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Societa' : LANDI RENZO

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Oggetto : PR - Financial results as of September 30, 2024

Testo del comunicato

Vedi allegato

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Landi Renzo: Board of Directors approves financial results as of September 30, 2024

- **Consolidated revenues** were equal to €197.7 million, compared to €221.1 million in the same period of the previous year.
- **Adjusted EBITDA** was negative and amounted to €1.7 million, compared to positive €4.6 million as of September 30, 2023. Negative **EBITDA** amounted to €5.9 million (negative and equal to €1.1 million as of September 30, 2023).
- In the first nine months of 2024, **Green Transportation** sector posted revenues equal to €142.0 million, down compared to the same period of the previous year (€155.0 Mio); adjusted EBITDA was negative and amounted to €2.3 million, compared to positive €1.3 recorded in the previous fiscal year.
- Revenues of **Clean Tech Solutions** sector amounted to €55.8 million, down compared to the first nine months of 2023 (€66.1 million); adjusted EBITDA amounted to €0.6 million, in comparison to €3.2 million in the same period of the previous year.
- **Net Consolidated Result** was negative and equal to €27.3 million, compared to negative net result amounting to €28.6 million as of September 30, 2023.
- Group **Net Financial Position** amounted to €127.8 million, compared to €112.4 million as of December 31, 2023.

Caviago (RE), November 6, 2024 - The Board of Directors of Landi Renzo S.p.A., chaired by Stefano Landi, met today and approved the Company's quarterly Financial Statements as of September 30, 2024.

"The results of the last nine months were significantly influenced by the deterioration of some global macroeconomic conditions, as well as by continuing geopolitical tensions. The mobility sector proved to be among the most affected ones, also experiencing a slowdown in the energy transition process, whose fundamental value, however, continues to be acknowledged globally. This is confirmed by the considerable upturn in orders in the Clean Tech Solutions sector, which was observed as early as the third quarter, especially with regard to orders in the hydrogen and biomethane segments. Conscious of the crucial role that green energy sources are set to play in economic processes worldwide, Landi Renzo Group confirms its commitment to implementing business initiatives and completing the financial strengthening activities required for the development of the Industrial Plan, which is strongly focused on highly innovative and sustainable initiatives," said **Stefano Landi, Chairman of Landi Renzo S.p.A.**

Annalisa Stupenengo, CEO of Landi Renzo S.p.A., added: *"The global macroeconomic context does not reward the overall performance of the Group, however we can be satisfied with some major*

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acknowledgements received. I am thinking of the continuing interest shown in our NG, hydrogen and blending solutions, aimed at mid-heavy-duty transportation, during the IAA exhibition in September in Hanover, or the praise received for the new Hydrus compressor, which was unveiled at the Hydrogen Technology Expo in Hamburg, with a compression capacity of up to 950 bar. Similar interest was expressed as we were exhibiting our stands with our technologies applied to bio-methane in September at the RNG Works in Nashville, US, at the Asian Summit in Jakarta, Indonesia, in October, and at the Ecomondo exhibition in Rimini, Italy.

A few weeks ago, we also signed a major cooperation agreement with international contractor MT Group and the Klaipedia Port Authority in Lithuania for green hydrogen production. Finally, I would like to mention a project for the railway sector which sees us supplying an integrated manifold expressly designed for hydrogen trains. These are just some of the most recent projects where we are at the forefront of mobility and infrastructure business, well aware of the growing role that the energy transition is gaining: it is a path that, although recently influenced by current economic dynamics, continues to be globally acknowledged as vital for reducing emissions.»

Key Consolidated results as of September 30, 2024

As of September 30, 2024, Landi Renzo Group posted revenues equal to €197.7 million, compared to €221.1 million of the same period of the previous year. This trend reflects a below-than-expected performance in both sectors in which the Group is operating, which was not adequately offset by the upturn in orders in the Clean Tech Solutions sector, whose trend has been significantly improving throughout the third quarter of 2024.

Adjusted EBITDA as of September 30, 2024, was negative and equal to €1.7 million, compared to €4.6 million in the same period of 2023.

EBITDA was negative and amounted to €5.9 million (negative and equal to €1.1 million as of September 30, 2023), including non-recurring costs amounting to €4.2 million.

