SIMPLIFICATION OF DISCLOSURE OBLIGATIONS IN CONFORMITY WITH CONSOB RESOLUTION NO. 18079 OF 20 JANUARY 2012

Under Article 3 of Consob Resolution no. 18079 of 20 January 2012, Landi Renzo S.p.A. decided to adopt the opt-out system envisaged by Articles 70, paragraph 8, and 71, paragraph 1-*bis*, of Consob Regulation no. 11971/99 (as amended). It is therefore able to opt out from the disclosure of the information documents listed in Annex 3B to the Consob Regulation, on occasion of significant mergers, demergers, increases in capital through contribution of goods in kind, acquisitions and disposals.

52. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Please refer to the analysis provided in the Directors' Report.

LIST OF EQUITY INVESTMENTS IN SUBSIDIARIES AT 31/12/2023

Company Name	Registered Office	Currency	Fully paid-up share capital	Amount of the equity in Euro	Result for the year in Euro	Direct stake	Indirect stake	Carrying amount in Euro	Notes
LR Industria e Comercio Ltda	Espirito Santo (Brazil)	BRL	4,320,000	-586,298	215,363	99.99%		0	
Landi International B.V.	Amsterdam (Netherlands)	EUR	18,151	10,350,999	277,006	100%		17,972	(1)
Beijing Landi Renzo Autogas System Co. Ltd	Beijing (China)	USD	2,600,000	4,687,334	858,795	100%		2,057,305	
Landi Renzo Polska Sp.Zo.O.	Warsaw (Poland)	PLN	50,000	10,409,459	283,374		100% (1)	0	
L.R. Pak (Pvt) Limited	Karachi (Pakistan)	PKR	75,000,000	-1,825,681	-455,728	70%		1	
Landi Renzo Pars Private Joint Stock Company	Tehran (Iran)	IRR	210,849,300,000	585,646	69,571	99.99%		583,072	
Landi Renzo RO S.r.l.	Bucharest (Romania)	RON	20,890	-10,937,302	-4,523,943	100%		0	
Landi Renzo USA Corporation	Wilmington - DE (USA)	USD	3,067,131	-15,850,330	-1,671,010	100%		0	
AEB America S.r.l.	Buenos Aires (Argentina)	ARS	2,233,112,571	946,364	-787,522	96%		1,251,623	
Landi Renzo VE C.A.	Caracas (Venezuela)	VEF	2,035,220	0	0	100%		1	(2)
Lovato do Brasil Ind Com	Curitiba (Brazil)	BRL	100,000	0	0	100%		1	(2)
Officine Lovato Private Ltd	Mumbai (India)	INR	19,422,775	-407,004	-60,521	74%		1	
OOO Landi Renzo RUS	Moscow (Russia)	RUB	23,000,000	153,659	82,585	51%		147,574	
Metatron S.p.A.	Castel Maggiore (Italy)	EUR	3,000,000	3,429,779	-159,646	100%		27,148,505	

SAFE&CEC Srl	San Giovanni in Persiceto (BO) ITALY	EUR	2,510,000	42,632,306	-851,690	51%	24,225,000

(1) Held by Landi Renzo International BV

(2) Not consolidated as a result of their irrelevance

INFORMATION PURSUANT TO ARTICLE 149-*duodecies* OF THE CONSOB ISSUER REGULATIONS

In compliance with the express provisions of the Consob Issuer Regulations, Article 149 duodecies, payments, stated in the Company's 2023 Income Statement, made for services rendered by the Auditing firm, and by entities belonging to its network, to the companies belonging to the Company are listed below.

(Thousands of Euro)

Type of Services	Subject who provided the service	Recipient	Remuneration 2023
Auditing	PricewaterhouseCoopers S.p.A.	Parent Company	243
Other services	PricewaterhouseCoopers S.p.A. and PwC network	Parent Company	51
Total			**294**

RELATIONS WITH COMPANY DIRECTORS, AUDITORS AND MANAGERS WITH STRATEGIC RESPONSIBILITIES

Pursuant to Consob resolution no. 11971/99 (Issuer Regulations), remuneration paid or at least allocated to the members of Board of Directors and the Board of Auditors in 2023, and the equity investments held by them in the year are shown in the table attached to the "Report on Remuneration", which will be provided to the shareholders' meeting called to approve the Financial Statements at 31 December 2023.

PROPOSAL FOR APPROVAL OF THE FINANCIAL STATEMENTS AND ALLOCATION OF THE RESULT FOR THE YEAR

Dear Shareholders

Concluding our report we propose:

- the approval of the Financial Statement at 31 December 2023;
- to propose to the Shareholders' Meeting that they approve the coverage of Landi Renzo S.p.A.'s losses for the year, totalling Euro 35,167,303.07, by using the share premium reserve, which will be reduced to Euro 16,200,933.52.

Cavriago (RE), 5 August 2024

For the Board of Directors

The Chairman

Stefano Landi

Annex 1

Consolidated Income Statement at 31 December 2023, prepared in application of the requirements of Consob resolution 15519 of 27/06/2006 and Consob Communication no. DEM/6064293 of 28/07/2006.

(Euro)

INCOME STATEMENT		31/12/2023	of which transactions with related parties	Weight %	31/12/2022	of which transactions with related parties	Weight %
Revenues from sales and services	32	142,939,543	18,260,000	12.8%	144,036,240	16,584,309	11.5%
Other revenues and income	33	1,405,460			33,652		
Cost of raw materials, consumables and goods and change in inventories	34	-88,260,191	-1,689,000	1.9%	-86,079,188	-2,139,384	2.5%
Costs for services and use of third-party assets	35	-32,494,524	-1,940,144	6.0%	-30,943,567	-2,177,412	7.0%
Personnel costs	36	-21,669,934			-17,883,047		
Allocations, write-downs and other operating expenses	37	-4,416,421			-2,614,557		
Gross operating profit		**-2,496,067**			**6,549,533**		
Amortisation, depreciation and impairment	38	-11,077,237			-11,267,998		
Net operating profit		-13,573,304			-4,718,465		
Financial income	39	906,307	32,000	3.5%	1,080,659	32,000	3.0%
Financial expenses	40	-8,877,108			-5,541,762		
Exchange gains (losses)	41	-657,074			905,054		
Income (expenses) from equity investments	42	-7,568,805	-7,568,805	100%	-8,941,603	-8,941,603	100.0%
Income (expenses) attributable to equity investments measured using the equity method	43	107,186	107,186	100%	596,066	596,066	100.0%
Profit (loss) before tax		-29,662,798			-16,620,051		
Taxes	44	-5,504,505			870,225		
Profit (loss) for the year		**-35,167,303**			**-15,749,826**		

Annex 2

Statement of Financial Position at 31 December 2023, prepared in application of the requirements of Consob resolution 15519 of 27/06/2006 and Consob Communication no. DEM/6064293 of 28/07/2006.

