Half-yearly financial report at 30 June 2020

PLC S.p.A.
Registered office in Milan, Via Lanzone no.31
Fully paid up Share Capital Euro 27,026,480.35
Tax Code and VAT No. 05346630964

1 GENERAL INFORMATION

1.1 CORPORATE BODIES

BOARD OF DIRECTORS[1]

Francesco Esposito	- Chairman
Michele Scoppio	- CEO
Chiara Esposito	- Director
Luciano Garofano	- Director
Marina D'Artibale (*) (**)	- Independent Director
Graziano Gianmichele Visentin (*) (**)	- Independent Director

BOARD OF STATUTORY AUDITORS[2]

Massimo Invernizzi	- Chairman
Claudio Sottoriva	- Standing auditor
Maria Francesca Talamonti	- Standing auditor

IINDEPENDENT AUDITORS[3]

EY S.p.A.

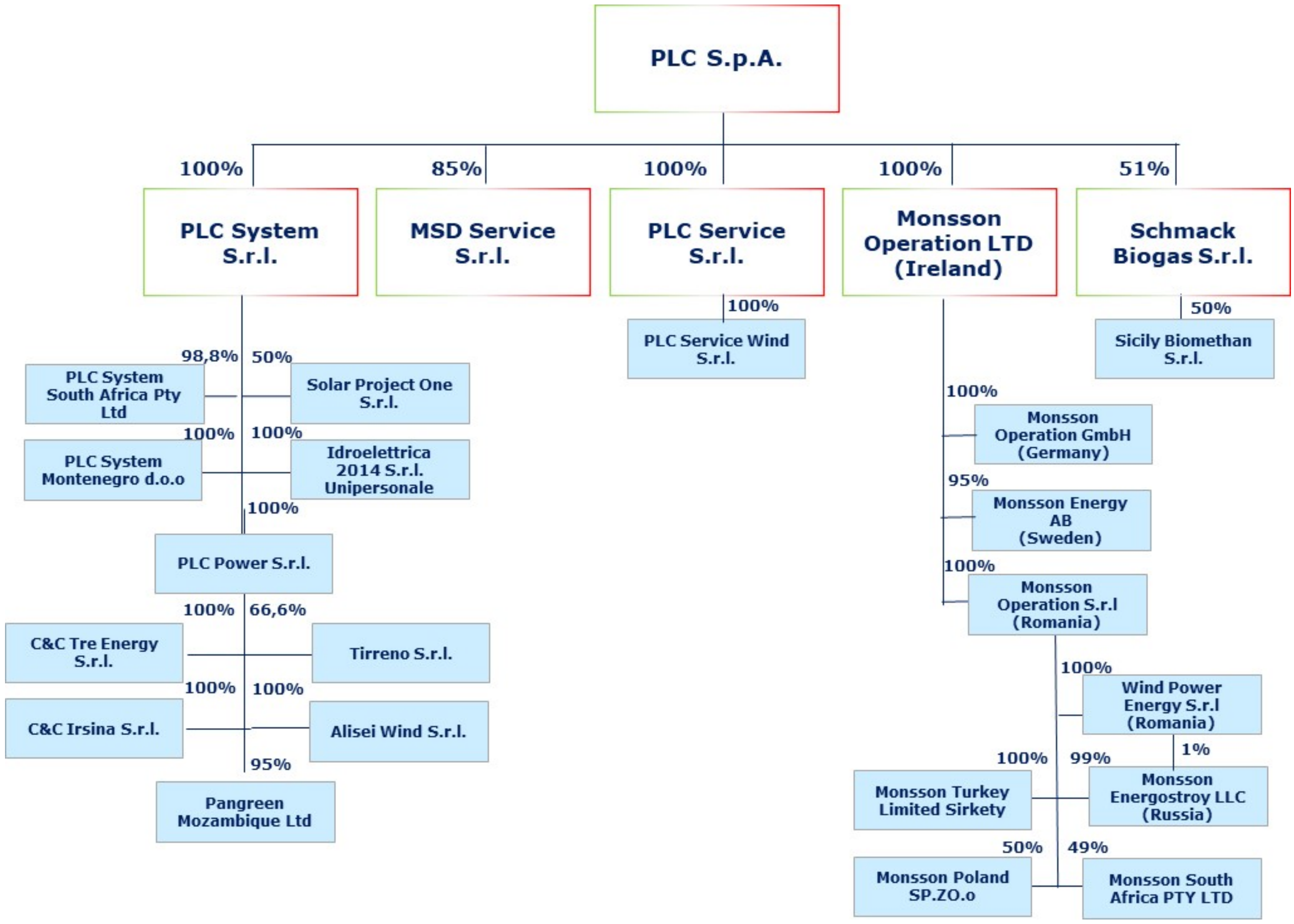
Via Lombardia, 31

00198 Rome

[1] appointed by the Shareholders' Meeting of 26 March 2018
[2] appointed by the Shareholders' Meeting of 27 June 2018
[3]appointed by the Shareholders' Meeting of 23 June 2015

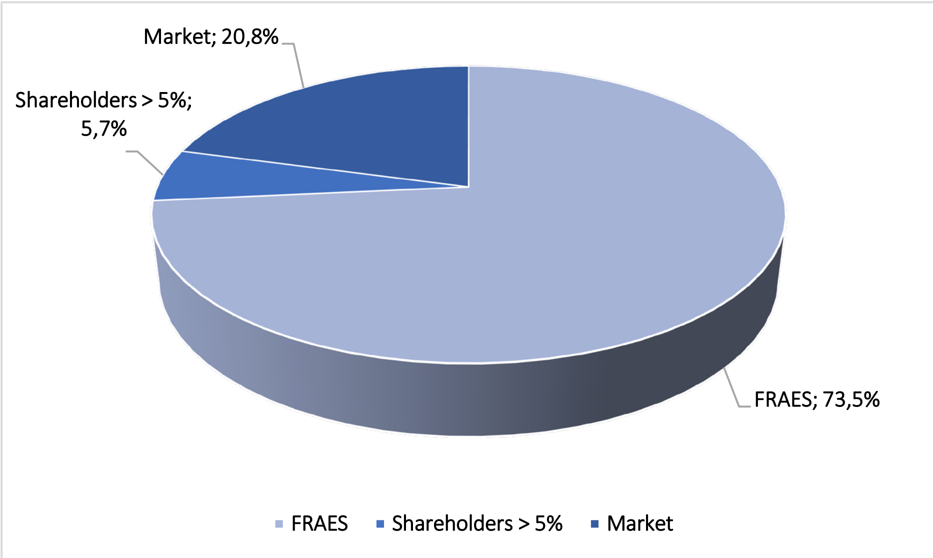
(*) members of the Control and Risk Committee
(**) members of the Appointments, Remuneration and Stock Option Plans Committee

1.2 SHARE STRUCTURE OF THE PLC GROUP



1.3 SHAREHOLDERS

Below is the situation concerning the shareholding of PLC S.p.A. ("**Company**" or "**Parent Company**" or "**Issuer**") on the date of approval of the Half-yearly Financial Report at 30 June 2020[4].



[4] Source: Corporate and Consob data

2 PLC GROUP MANAGEMENT REPORT

2.1 MAIN PLC GROUP OPERATIONS DURING THE FIRST HALF OF 2020

Acquisition of 51% of the share capital of Schmack Biogas S.r.l.

On 16 January 2020 PLC S.p.A. acquired 51% of the share capital of Schmack Biogas S.r.l., a company active in the design, development, construction and maintenance of biogas and biomethane plants; this operation is part of the PLC Group's broader growth strategy, aiming to qualify as a multi-technological and multi-regional operator. The acquisition of Schmack Biogas S.r.l. allows the PLC Group to position itself with a leading role also in the biogas and biomethane supply chain, technologies for which the support of national and European institutions is similar to that offered for renewable sources, considering the role they will have in the European Green Deal.

The acquisition of 51% of the share capital took place through a capital increase of Schmack Biogas S.r.l. reserved for PLC S.p.A., for the amount of Euro 1,500 thousand inclusive ofshare premium, which led to the simultaneous dilution of the other two shareholders to 49%.