EBIT for the period was negative and amounted to €17.7 million (negative and equal to €13.9 million as of September 30, 2023) following amortization and depreciation of €11.8 million (€12.8 million as of September 30, 2023), of which €2.5 million were due to the application of IFRS 16 - Leases, in line with September 30, 2023.

Total financial expenses (interest income, interest expense, and exchange rates effects) amounted to €9.0 million (€7.7 million as of September 30, 2023) and included negative exchange rate effects amounting to €0.8 million (negative and amounting to €0.3 million as of September 30, 2023). Financial expenses alone, amounting to €9.0 million, were up compared to the same period of the previous year (€8.3 million) and are directly linked to bank debt performance.

The first nine months of 2024 end with negative EBT amounting to €27.2 million (negative and equal to

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€23.0 million as of September 30, 2023).

Group and third-party's Net Result as of September 30, 2024, reported a loss equal to €27.3 million, compared to negative results of the Group and third parties equal to €28.6 million as of September 30, 2023.

Net Financial Position as of September 30, 2024, was equal to €127.8 million (€112.4 million as of December 31, 2023), of which €13.0 million due to the application of the international accounting standard IFRS 16 - Leases, totalling negative €0.5 million related to the fair value of derivative financial instruments and €0.5 million related to the liability for the Put/Call relating to the Metatron Control System shares. Adjusted Net Financial Position, excluding said amounts, would have amounted to €113.8 million, of which €97.4 million attributable to the Green Transportation sector and €16.4 million attributable to Clean Tech Solutions' one.

In execution of the agreements signed in the context of the financial manoeuvre, GBD - Green by Definition S.p.A., the majority shareholder of Landi Renzo S.p.A., on August 2, 2024 executed a payment on account of a future capital increase in the amount of €15 million.

Performance of the "Green Transportation" operating sector

In the first nine months of 2024, revenues of Green Transportation sector amounted to €142.0 million, compared to €155.0 million of the same period of the previous year. This performance is mainly attributable to the decline in revenue registered in the third quarter in the 'OEM' market (€86.0 million as of September, 30, 2024, compared to €98.7 million as of September 30, 2023).

In detail, the Group's sales in the OEM "Mid & Heavy Duty" channel were affected by a drop in demand within the Chinese market, despite the clear commitment of the major Chinese manufacturers to increase the rate of gas engines; sales in the OEM "Passenger car" channel were instead affected by the trend in orders of a major customer.

Sales on the After Market were in line with the nine months of the previous year (€56.0 million as of September 30, 2024 compared to €56.3 million as of September 30, 2023) and mainly related to orders from authorised distributors and installers, both domestic and foreign.

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

- In Italy, Group's sales as of September 30, 2024, were significantly lower compared to the previous year (14,2%);
- The rest of Europe (56.2% of total sales) reports a drop by 13% compared to the same period of 2023, following the trend in orders from a major OEM "Passenger car" customer;

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- Sales in the American continent (10.6% of total sales) reported a 13.3% increase, mainly as a result of a positive trend in LATAM;
- Markets in Asia and the rest of the World accounted for 22.2% of total turnover and were affected by the drop in OEM “Mid & Heavy Duty” sales in the Chinese market in Q3.

As of September 30, 2024, adjusted EBITDA of the Green Transportation sector was negative and amounted to €2.3 million (positive and amounting to €1.3 million as September 30, 2023); this performance was mainly driven by the unfavourable sales mix, as well as by the drop in revenue in the OEM “Mid & Heavy Duty” channel in Q3 2024 and by and the increase in fixed structural costs.

EBITDA of the Green Transportation sector was negative and amounted to €5.5 million as of September 30, 2024, compared to negative €3.2 million as of September 30, 2023.

Performance of the “Clean Tech Solutions” operating segment

As of September 30, 2024, Clean Tech Solutions segment revenues amounted to €55.8 million, compared to €66.1 million in the same period of the previous year. It should be noted that the upturn in order inflow and the partial catch-up of production delays experienced during the first half of the year led to a significant turnaround in the third quarter of 2024, with substantial benefits in terms of both production value and margins. However, the results for the first nine months of 2024 were below expectations, mainly due to the afore-mentioned production delays and order inflow, primarily in North America, reported in the first six months of the year.