(Euro)

ASSETS	Notes	31/12/2023	of which transactions with related parties	Weight %	31/12/2022	of which transactions with related parties	Weight %
Non-current assets							
Land, property, plant, machinery and other equipment	2	7,945,845			8,668,411		
Development costs	3	7,252,338			8,037,197		
Goodwill	4	30,094,311			30,094,311		
Other intangible assets with finite useful lives	5	5,690,254			7,081,928		
Right-of-use assets	6	4,055,309			4,589,549		
Equity investments in subsidiaries	7	55,431,055			55,170,403		
Equity investments in associates and joint ventures	8	2,497,874			2,496,458		
Other non-current financial assets	9	1,024,527	932,500	91.0%	964,329	917,500	95.1%
Other non-current assets	10	0			1,710,000		
Deferred tax assets	11	6,277,592			11,551,897		
Non-current assets for derivative financial instruments	12	0			37,335		
Total non-current assets		**120,269,105**			**130,401,818**		
Current assets							
Trade receivables	13	24,122,346	2,788,287	11.6%	27,772,077	4,657,167	16.8%
Receivables from subsidiaries	14	23,928,687	23,928,687	100.0%	23,989,668	23,989,668	100.0%
Inventories	15	41,236,544			42,602,777		
Other receivables and current assets	16	5,932,628	113,000	1.9%	6,911,261	164,926	2.4%
Other current financial assets	17	20,211,843			2,000,000	2,000,000	100.0%
Current assets for derivative financial instruments	12	0			407,443		
Cash and cash equivalents	18	7,797,779			39,363,664		
Total current assets		**123,229,827**			**143,046,890**		
TOTAL ASSETS		**243,498,932**			**273,448,708**		

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	31/12/2023	of which transactions	Weight %	31/12/2022	of which transactio	Weight %

			with related parties			ns with related parties	
Shareholders' equity							
Share capital	19	22,500,000			22,500,000		
Other reserves	19	62,639,292			79,223,860		
Profit (loss) for the period	19	-35,167,303			-15,749,826		
TOTAL SHAREHOLDERS' EQUITY		**49,971,989**			**85,974,034**		
Non-current liabilities							
Non-current bank loans	20	61,234,621			0		
Other non-current financial liabilities	21	12,016,261			15,918,684		
Non-current liabilities for rights of use	22	2,815,844			2,922,470		
Provisions for risks and charges	23	18,830,999	14,475,037	76.9%	13,357,997	10,842,456	81.2%
Defined benefit plans for employees	24	997,212			948,443		
Liabilities for derivative financial instruments	12	514,770			0		
Total non-current liabilities		**96,409,707**			**33,147,594**		
Current liabilities							
Bank financing and short-term loans	25	26,684,570			85,958,688		
Other current financial liabilities	26	5,259,706			3,786,244		
Current liabilities for rights of use	27	1,194,507			1,675,352		
Trade payables	28	54,761,619	1,539,000	2.8%	55,463,727	1,106,731	2.0%
Payables to subsidiaries	29	3,177,194	3,177,194	100.0 %	1,919,630	1,919,630	100.0%
Tax liabilities	30	1,067,923			984,002		
Other current liabilities	31	4,971,717			4,539,437		
Total current liabilities		**97,117,236**			**154,327,080**		
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**243,498,932**			**273,448,708**		

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CERTIFICATION OF THE SEPARATE FINANCIAL STATEMENTS PURSUANT TO ARTICLE 154-BIS OF ITALIAN LEGISLATIVE DECREE 58/98

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, the Financial Reporting Manager of Landi Renzo S.p.A., certify:

- the adequacy in relation to the characteristics of the company and
- the effective application of the administrative and accounting procedures for preparing the financial statements in the course of 2023.

We furthermore declare that:

- the financial statements at 31 December 2023:
    a) have been drawn up in accordance with the international accounting standards recognised in the European Union under the EC regulation No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
    b) correspond to 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.

- The directors' report includes a reliable analysis of business trends and results, as well as the situation of the issuer, along with a description of the main risks and uncertainties to which it is exposed.

Cavriago, 5 August 2024

The Chief Executive Officer	Financial Reporting Manager
Annalisa Stupenengo	Paolo Cilloni

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via Nobel 2/4/6 | 42025 Corte Tegge | Cavriago (RE) | Italy | Tel. +39 0522 9433 | Fax +39 0522 944044 | www.landi.it | e-mail: info@landi.it | Share capital €22,500,000, fully-paid | Tax Code and VAT no. IT 00523300358

ISO/TS 16949 BUREAU VERITAS Certification

Independent Auditor's Report

in accordance with article 14 of Legislative Decree No.39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the Shareholders of
Landi Renzo SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Landi Renzo SpA (hereinafter also the "Company") which comprise the statement of financial position as of 31 December 2023, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the cash flow statement for the year then ended, and the explanatory notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2023 and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Significant uncertainty regarding going concern

We draw attention to the fact described in the paragraph "General criteria for preparation of the separate financial statements and declaration of conformity - Going Concern" of the explanatory notes, where the directors of Landi Renzo SpA have illustrated the main reasons underlying the

PricewaterhouseCoopers SpA

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negative economic and financial performance of the Company and of the Group it heads, and the consequent process, started by the directors of Landi Renzo SpA and currently in progress, aimed at the reorganization and optimization of the financial structure of the Company and of the Group it heads (also referred to as the "Financial Optimization Project").

The aforementioned Financial Optimization Project provides:

1. a capital increase with option for a total amount (including share premium) up to Euro 25 million, guaranteed up to an amount equal to Euro 20 million by the current majority shareholder of Landi Renzo SpA, GBD - Green by Definition SpA, as per the irrevocable commitment issued by the aforementioned shareholder on August 1, 2024. In this regard, it is specified that in execution of the commitment, the majority shareholder of Landi Renzo SpA, on August 2, 2024, made a payment for a future capital increase of an amount equal to approximately Euro 15 million;

2. a capital increase reserve to Invitalia - Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A -, as manager of the "Fund for the safeguarding of employment levels and the continuation of business activity", - for a total amount (including share premium) equal to Euro 20 million, as per the investment agreement signed with Invitalia on August 1, 2024. In this context, the directors have reported the fact that during the month of July 2024 the "Ministero delle Imprese e del Made in Italy" confirmed the absence of impediment on the acceptance of the relaunch program presented by the Company to Invitalia and subsequently formalized in the aforementioned investment agreement;

3. A rescheduling of the repayment terms of the Company's medium-long term financial debt related to existing loans, as per the amendment agreements of the financing contracts signed with the lending banks on 1 August 2024.