Further envisaged is: (i) the provision of 2 interest-bearing shareholder loans for a maximum of Euro 500 thousand and with a ten-year duration and (ii) the disbursement of a non-interest bearing shareholder loan of Euro 500 thousand with a ten-year duration, subject to renunciation by PLC S.p.A. if Schmack Biogas S.r.l. reaches, before the deadline, a minimum EBITDA level agreed between the parties. The aforementioned financial resources will be allocated to the implementation of the development plan of Schmack Biogas S.r.l.

At the same time as the capital increase, PLC S.p.A. and the other two shareholders signed a shareholders' agreement aimed at regulating (i) certain aspects of governance, such as the composition of the administrative body and some matters submitted to qualified majorities for the shareholders' meeting and for the board of directors (ii) the attribution of a put option and a call option on the remaining 49% of the capital. In particular, in the event of non-renewal of the shareholders' agreement, or in the event of decision-making deadlock in relation to the matters submitted to qualified majorities, it is expected that the two minority shareholders will have the opportunity to exercise the put option on 49% of the share capital owned by them, to be regulated exclusively by assigning PLC S.p.A shares (if applicable as part of a decisive capital increase by the Issuer). In the event of minority shareholders not exercising the put option, PLC S.p.A. can exercise a call option for the purchase of 49% of the share capital to be settled in cash. The strike price of these options will be determined by the average of two independent analyses acquired by the parties according to the terms set out in the shareholders' agreement.

Signing of a preliminary contract for the sale of the equity investment held in C&C Tre Energy S.r.l.

On 28 February 2020 PLC Power S.r.l. entered into a contract with EDP Renewables Italia Holding S.r.l. ("**EDPR**") for the sale of 100% of the share capital of C&C Tre Energy S.r.l., owner of the wind project to be carried out in the Municipalities of Casalbore (AV), Ariano Irpino (AV) and Montecalvo Irpino (AV), with power of 28.8 MW. At present, the completion of the sale transaction is still subject to the fulfilment of certain conditions precedent concerning obtaining certain permits and other provisions and confirmations regarding authorizations, while the condition relating to the recognition of the FER Decree incentive tariff has already been fulfilled; in consideration of the foregoing, the parties have decided to postpone the deadline for closing to 30 November 2020. The sale price is set at Euro 1,800 thousand, equal to the base price, subject to adjustment based on (i) the effective value of the incentive tariff and (ii) the indebtedness value, working capital and change in the capex and opex on the closing date with respect to the provisions of the business plan. For the sake of completeness, it should be noted that, as part of the agreement, the parent company PLC S.p.A. issued a corporate guarantee to EDPR concerning the possible enforcement of the guarantee issued to GSE, for a maximum amount of Euro 3,175 thousand and with a duration until the signing of the notarial deed of sale of shares or, if earlier, until the return of the guarantee by GSE.

As part of the transaction, PLC System S.r.l. keeps the EPC contract for the construction of a wind farm for a total amount of approximately Euro 9,500 thousand, and PLC Service S.r.l. keeps the full service contract for the O&M services of the civil and electrical works of the aforementioned plant for an amount of Euro 2.5 thousand per MW and for a duration of 5 years from the take-over of the plant.

Completion of the sale by PLC Power S.r.l. in favour of Enel Green Power Italia S.r.l. of two wind projects

On 26 May 2020, the sale was completed to Enel Green Power Italia S.r.l. (formerly Enel Green Power S.p.A., "EGPI") of the entire share capital of C&C Castelvetere S.r.l. and C&C Uno Energy S.r.l. owners of two wind projects to be carried out respectively in the Municipality of Castelvetere in Val Fortore (BN), with a power of 13.2 MW, and in the Municipalities of Baselice (BN), Molinara (BN) and Foiano di Val Fortore (BN), with a power of 36 MW. As part of the transaction, PLC System S.r.l. keep the EPC contracts for the construction of wind farms for a total amount of approximately Euro 13,800 thousand, and for PLC Service S.r.l. to keep full service contracts for the O&M services of the civil and electrical works of the aforementioned plants is still under negotiation.