Adjusted EBITDA amounted to €0.6 million, compared to €3.2 million in the same period of the previous year. Thanks to the positive trend in the production value and a favourable sales mix in North America, the third quarter showed a return to positive adjusted EBITDA (€1.2 million in Q3 2024).

EBITDA was negative and equal to €0.4 million (positive and amounting to €2.1 million as of September 30, 2023).

Key performance highlights of Landi Renzo S.p.A. (Parent Company) as of September 30, 2024

In the first nine months of 2024, Landi Renzo S.p.A. reported revenues of €97.9 million, compared to €104.5 million in the same period of the previous year. EBITDA was negative and amounted to €3.9 million (including non-recurring costs amounting to €3.3 million) compared to negative €2.5 million of September 30, 2023 (including non-recurring costs in the amount of €3.5 million), while Net Financial Position is negative and equal to €101.5 million (negative and amounting to €95.5 million excluding the effects of applying IFRS 16 and the fair value of derivative financial contracts) compared to negative and amounting to €81.7 million as of December 31, 2023 (negative and amounting to €77.2 million, excluding

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the effects of applying IFRS 16 and the fair value of derivative financial contracts).

At the end of the first nine months of 2024, the Parent Company had 297 employees, substantially in line with the figure as of December 31, 2023 (287 employees).

Significant events after the end of the first nine months of 2024

- On October 31, 2024, the Ordinary Shareholders' Meeting resolved, effective as of the date of subscription and full release of the reserved capital increase (the "Reserved Capital Increase") to Invitalia - Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A. (the "Execution Date"), for the implementation of which the Extraordinary Shareholders' Meeting granted, on September 24, 2024, specific powers to the Board of Directors pursuant to Article 2443 of the Italian Civil Code, to:
 - integrate the Board of Directors, as of the Implementation Date, with the appointment of a new member, in the person of Daniele Straventa, until the expiration of the current Board of Directors, granting a compensation corresponding to that granted to the resigning Director Silvia Landi;
 - increase, subject to the effectiveness, on the Execution Date, of the new Bylaws - adopted by the Extraordinary Shareholders' Meeting on September 24, 2024 and providing for, inter alia, the increase of the maximum number of members of the Board of Directors from 9 to 13 and the increase in the number of Alternate Auditors from 2 to 3 (the "New Bylaws") - the number of members of the Board of Directors, from 9 to 10, redetermining the maximum remuneration attributed to the same at €212,500 gross per year, without affecting, for all other items, the provisions of the resolution adopted by the Shareholders' Meeting on April 29, 2022;
 - appoint a new member of the Board of Directors, in the person of Priscilla Pettiti, subject to the coming into force of the New Bylaws on the Execution Date, until the expiry of the Board of Directors currently in office, recognising a remuneration of €12,500 gross annually, in addition to an attendance fee amounting to €500 for each board meeting attended by the same (including any expenses or costs that the director may incur to attend the meeting);
 - integrate the Board of Statutory Auditors, pursuant to Article 2401 of the Italian Civil Code, effective as of the Execution Date and remaining in office until the expiration of the current Board of Statutory Auditors, without prejudice to the compensation granted to the current Board of Statutory Auditors by resolution of the Shareholders' Meeting on April 29, 2022, appointing Marina Vienna as Standing Auditor and confirming Gian Marco Amico di Meane and Luca Zoani as Alternate Auditors;
 - appoint a new Alternate Auditor, subject to the effectiveness of the New Bylaws on the Execution Date, until the expiration of the current Board of Statutory Auditors, in the person of Anna Cacciaguerra.

As of the Closing Date, the Board of Directors will be made up as follows: Stefano Landi (Executive Chairman), Annalisa Stupenengo (Chief Executive Officer), Sergio Iasi (Vice-Chairman), Massimo Lucchini, Andrea Landi, Sara Fornasiero (Independent Director), Pamela

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Morassi (Independent Director), Anna Maria Artoni (Independent Director), Daniele Straventa; and Priscilla Pettiti. Pursuant to Article 147-ter, paragraph 1-ter of Legislative Decree No. 58/98 and the Bylaws, the new composition of the Board of Directors is in compliance with the gender distribution criterion. Likewise, as of the Execution Date, the Board of Statutory Auditors will be composed as follows: Standing Auditors: Fabio Zucchetti (Chairman); Luca Aurelio Guarna; and Marina Vienna; Alternate Auditors: Gianmarco Amico di Meane; Luca Zoani; Anna Cacciaguerra. Pursuant to Article 148, paragraph 1-bis, of Legislative Decree 58/98 and the A Statute, the new composition of the Board of Statutory Auditors complies with the gender distribution criterion.