In this context, the directors of Landi Renzo SpA point out that the completion of the operation relating to the aforementioned capital increases (hereinafter also collectively the "Capital Increase"), which represents a resolutive condition of the amendment agreements of the financing contracts, which according to the agreements with Invitalia and the banks must be concluded by 31 December 2024, is exposed to an articulated procedural process due to the technical aspects provided for by both the rules that regulate the market and those of law underlying the investment agreement with Invitalia. This agreement provides some Suspensive Conditions, the occurrence of some of which depends on the occurrence of events beyond the control of the Company, such as obtaining a *"fairness opinion"* issued by an independent advisor appointed by Invitalia that determines the value of Landi Renzo SpA prior to the Capital Increase and verifies that such value is equal to or greater than what will be determined by the Board of Directors of Landi Renzo SpA for the purposes of the Capital Increase.

Considering the fact that:

- the Capital Increase represents a fundamental element of the Financial Optimization Project;
- as of today, the aforementioned *"fairness opinion"* is unavailable and consequently it is not "objectively" possible to know what the determinations of the independent advisor will be;

the directors of Landi Renzo SpA believe that there is a significant uncertainty that may raise doubts about the company's ability to continue operating as a functioning entity, and that could have a fallout over the successful outcome of the Capital Increase and consequently on the Financial Optimization Project as a whole.

The directors believe that, even though there is significant uncertainty regarding the use of the going concern assumption related to the fact that the condition precedent related to the *"fairness opinion"* may not be met by 31 December 2024, no indicators or circumstances have raised that would lead to the assumption that the value of Landi Renzo prior to the capital increase resulting from the *"fairness opinion"* will be lower than what will be determined by the Board of Directors of Landi Renzo SpA for the purposes of the capital increase, and therefore, despite the typical uncertainties of similar procedures, they believe the use of the going concern assumption in the preparation of the financial statements of Landi Renzo SpA as at 31 December 2023 is appropriate.

Due to the significance of the above - mentioned, we have considered that the evaluation of the going concern assumption represents a key aspect of the audit. The following main audit procedures were carried out in the context of the audit activities:

- analysis of the evaluation process of the directors of Landi Renzo SpA regarding the ability of the Company and the Group to continue operating as a functioning entity;
- obtaining the 2024-2028 economic-financial Business Plan, approved by the Board of Directors on 23 January 2024, subject to *Independent business review* ("IBR") by an independent third-party consultant; analysis of prospective cash flows and the main assumptions underlying them, through discussions with the Company's management, involving the experts in *Business Restructuring Services* of the PwC network who supported us in carrying out a critical analysis of the reasonableness of the aforementioned economic-financial forecasts;
- acquisition of audit evidence about the requests and relationships with the banks, with specific reference to i) the "*waiver*" letters issued by the banks in September 2023 in relation to the non-compliance with the financial covenants at the date of 30th June 2023 and the prospective non-compliance with the same at the date of 31st December 2023; ii) the situation of the credit lines, also through obtaining data and information directly from the banks by circulation procedures;
- obtaining and analysis the investment agreement signed with Invitalia and checking the suspensive conditions included in it;
- obtaining and analysis agreements with banks related to rescheduling of repayment terms of existing loans, and verification of the suspensive and resolutive conditions included in them;
- obtaining and analysis the "*Equity Commitment*" agreement signed by the majority shareholder of Landi Renzo SpA;
- obtaining and verification of the accounting evidence of the payment made by the majority shareholder GBD SpA in favor of Landi Renzo SpA, as future capital increase of approximately Euro 15 million, in execution of the aforementioned agreement signed with banks;
- critical reading of the minutes of the Corporate Bodies;
- carrying out audit procedures on subsequent events;
- critical examination of the information provided by the administrators of Landi Renzo SpA, with particular reference to its correspondence and adequacy with respect to the audit evidences acquired by us.

Our opinion is not modified regarding this aspect.

pwc

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to what is described in the Significant uncertainty section related to going concern, we have identified the aspects described below as key aspects of the review to be communicated in this report.

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Recoverability of goodwill *See note 4 "Goodwill" and the paragraph "Accounting standards and valuation criteria" of the explanatory notes.*	
As of December 31, 2023, the book value of goodwill amounts to Euro 30.1 million and has not changed compared to the previous year. The goodwill refers to the cash-generating units (*Cash Generating Unit or "CGU")* "Green Transportation" (formerly "Automotive). In accordance with the applicable accounting principles, the directors of Landi Renzo SpA carry out the verification of the recoverability of the goodwill allocated to the identified CGU, comparing the book values of the same with the estimate of their recoverable amount in accordance with the international accounting principleIAS 36 (so-called impairment test), annually or when indicators suggest a possible impairment loss. Specifically, the directors of Landi Renzo SpA have performed the annual *impairment test* as of December 31, 2023 on the identified CGU, determining the recoverable amount according to the configuration of the value in use determined by discounting the forecast data of the CGUs contained in the economic-financial industrial plan 2024-2028, approved by the Board of Directors on	The audit approach included the understanding, evaluation, and verification of the consistency of the methodology and of the procedures defined by the Company for the determination of the recoverable amount of the CGU, approved by the Company's Board of Directors on July 23, 2024, in accordance with IAS 36 international accounting standard adopted by the European Union, as well as its correct application. We have verified the reasonableness of the methodologies adopted and the main assumptions reflected in the evaluation models (discounted cash flow method), prepared by the Company with the assistance of the independent external consultant, also through the involvement of the experts of the *Corporate Finance* division of the PwC network. In particular, we have verified the reasonableness of the discount rate and the perpetual growth rate compared to the valuation practices normally adopted for companies belonging to the Landi Renzo SpA's reference sector.

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January 23, 2024, subject to an *Independent Business Review* ("IBR") by an independent third-party consultant, who confirmed the substantial sustainability of the related assumptions, to which a terminal value was added.

The valuation models underlying the determination of the recoverable amount (value in use) of the CGU to which the goodwill has been allocated were prepared with the assistance of an independent external consultant and are based on complex assessments and management estimates. In particular, the assumptions contained in the models are influenced by future market conditions, as far as the expected financial flows, the perpetual growth rate and the discount rate are concerned.