The sale prices were definitively determined at Euro 1,158 thousand for C&C Castelvetere S.r.l. and in Euro 3,845 thousand for C&C Uno Energy S.r.l. with the generation of an overall consolidated capital gain of Euro 1,983 thousand.

Information on the impacts of the Coronavirus (Covid-19) on the organizational structure and the economic, equity and financial results of the PLC Group in the first half of 2020

Following the Covid-19 epidemiological emergency, the PLC Group, in compliance with government emergency containment and management measures, has established a series of measures and protocols at all levels of the organization in order to prevent any risks and guarantee the health and safety of its employees, customers and suppliers as well as the continuity of its operating activities, where possible and in compliance with government regulations, ensuring the running of the power production plants whose nature is considered of public utility and cannot be deferred.

Impacts on the organizational structure

As recommended by the competent authorities, the main organizational measure taken was smart working which, together with the partial use of social safety nets, made it possible to minimize the presence in offices and work sites. The suspension of business trips was also imposed.

In view of the gradual return of employees to the offices and work sites in Phase 2, a task force was set up for the preparation of a specific behavioural protocol containing the adoption of appropriate "organizational" safety measures (suitable for guaranteeing social distancing and reshaping activities) and of "prevention and protection" (such as training and information, personal protective equipment, personal hygiene measures, cleaning and sanitizing of the workplace) in compliance with the instructions of the competent authorities.

The Risk Assessment Documents (DVR) of the various Group companies were also updated, including the annex relating to the biological risk from COVID-19, acknowledging the indications of the document published on the INAIL (National institute for insurance against industrial injuries) website and the measures contained in the Government's Prime Ministerial Decree, paying particular attention to so-called "fragile" workers.

Impacts on the economic and financial situation of the PLC Group

In line with the indications provided by ESMA (European Securities and Markets Authority) in the Public Statement of 20 May 2020, the information on the actual and potential impacts of the Covid-19 emergency on the PLC Group's economic and financial situation and the mitigation measures implemented by management are provided below. The outbreak of the Covid-19 pandemic has had a significant impact on the global economy and, with a knock-on and cross-cutting effect, on all industrial sectors, including energy. The general decline in electricity consumption, mainly due to the limitations imposed on production, and the consequent decrease in spot prices for electricity, however, had a greater impact on electricity production from fossil fuel plants, while those from RES continued their own operation relatively normally.

In this market context, the effects of Covid-19 on the PLC Group results in the first half of the year were overall limited thanks, mainly, to the operational continuity of the maintenance and intervention activities on the plants, the nature of which is considered of public utility and cannot be deferred; this made it possible to largely offset the slowdown recorded in the Construction Segment and in the Services Segment in the erection and installation ("E&I") component, that were hit hardest by the operational block on construction sites during the lockdown period.
As more fully illustrated below, consolidated EBITDA at 30 June 2020, amounting to Euro 1,136 thousand, remains positive, although down compared to initial forecasts, with an improvement of Euro 2,657 thousand compared to the same half of 2019.
With reference to the consolidated net financial position, there was a positive change of Euro 3,558 thousand which, in addition to benefiting from the proceeds deriving from the sale of C&C Castelvetere S.r.l. and C&C Uno Energy S.r.l., highlights how, at the moment, the PLC Group is not exposed to an increase in liquidity and/or credit risk. In consideration of the above, there are therefore no critical issues or points of attention regarding the Group's business continuity.
However, the market scenario remains characterised by strong uncertainty due to Covid-19 still underway on a global scale and therefore it cannot be excluded that a flare-up of the epidemic (among other things already underway in several European countries) may have negative effects on the financial and economic situation of PLC Group; in order to mitigate this risk, the PLC Group has (i) adopted measures to contain operating costs (such as the suspension of non-essential contracts, the partial use of social safety nets, the significant reduction in business trips) and (ii) made use of the support measures provided for by the Liquidity Decree, including the obtaining of moratoriums on existing loans and new finannce pursuant to art. 13 of Legislative Decree 08 April 2020, no. 23.