- Also on October 31, 2024, the Extraordinary Shareholders' Meeting resolved to execute a reverse stock split of the ordinary shares of Landi Renzo S.p.A. in the ratio of 1 new ordinary share with regular dividend entitlement for every 10 existing ordinary shares and the related amendment to Article 5 of the Bylaws.

Foreseeable management development

The results of the first nine months of the year confirm a downturn in 2024 compared to the previous year 2023, strongly influenced by the strong instability of the global macroeconomic and socio-political scenario.

However, the implementation activities for the development of the initiatives included in the Industrial Plan are progressing, as well as the financial strengthening, which is expected to be completed by the end of 2024 and in support of the subsequent plan years. In the Green Transportation segment, revenues and profitability are expected to be lower than in 2023, due to the slowdown in the most profitable sales channels. In the Clean Tech Solutions segment, first nine months results confirm a lower production value compared to the previous year, due to the lower contribution of the traditional CNG market, only partly offset by the growth of biomethane, hydrogen and 'Oil&Gas'. Despite an expected improvement in the last quarter, the performance for the full year 2024 is confirmed to be down compared to the previous year, although the acceleration of order intake observed in recent months in the Clean Tech Solutions segment suggests a closing of the year with an important order backlog to fuel the value of production in 2025.

Information upon request of Consob pursuant to Article 114, paragraph 5, Legislative Decree No. 58/1999 (TUF)

Landi Renzo, in compliance with the request received on September 17, 2024 from Consob pursuant to Article 114, paragraph 5, of Legislative Decree no. 58/1998 (the 'Communication'), has included certain additional information - in accordance with the provisions contained in the same Communication - within the Interim Financial Report as of September 30, 2024 (section 'Information at the request of Consob pursuant to art. 114, paragraph 5, Legislative Decree no. 58/1999 (TUF)'), which will be made available to the public in accordance with the timing required by law.

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

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

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

LANDI RENZO

Paolo Cilloni
CFO and Investor Relator
ir@landi.it

Media contacts: Community

Roberto Patriarca – 335 6509568
Silvia Tavola – 338 6561460
Lucia Fava – 366 5613441
landirenzo@community.it

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(Thousands of Euro)

	30/09/2024	30/09/2023 (Restated)
CONSOLIDATED INCOME STATEMENT		
Revenues from sales and services	197,731	221,138
Other revenues and income	981	1,296
Cost of raw materials, consumables and goods and change in inventories	-121,116	-138,294
Costs for services and use of third-party assets	-42,423	-41,579
Personnel costs	-38,312	-37,373
Allocations, write downs and other operating expenses	-2,779	-6,310
Gross Operating Profit	-5,918	-1,122
Amortization, depreciation and impairment	-11,777	-12,771
Net Operating Profit	-17,695	-13,893
Financial income	754	891
Financial expenses	-8,997	-8,341
Exchange gains (losses)	-785	-277
Income (expenses) from hyperinflation	-963	-1,337
Income (expenses) from equity investments	-504	-173
Income (expenses) from joint venture measured using the equity method	1,040	134
Profit (Loss) before tax	-27,150	-22,996
Taxes	-179	-5,615
Net profit (loss) for the Group and minority interests, including:	-27,329	-28,611
Net profit (loss) attributable to non controlling interests	-1,668	-883
Net profit (loss) attributable to the Group	-25,661	-27,728
Basic earnings (loss) per share	-0.1140	-0.1232
Diluted earnings (loss) per share	-0.1140	-0.1232

Data as of 30 September 2023 has been restated with the aim of aligning the comparative data with the classifications used for the preparation of the consolidated income statement closed as of 30 September 2024.