Following the impairment test carried out, the determinated recoverable amount was higher than the book value for the identified CGU.
The recoverability of the value of goodwill was considered of particular relevance for the audit of the separate financial statements considering the significant impact of the item in question on the Company's financial position, and also in light of the complexity of the estimates underlying the impairment test, such as those relating to forecasts of prospective financial flows, and the variables that make up the discount and growth rates, as they are influenced by future and uncertain events.

We have also verified the consistency between the cash flows included in the evaluation models and those included in the economic-financial forecasts approved by the Board of Directors of Landi Renzo SpA.

We also analyzed the reasonableness of the expected cash flows forecasts through discussions with the Company's management and with the independent external consultant appointed by the directors of Landi Renzo SpA, as well as through the involvement of the experts of the *Business Restructuring Services* division of the PwC network, who supported us in conducting a critical analysis of the reasonableness of the aforementioned economic-financial forecasts.
We have also verified the mathematical accuracy of the evaluation models prepared by the Company.
Finally, we verified the disclosures provided by the Company in the financial statements about the method adopted to determine the recoverable amount of the CGU where goodwill has been allocated, the results of the valuations performed and with reference to the "*sensitivity analysis*" performed by the Company.

Recoverability of deferred tax assets

See note 11 "Deferred tax assets" and the paragraph "Accounting standards and valuation criteria" of the explanatory notes.

Deferred tax assets recognised in the financial statements as of 31 December 2023 amount to Euro 7.3 million, partially offset by deferred tax liabilities equal to Euro 1 million, giving a net deferred tax asset equal to Euro 6.3 million. Deferred tax assets relate for Euro 4.5 million to temporary differences between the book values of assets and liabilities

The audit procedures performed included understanding and evaluating the process adopted by the Company to verify the recoverability of deferred tax assets.
A thorough analysis was conducted by us on deferred tax assets, also involving PwC network tax experts.

recognised in the financial statements and their tax values and for Euro 2.8 million to prior tax losses. The Company reassess the amount of deferred tax assets at each year-end, adjusting it whenever it is no longer likely to recover them through future taxable income. The estimate process of the recoverable amount is based on evaluative assumptions influenced by economic, financial, and market conditions that are difficult to predict. The recoverability of deferred tax assets was considered a key audit matter for the purpose of the audit of the financial statements of the significant impact of the aforementioned item on the financial position of Landi Renzo SpA, as well as the complexity of the evaluation process of the recoverability of these credits closely related to the existence of future taxable income of the Landi Renzo Group and, therefore, to the feasibility of the economic-financial forecasts, considering the current context of uncertainty characterizing the markets.	We obtained the analysis conducted by the Company on the recoverability of deferred tax assets which was based on the forecasts of the 2024-2028 economic-financial industrial plan, approved by the Board of Directors on January 23, 2024. We verified the reasonableness of the aforementioned income forecasts through discussions with the Company's management and the involvement of the experts from the *Business Restructuring Services* division of the PwC network, who supported us in the critical analysis of the reasonableness of the expectations included in the Company's forecast. Finally, we verified the disclosures provided by the Company in the financial statements, particularly with reference to the evaluations underlying the recoverability of deferred tax assets.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.
As part of an audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.
We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No 537/2014

On 29 April 2016, the shareholders of Landi Renzo SpA in general meeting engaged us to perform the statutory audit of the Company's and the financial statements for the years ending 31 December 2016 to 31 December 2024.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to those charged with governance, in their capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion on compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The directors of Landi Renzo SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the "Commission Delegated Regulation") to the financial statements as of 31 December 2023, to be included in the annual report.

We have performed the procedures specified in auditing standard (SA Italia) No. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Commission Delegated Regulation.

In our opinion, the financial statements as of 31 December 2023 have been prepared in XHTML format in compliance with the provisions of the Commission Delegated Regulation.

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of Landi Renzo SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Landi Renzo SpA as of 31 December 2023, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the financial statements of Landi Renzo SpA as of 31 December 2023 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Landi Renzo SpA as of 31 December 2023 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Parma, 2 September 2024

PricewaterhouseCoopers SpA

Signed by

Nicola Madureri
(Partner)

This independent auditor's 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.

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING OF LANDI RENZO S.p.A. PURSUANT TO ARTICLE 153, ITALIAN LEGISLATIVE DECREE 58/1998 AND ART. 2429 PARA. 2 OF THE ITALIAN CIVIL CODE

Dear Shareholders

The Board of Statutory Auditors of Landi Renzo S.p.A (hereinafter also "the Company"), pursuant to Article 153 of Italian Legislative Decree 58/1998 (hereinafter the "TUF"), is called on to report to the Shareholders' Meeting, convened to approve the Financial Statements at 31 December 2023, on the results for the year, the supervisory activities carried out in the performance of its duties, on any omissions or matters to report, and also to make observations and proposals concerning the financial statements, their approval and other matters in its remit.
The Board of Statutory Auditors carried out the supervisory duties under Article 149 of the TUF and Article 2403 of the Italian Civil Code, as well as the duties under Article 19 of Italian Legislative Decree 39/2010 as amended by Italian Legislative Decree 135/2016, in its capacity as Internal Control and Audit Committee, also considering the Rules of Conduct for Boards of Statutory Auditors of listed companies issued by Italy's National Association of Accounting Professionals (CNDCEC). Furthermore, it carried out supervisory activities, observing the principles and notices issued by Consob on corporate controls and on the activities of boards of statutory auditors and the instructions set forth in the Corporate Governance Code of listed companies, approved by the Corporate Governance Committee promoted by Borsa Italiana S.p.A. in January 2020 (the "Corporate Governance Code").
This Report has been prepared in compliance with indications from Consob in Communication DEM/1025564 of 6 April 2001 as amended, and with regulation Q.10.1. of the Rules of Conduct for Boards of Statutory Auditors of listed companies issued by Italy's National Association of Accounting Professionals on 21 December 2023.
In accordance with Italian Legislative Decrees 58/1998 and 39/2010, statutory auditing has been assigned to PricewaterhouseCoopers S.p.A. (hereinafter "PWC" or "the Independent Auditors"), as resolved by the Shareholders' Meeting of 29 April 2016 for the duration of nine years (from 31 December 2016 through to 31 December 2024).
The Board of Statutory Auditors first of all highlights that the process of drafting and approving the separate and consolidated financial statements as at 31 December 2023 by the Board of Directors has extended beyond legal terms; this delay was caused by the continuation of the discussions required for the approval of the Financial Optimisation Project and the associated loan and investment agreements, conditions which are necessary to ensure that the Company

can continue to operate as a going concern. In this regard, the Board of Statutory Auditors refers to the content of the "Business continuity" section in the separate and consolidated financial statements.

1. *Administrative body - Appointment, term of office and modus operandi*

The Board of Directors in office at the date of this Report was appointed by the Shareholders' Meeting of Landi Renzo S.p.A of 29 April 2022 for three financial years and up to approval of the financial statements for the year ending 31 December 2024.

Following the resignation of director and Chief Executive Officer Cristiano Musi, on 11 July 2023 the Board of Directors co-opted Annalisa Stupenengo as Chief Executive Officer, pursuant to Article 2386 of the Italian Civil Code. On 23 October, the Shareholders' Meeting confirmed the appointment of Annalisa Stupenengo, who will remain in office until the approval of the 2024 financial statements and, on the same date, the Board of Directors confirmed her appointment as Chief Executive Officer.

On 29 April 2022, the Board of Directors, in the first meeting following its appointment, gave a positive evaluation of the independence of the board directors Sara Fornasiero, Pamela Morassi and Anna Maria Artoni, with reference to Article 148, paragraph 3 of the TUF, as referred to in Article 147-*ter,* paragraph 4 of the TUF, and Article 2 of the Corporate Governance Code for listed companies (hereinafter the "Corporate Governance Code").

Subsequently, at the meetings of 24 March 2023 and 5 August 2024, the Board of Directors confirmed that the above directors met the requirements for independence. At that time, the Board of Statutory Auditors confirmed the proper application of the qualitative and quantitative criteria to be used to evaluate the significance of the relevant circumstances pursuant to the Corporate Governance Code for the evaluation of director independence, as set forth in Recommendation no. 7 of the above-mentioned Code, identified by the Board of Directors at its meeting held on 15 March 2021.

The Board of Statutory Auditors also acknowledged the mainly positive outcomes of the self-appraisal process undertaken by the Board of Directors in the meeting of 05 August 2024, regarding the size, composition and modus operandi of the Board of Directors and the board committees.

2. *Board of Statutory Auditors - Appointment, term of office and modus operandi*

The Board of Statutory Auditors in office during the reporting year and at the date of this Report was appointed by the Shareholders' Meeting of Landi Renzo S.p.A. of 29 April 2022 for three financial years and up to the approval of the financial statements for the year ending 31 December 2024.

On 29 April 2022, the Board of Statutory Auditors verified that its members were still eligible for their office pursuant to Article 148 of the TUF and regulation Q.1.1. of the Rules of Conduct for Boards of Statutory Auditors of listed companies issued by CNDCEC, and also still met requirements for independence pursuant to Recommendation no. 7 of the Corporate Governance

Code.

Subsequently, on 24 March 2023 and 20 May 2024, it confirmed that the above requirements had been met, also pursuant to Recommendation no. 7 of the Corporate Governance Code; on these occasions, the Board of Statutory Auditors also assessed that in overall terms it was adequate for its position held, in terms of its composition, as well as its expertise, professionalism, experience, the gender and age of members, and reported the findings of the self-appraisal processes to the Board of Directors for all necessary requirements, which acknowledged them during its meeting on 5 August 2024.

To carry out its duties, the current Board of Statutory Auditors met 13 (thirteen) times during 2023, at times through conference calls and video conferences, as well as informally during various other occasions to discuss and further examine specific matters, review significant documents, define the agenda of its meetings and prepare minutes and notices. Moreover, the Chairman of the Board of Statutory Auditors and/or at least another member took part in all meetings of the Control, Risks and Sustainability Committee, the Committee for Transactions with Related Parties and the Independent Directors as well as most of the meetings of the Appointments and Remuneration Committee.

3. *Compliance with the Corporate Governance Code*

As the Company adopted the Corporate Governance Code on 15 March 2021, the Board of Statutory Auditors monitored the correct adoption of the corporate governance rules set out in the Corporate Governance Code and observed said rules in carrying out its duties.

The Board of Statutory Auditors acknowledged that the Control, Risks and Sustainability Committee, the Appointments and Remuneration Committee and the Board of Directors had reviewed the letter sent by the Chairman of the Committee for Corporate Governance on 14 December 2023 and the recommendations set forth therein.

4. *Supervision and control activities*

As part of duties and with reference to activities in its remit, during the year in question, the Board of Statutory Auditors declares that:

- it participated in the Shareholders' Meeting of 26 April 2023, which (i) approved the financial statements as at 31 December 2022 and the proposed allocation of the profit for the year; and (ii) approved the first section of the remuneration report and expressed its opinion in favour of the second section of that report; and
- it participated in the Shareholders' Meeting of 23 October 2023, which (i) appointed a director to the Board of Directors and (ii) approved the proposed amendment of the report on remuneration and compensation paid;
- it took part in the meetings of the Board of Directors held during 2023, and was given adequate information by board directors on the general performance of operations and the foreseeable outlook, as well as on transactions considered to be material because of their size and characteristics, undertaken by the Company and its subsidiaries;

- it acquired the knowledge necessary to carry out its activities to verify compliance with law, the articles of association, the principles of proper administration and adequacy of the organisational structure of the Company, through obtaining and reviewing significant documents, interviews with the heads of various company functions and the periodic exchange of information with the Independent Auditors;
- it took part, as already stated, through the Chairman or at least another member, in all meetings of the Control, Risks and Sustainability Committee, the Committee for Transactions with Related Parties and the Independent Directors and the majority of the meetings of the Appointments and Remuneration Committee;
- it met the Supervisory Body, also during meetings of the Control, Risks and Sustainability Committee;
- it monitored the functioning and efficiency of internal control systems and the adequacy of the administrative and accounting system, in particular in terms of the system's reliability to represent operations;
- it obtained adequate information from directors, at least every quarter, pursuant to Article 150, paragraph 1 of the TUF, on activities carried out and on operations of greater economic and financial significance undertaken by the Company and its subsidiaries;
- it exchanged with managers of the Independent Auditors data and information significant for carrying out respective duties pursuant to Article 150, paragraph 3 of the TUF, reviewing where necessary the results of the work of the Independent Auditors and obtaining Audit Reports prepared pursuant to Article 14 of Italian Legislative Decree 39/2010 and Article 10 of Regulation (EU) No 537/2014;
- it exchanged information on administration and control systems and on the general performance of operations with the Board of Statutory Auditors of Italian investee companies, pursuant to Article 151, paragraphs 1 and 2 of the TUF and requested information on the most significant events concerning the Group's main foreign investee companies from the Chief Executive Officer, the Internal Audit department and the Independent Auditors;
- it examined (as further explained below) the contents of the additional Report for the Board of Statutory Auditors in its function as Internal Control and Audit Committee prepared by the Independent Auditors pursuant to Article 11 of Regulation (EU) 537/2014, based on which it had no findings to be indicated herein;
- it supervised the functioning of the control system for Group companies and the adequacy of instructions given to them, also pursuant to Article 114, paragraph 2 of the TUF;
- it acknowledged the preparation of the Remuneration Report pursuant to Article 123-*ter* of the TUF and Article 84-quater of the Issuers' Regulation;
- it established the conformity of the articles of association to legal and regulatory provisions;