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(Thousands of Euro)	30/09/2024	31/12/2023
ASSETS		
Non-current assets		
Land, property, plant, machinery and other equipment	13,184	13,232
Development expenditure	9,567	9,987
Goodwill	80,132	80,132
Other intangible assets with finite useful lives	13,474	15,034
Right-of-use assets	11,901	11,945
Equity investments measured using the equity method	3,466	2,498
Other non-current financial assets	475	902
Deferred tax assets	8,866	8,745
Non-current assets for derivative financial instruments	17	39
Total non-current assets	141,082	142,514
Current assets		
Trade receivables	68,855	72,821
Inventories	71,131	76,260
Contract work in progress	12,025	17,377
Other receivables and current assets	21,985	17,355
Current financial assets	1,011	20,647
Cash and cash equivalents	15,400	26,495
Total current assets	190,407	230,955
TOTAL ASSETS	331,489	373,469

(Thousands of Euro)	30/09/2024	31/12/2023
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' Equity		
Share capital	22,500	22,500
Other reserves	57,738	77,596
Profit (loss) for the period	-25,661	-35,169
Total Shareholders' Equity of the Group	54,577	64,927
Minority interests	3,267	5,277
TOTAL SHAREHOLDERS' EQUITY	57,844	70,204
Non-current liabilities		
Non-current bank loans	74,241	67,785
Other non-current financial liabilities	14,536	18,503
Non-current liabilities for right-of-use	9,445	10,090
Provisions for risks and charges	5,778	6,244
Defined benefit plans for employees	3,387	3,257
Deferred tax liabilities	2,933	3,048
Non-current liabilities for derivative financial instruments	503	515
Total non-current liabilities	110,823	109,442
Current liabilities		
Bank financing and short-term loans	28,097	51,987
Other current financial liabilities	13,368	7,459
Current liabilities for right-of-use	3,532	2,792
Trade payables	75,373	100,115
Tax liabilities	2,626	2,440
Other current liabilities	39,826	29,030
Total current liabilities	162,822	193,823
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	331,489	373,469

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(Thousands of Euro)		
CONSOLIDATED CASH FLOWS STATEMENT	30/09/2024	30/09/2023 (Restated)
Financial flows deriving from operating activities		
Pre-tax profit (loss) for the period	-27,150	-22,996
<i>Adjustments for:</i>		
Depreciation of property, plant and machinery	2,839	3,166
Amortisation of intangible assets	6,372	7,032
Depreciation of right-of-use assets	2,566	2,573
Loss (profit) from disposal of tangible and intangible assets	-132	-360
Impairment loss on receivables	431	880
Net financial charges	9,028	7,727
Net expenses (income) from hyperinflation	963	1,337
Net expenses (income) from equity investments	504	173
Net expenses (income) from equity investments measured using the equity method	-1,040	-134
	-5,619	-602
<i>Changes in:</i>		
Inventories and work in progress	10,481	2,074
Trade receivables and other receivables	-1,281	3,387
Trade payables and other payables	-18,027	-14,864
Provisions and employee benefits	-358	1,457
Cash generated from operation	-14,804	-8,548
Interest paid	-5,263	-4,786
Interest received	321	232
Taxes paid	-598	-863
Net cash generated (absorbed) from operating activities	-20,344	-13,965
Financial flows from investment		
Proceeds from sale of property, plant and machinery	137	289
Purchase of property, plant and machinery	-2,849	-2,839
Purchase of intangible assets	-574	-805
Development expenditure	-3,887	-3,068
Net cash absorbed by investment activities	-7,173	-6,423
Free Cash Flow	-27,517	-20,388
Financial flows from financing activities		
Disbursements (Reimbursement) of medium/long-term loans	-7,488	-793
Change in short-term bank debts	-8,004	2,847
Payment for future capital increase	14,982	0
Repayment of leases IFRS 16	-2,854	-2,857
Net cash generated (absorbed) by financing activities	-3,364	-803
Net increase (decrease) in cash and cash equivalents	-30,881	-21,191
Cash and cash equivalents as at 1 January	26,495	62,968
Decrease/(Increase) in short-term deposits (*)	19,636	-20,249
Effect of exchange rate fluctuations on cash and cash equivalents	150	-330
Cash and cash equivalents at the end of the period	15,400	21,198

(*) Active financing of time deposits

The data as of 30 September 2023 has been restated with the aim of aligning the comparative data with the classifications used for the preparation of the consolidated financial statement closed as of 30 September 2024.