- it assessed the conformity of the internal procedure on Related-Party Transactions to the principles indicated in the Regulation approved by Consob in resolution no. 17221 of 12 March 2010 as amended, and its compliance, pursuant to Article 4, paragraph 6 with the aforesaid Regulation, participating, as stated, in periodic meetings of the Committee for Transactions with Related Parties, called on to review such transactions;
- it supervised the company's corporate reporting process, for directors' compliance with procedural regulations on the preparation, approval and publication of the financial statements and consolidated financial statements; with respect to the justifications leading to the approval of the draft financial statements beyond the terms pursuant to Article 2364 of the Italian Civil Code, please refer to what is specified in the introduction to this report.
- it supervised the process of performing and approving the impairment test, approved by the Board of Directors and supported by an external consultant, in order to verify any impairment of assets recognised in the financial statements;
- it established that the 2023 Directors' Report on Operations complied with applicable regulations, and was consistent with the resolutions adopted by the Board of Directors and with facts presented in the financial statements and in the consolidated financial statements;
- it acknowledged the content of the Consolidated Interim Report, without having to make any observations, and also established that the report had been disclosed to the public as required;
- it acknowledged that in the course of 2023 the Company published Quarterly Reports by the deadlines established by regulations previously in force;
- it performed, in its capacity as Internal Control and Audit Committee, pursuant to Art. 19, paragraph 1 of Italian Legislative Decree 39/2010 as amended by Italian Legislative Decree 135/2016, the specific information, monitoring, control and audit functions established therein, carrying out the duties and tasks laid out in the above-mentioned regulations;
- it monitored compliance with the provisions established in Italian Legislative Decree 254/2016, reviewing, among others, the Consolidated Non-Financial Statement and ascertaining compliance with provisions on the preparation of this Statement, pursuant to the aforesaid decree;
- it obtained information and adequate documentation during board and Committee activities, as well as during meetings with the Chief Executive Officer and the Financial Reporting Officer, on the various operational aspects and areas of competence and responsibility relating to the Company and the Group;
- it participated in an in-depth meeting (Board Induction) organised on 17 January 2024 devoted to the new 2024-2028 Business Plan.

With reference to Italian Legislative Decree 14/2019 and the additional associated rules issued to date and with regard to the "loss of business continuity and business crisis", the Board of

Statutory Auditors notes that it has interacted frequently since the early months of 2024 with the Board of Directors and the Financial Reporting Officer in order to monitor the progress made in the financial manoeuvre and the agreements with lenders and Invitalia in order to finalise them, which enabled the Company to approve the draft financial statements on 5.8.2024.

No additional findings were identified from the supervisory activities carried out in the areas and according to the procedures described above indicating a failure to comply with law or with the memorandum of association, or such as to warrant notification to the Supervisory Authorities or mention in this report.

Moreover, based on information and evidence available, the Board of Statutory Auditors can reasonably believe that operations adopted by the Board of Directors conform to law and the articles of association and are not manifestly imprudent, risky or in contrast with the decisions taken by the Shareholders' meeting or such as to affect the integrity of company assets.

5. *Monitoring of atypical or unusual transactions and of related-party transactions*

During the year 2023, the Board of Statutory Auditors monitored the involvement, when necessary, of the Committee for Transactions with Related Parties for transactions of lesser significance carried out by the Company.

During the year, the Board of Statutory Auditors did not identify other atypical or unusual transactions with Group companies, third parties or with other related parties.

During 2023 and up to the reporting date, the Board of Statutory Auditors did not receive any notice from the control bodies of subsidiaries, associates or investees, or from the Independent Auditors, containing findings which need to be disclosed in this Report.

Moreover, the Board of Statutory Auditors acknowledged that the financial balances of intercompany transactions and transactions with related parties undertaken by the Company and its subsidiaries in 2023 are presented in the "*Consolidated Statement of Financial Position at 31 December 2023, prepared in compliance with provisions in Consob resolution no. 15519 of 27 July 2006 and Consob communication DEM/6064293 of 28/7/2006*" and in the "*Consolidated Income Statement at 31 December 2023, prepared in compliance with provisions in Consob resolution no. 15519 of 27 July 2006 and Consob communication DEM/6064293 of 28/7/2006*" respectively, while more analytical and detailed information is given in the section "*Related-party Transactions*" of the Consolidated Financial Statements at 31 December 2023, to which reference is made. In particular, the above section states that related-party transactions take place at arm's length on the markets in question, considering the characteristics of the goods and the services supplied.

The Board of Statutory Auditors considers disclosure on these transactions, provided according to the above procedures, and also based on analyses and periodic controls carried out by the Committee for Transactions with Related Parties, to be adequate overall, and consistent with and in the interests of the Company. Related-Party Transactions, identified based on international accounting standards and provisions issued by Consob, are governed by an internal procedure (the "Procedure") adopted by the Board of Directors on 30 June 2021 in compliance with regulatory provisions in force.

The Board of Statutory Auditors reviewed the Procedure, establishing its conformity to Consob Regulation no. 17221 of 12 March 2010, as amended, in particular by Consob resolution no. 21624 of 10 December 2020.

6. *Relations with the Independent Auditors, pursuant to Italian Legislative Decree 39/2010 and observations on their independence*

The Board of Statutory Auditors monitored the efficiency of the statutory auditing process, discussing and reviewing aspects in specific meetings with the Independent Auditors (PWC S.p.A.) concerning:

- the planning of activities, the methodological approach, supervision and coordination of the work carried out by the auditors of foreign subsidiaries, as well as the addition to the audit plan of audits concerning the going concern assumption;
- areas that are particularly significant in terms of audit risk;
- the effectiveness and reliability of the internal control system;
- periodic controls on bookkeeping;
- results following on from the work carried out.

Pursuant to Article 149-duodecies of the Issuers' Regulation, the consolidated financial statements show the fees for the year 2023 disclosed by the independent auditors for auditing services, overall amounting to Euro 482,000, plus Euro 63,000 for other non-prohibited services provided by the Company and the PwC Network.

As regards the independence of the Independent Auditors, the Board of Statutory Auditors and as already indicated, also in its capacity as Internal Control and Audit Committee:

a) carried out its duties required by Article 19, paragraph 1, letter e) of Italian Legislative Decree 39/2010 as amended by Italian Legislative Decree 135/ 2016, assessing and monitoring the independence of the Independent Auditors, in accordance with Articles 10, 10-*bis*, 10-*ter*, 10-*quater* and 17 of Italian Legislative Decree 39/ 2010 and Article 6 of Regulation (EU) No 537/2014;
b) reviewed the Additional Report for the Internal Control and Audit Committee required by Article 11 of Regulation (EU) 537/2014;
c) received as an attachment to the above Additional Report the "Annual confirmation of independence pursuant to Article 6 (2)(a) of Regulation (EU) 537/2014 and pursuant to paragraph 17 of the international accounting standard (ISA Italy) 260" in which the Independent Auditors certified, among other items, that from 1 January 2023 up to the time of issue of the Confirmation, it had not identified any situations affecting its independence in relation to Landi Renzo S.p.A. pursuant to Articles 10 and 17 of Italian Legislative Decree 39/2010 and Articles 4 and 5 of Regulation(EU) 537/2014;
d) it discussed the risks for its independence with the Independent Auditors, and the measures adopted to mitigate such risks, pursuant to Article 6, par. 2b) of Reg. (EU) 537/2014.

Based on information obtained and activities carried out, no facts or situations that may pose risks for the independence of the Independent Auditors were identified, and in this regard, the Board of Statutory Auditors had no observations to make to the Shareholders' Meeting.

7. Financial reporting process and internal control system

The Board of Statutory Auditors monitored the adequacy of the administrative and accounting system, and its reliability in correctly representing operations, obtaining information from the heads of administration functions and exchanging information with the Control and Risks Committee, the Internal Audit function, the Supervisory Body appointed pursuant to Italian Legislative Decree 231/2001 and the Independent Auditors.

The Board of Statutory Auditors also monitored, periodically meeting with the Financial Reporting Manager, the organisation, company procedures and instruments used to collect information and data necessary to prepare the financial statements, consolidated financial statements and interim reports, as well as other financial disclosure, in order to: i) evaluate the adequacy and actual adoption and ii) verify the suitability and efficiency of the powers and resources given by the Board of Directors to the Financial Reporting Manager to carry out his/her duties.

In this regard, the Board of Statutory Auditors acknowledged the certification issued by the Delegated Bodies (specifically the Chief Executive Officer), and by the Financial Reporting Manager pursuant to Article 154-, paragraph 5 of the TUF, on the financial statements of the Company and on the consolidated financial statements of the Group at 31 December 2023, and on the Half-Yearly Financial Report at 30 June 2023 and on quarterly reports, in which no findings or observations had been identified.

The Board of Statutory Auditors considers the administrative and accounting system on the whole to be basically adequate and reliable for the size and complexity of the Company and Group.

Considering that the Independent Auditors have responsibility for the statutory auditing of the accounts, the Board of Statutory Auditors supervised the general configuration of the financial statements and consolidated financial statements and their compliance with regulations governing their basis for presentation and structure. The Board of Statutory Auditors also verified the conformity of the financial statements and consolidated financial statements to the facts and information which came to its knowledge while carrying out its duties.

As part of its functions, the Board of Statutory Auditors monitored the adequacy of the internal control and risk management system: a) obtaining information from the heads of relevant company departments, also to check the existence, adequacy and actual adoption of procedures; b) participating in meetings of the Control, Risks and Sustainability Committee; c) periodically meeting the head of the internal audit function and obtaining information on the results of work carried out, actions recommended and subsequent initiatives taken; d) exchanging information with the Independent Auditors.

In this regard, the Board acknowledged a) the disclosure provided periodically by the Chief

Executive Officer in his capacity as Director in charge of establishing and maintaining an effective internal control system, b) the interim reports prepared by the Control, Risks and Sustainability Committee on activities carried out and c) the opinion given by that Committee and the Board of Directors in favour of the internal control and risk management system adopted by the Company with respect to its characteristics and the risk profile assumed.

Based on the above and considering the control activities carried out, the Board of Statutory Auditors considers the internal control system to be adequate as a whole for the size, complexity and operations of the Company and Group, while in any event hoping that the path of strengthening the organisational structure may be completed during the next year.

8. *Supervision of the non-financial disclosure process*

As already stated, the Board of Statutory Auditors monitored compliance with the provisions established in Italian Legislative Decree 254/2016 and in the Implementing regulation adopted by Consob with Resolution no. 20267 of 18/01/2018 with reference to the Non-Financial Statement ("NFS") and existence of an adequate organisational, administration, reporting and control system prepared by the Company with the aim of providing a true and fair view of non-financial information.

Based on the information obtained and evidence acquired, according to the above terms, the Board of Statutory Auditors considered the procedures, processes and structures for the production, reporting, measurement and representation of the aforesaid information to be substantially adequate and has no findings to report to the Shareholders' Meeting.

9. *Additional information required by Consob communication DEM 1025564 of 6 April 2001 as amended*

Pursuant to applicable Consob provisions, the Board of Statutory Auditors also reports the following:

a) the Board received no complaints pursuant to Article 2408 of the Italian Civil Code, nor complaints from third parties;
b) during 2023, the Company and Board of Statutory Auditors did not receive requests for information from Consob, pursuant to Article 115 and Article 114 of the TUF;
c) during 2023, the Board of Statutory Auditors gave the opinions required under Article 2389, paragraph 3 of the Italian Civil Code, as regards the fees of directors with special responsibilities;
d) in the course of 2023, the Board of Statutory Auditors issued its opinion in relation to the replacement of the Financial Reporting Officer;
e) in the course of 2023, the Board of Statutory Auditors issued its opinion pursuant to Article 2386 of the Italian Civil Code in relation to the co-opting of Director Annalisa Stupenengo;

f) during the year it monitored the application of the audit plan, meeting with the head of internal audit on multiple occasions, expressing its opinion in favour of the audit plan for the year 2023;

g) it gave an opinion on decisions in the remit of the Board of Directors, in relation to the correct use of accounting standards and their uniformity for the purposes of preparing the separate financial statements, consolidated financial statements and interim financial statements.

10. Significant events indicated in the Directors' Report, financial statements and consolidated financial statements

Amongst the significant events indicated by the Company in the Directors' Report, the financial statements and consolidated financial statements at 31 December 2023, please note:

- the completion of the business combination with Idro Meccanica S.r.l. through the acquisition by SAFE S.p.A. of the remaining 10% of the share capital and its subsequent merger into the company;
- the issue by the lending credit institutions of waiver letters with respect to the reporting of financial covenants as at 31 December 2022;
- the signing of a commercial agreement for the revision of sale prices with the main Group customer operating in the OEM channel;
- following the resignation of Chief Executive Officer Cristiano Musi, the appointment of Annalisa Stupenengo as the new Chief Executive Officer and General Manager of the Company;
- the issue by the lending banks of waiver letters which provided a holiday period with reference to the financial covenants to be calculated as at 30 June and 31 December 2023.

Based on the information provided by the Company and the data acquired from the above operations, the Board of Statutory Auditors established their conformity to law, to the memorandum of association and to principles of proper administration, ensuring that the operations were not manifestly imprudent or risky, in potential conflict of interest, in contrast with decisions taken by the Shareholders' Meeting or such as to affect the integrity of the company's assets.

11. Significant events after the reporting period

The Board of Statutory Auditors acknowledged the significant events taking place after the reporting period, commented on in more detail in the section "*Significant events occurring after the reporting period and business outlook*" of the Directors' Report on Operations for 2023, to which reference is made for further details.

In particular, please note:

- the approval of the 2024-2028 Business Plan by the Board of Directors;

- the signing with the lending banks of amendments of the medium/long-term loan agreements as part of a capital strengthening operation involving the investment of the Business Protection Fund promoted by the Ministry of Enterprises and Made in Italy and managed by Invitalia;
- the approval by the Board of Directors of a project for the reorganisation and optimisation of the financial structure of the Company and its Group (the "Financial Manoeuvre"), aimed at stabilising the company's financial structure through three phases:
    - a share capital increase under option for a maximum total of Euro 25 million, guaranteed up to Euro 20 million by the majority shareholder GBD – Green by Definition S.p.A.;
    - a share capital increase of Euro 20 million reserved to Invitalia;
    - a rescheduling of payments on outstanding medium/long-term financial debt to its lending banks;
- the signing by GDB, Invitalia and, limited to specific parts, Gireimm S.r.l., Girefin S.p.A. and Itaca GASS S.r.l., shareholders of GBD, of an investment agreement governing, inter alia, the performance of the above-mentioned share capital increases;
- the renewal of lease agreements with Gireimm S.r.l., transactions with related parties of lesser significance pursuant to the RPT Procedure.

12. *Report of the Independent Auditors and related obligations of the Board of Statutory Auditors*

On 02 September 2024 the Board of Statutory Auditors issued the Reports pursuant to Article 14 of Italian Legislative Decree 39/2010 and Article 10 of Regulation (EU) 537/2014, on financial statements and consolidated financial statements where, in particular, the following is certified:

- the financial statements of the Company and consolidated financial statements of the Group at 31 December 2023 give a true and fair view of the financial position and performance and cash flows for the year then ended in compliance with the International Financial Reporting Standards adopted by the European Union, as well as by measures issued implementing Article 9 of Italian Legislative Decree 38/05;
- the Directors' Report and some specific information in the Report on Corporate Governance and the Ownership Structure are consistent with the financial statements of the Company and with the consolidated financial statements of the Group and have been prepared in compliance with law;
- the opinion on the financial statements and on the consolidated financial statements is in line with information in the Additional Report prepared pursuant to Article 11 of EU Reg. 537/2014 and pursuant to article 19 of Italian Legislative Decree 39/2010;
- the separate and consolidated financial statements were prepared in XHTML format (and, limited to the consolidated financial statements, were marked up in all significant aspects), in compliance with the provisions of Delegated Regulation (EU) 2019/815, although, when extracted from the XHTML format in an XBRL instance, some information contained in the

notes to the consolidated financial statements may not be reproduced identically to the corresponding information displayed in the consolidated financial statements in XHTML format due to certain technical limitations.

The Board of Statutory Auditors believes it is necessary to underscore the emphasis of matter section included by the Independent Auditors in their report, on the fact that, based on the considerations set forth in their own report, the directors believed that the use of the going concern assumption was adequate in preparing the financial statements, despite the fact that significant uncertainty remains with respect to the fulfilment of one of the conditions precedent of the Financial Manoeuvre.

Please also note, purely for informative purposes, that in the aforesaid Reports, the Independent Auditors considered it appropriate to identify key aspects of the auditing, which, for the consolidated financial statements of Landi Renzo S.p.A., were a) the assessment of the going concern assumption, b) the recoverability of the value of goodwill and c) the recoverability of receivables for deferred tax assets while, as concerns the separate financial statements of Landi Renzo S.p.A., a) the assessment of the going concern assumption, b) the recoverability of the value of goodwill and c) the recoverability of receivables for deferred tax assets.

Moreover, on 02 September 2024 the Independent Auditors:

- sent the Board of Statutory Auditors, in its capacity as Internal Control and Audit Committee, the Additional Report, required under Article 11 of EU Reg. 537/2014, which does not contradict the information given in the aforesaid Reports on the financial statements and contains other significant aspects, and which the Board will send to the Board of Directors;
- issued, pursuant to Article 3, paragraph 10 of Italian Legislative Decree 254/2016 and Article 5, para. 1, letter g) of Consob Regulation 20267/2018, the Report on the Consolidated Non-Financial Statement where the Independent Auditors certified that no elements came to their knowledge leading them to believe that the Non-Financial Statement of the Landi Renzo Group for the year ended 31 December 2023, as regards all significant aspects, had been prepared without observing Articles 3 and 4 of the Decree or the GRI Standards.

During periodic meetings held by the Board of Statutory Auditors with the Independent Auditors, pursuant to Article 150, paragraph 3 of Italian Legislative Decree 58/1998, no aspects were identified that must be emphasized in this Report.

Moreover, the Board did not receive any indications from the Independent Auditors on matters to report identified while carrying out the statutory auditing of the financial statements and the consolidated financial statements.

13. Final observations

As part of its activities and based on the above, the Board of Statutory Auditors did not identify any additional critical aspects beyond those cited in this report, omissions, matters to report or irregularities and has no observations, or proposals to make to the Shareholders' Meeting pursuant to Article 153 of Italian Legislative Decree 58/1998, for areas in its remit, and has no reason to prevent the proposed approval of the Financial Statements at 31 December 2023 or coverage of the loss of Euro 35,167,303.07 by using the Share Premium Reserve, which will be reduced to Euro 16,200,933.52, made by the Board of Directors to the Shareholders' Meeting.

Cavriago (Reggio Emilia), 02 September 2024

Fabio Zucchetti, Chairman of the Board of Statutory Auditors

Diana Rizzo, Statutory Auditor

Luca Aurelio Guarna, Statutory Auditor