Other information

Considering that the new Corporate Governance Code approved by Borsa Italiana in January 2020 will come into force from the first financial year starting after 31 December 2020, PLC S.p.A. provided for an induction session with a specific focus on the new provisions of the Code which will be adopted by the Company within the established terms. The company is also preparing to update its 231 model not only in relation to tax offences, but also to endogenous factors such as internal organizational changes that have occurred since the date of the last update and external factors such as all subsequent regulatory changes as well as any other applicable regulatory change that will come into force between the date the updating is assigned and the end of the project.

2.2 SIGNIFICANT EVENTS OCCURRING AFTER 30 JUNE 2020

Sale of the remaining 50% stake in Solar Project One S.r.l.

On 16 September 2020 PLC System S.r.l. sold to ForVEI II S.r.l., the 50% stake held in Solar Project One S.r.l., a company that holds the legal availability of a plant for the production of electricity from photovoltaic sources built on the roof of two buildings located in the Municipality of Sparanise (Caserta) with a nominal installed power of 546.48 kW. The sale price was set at Euro 581 thousand with a consolidated capital gain of Euro 240 thousand. As part of the transaction, PLC Service S.r.l. kept the long-standing contract for O&M services.

2.3 ANALYSIS OF THE OPERATING PERFORMANCE AND OUTLOOK

The PLC Group operates in the renewable energy market, with particular reference to the photovoltaic, wind, biomethane and biogas and, secondarily, hydroelectric sectors, in which it carries out engineering, procurement, construction of new electricity and energy generation infrastructures (”Construction Segment“), as well as testing, monitoring, installation and routine and extraordinary maintenance of electricity infrastructures, wind turbines and wind farms, biogas and biomethane power stations (”Services Segment").

The market context

The first half of 2020 was characterised by an unexpected and extremely complex global economic and social context due to the spread of the Covid-19 pandemic. In order to avoid an uncontrolled spread of the virus, Italy, as well as most countries, has adopted restrictive measures to contain the infection such as forced social distancing and severe restrictions on the mobility of people. This caused a significant drop in global demand and consumption with a knock-on and cross-sector effect for all industrial sectors, including energy. In particular, in the energy sector, there was a general decline in electricity consumption, mainly due to the limitations imposed on production, with a consequent reduction in spot prices of electricity. However, the immediate effects on the infrastructure for the production of renewable energy sources (”RES”) were limited, as the reduction in consumption led to a strong reduction in electricity production from fossil fuel plants, while those from renewable energy sources continued their operations relatively normally. If daily operations have undergone minor changes so far, the health emergency, on the other hand, has generated negative effects on investments for the construction of new infrastructures as a result of the operational block on construction sites.

PLC Group

In this market context, the effects of Covid-19 on the PLC Group results in the first half of the year were overall limited thanks, mainly, to the operational continuity of the maintenance and intervention activities on the plants, the nature of which is considered of public utility and cannot be deferred; this made it possible to largely offset the slowdown recorded in the Construction Segment and in the Services Segment in the erection and installation ("E&I") component, that were hit hardest by the operational block on construction sites during the lockdown period.

With reference to the forecasts for the entire 2020 financial year, even though the current year is still impacted by Covid-19, the forecasts of a return to margins substantially in line with the 2017-2018 trend are confirmed, thanks to the order book to be carried out in the second half together with the confirmed organic growth in the Services Segment and the planned disposals of C&C Tre Energy S.r.l. and Solar Project One S.r.l. (the latter already completed in September 2020).

It should be noted that these forecasts do not take into account the possible impacts of a possible flare-up of Covid-19, with effects that are currently unpredictable and which could cause further and possible deterioration to the business.

Construction Segment

The PLC Group carries out ***Engineering, Procurement and Construction (EPC)*** activities mainly through PLC System S.r.l. which acts as a general contractor in the construction of electricity generation plants from renewable sources, as well as electricity infrastructures, and Schmack Biogas S.r.l. which carries out the same activities in the biogas and biomethane sectors. PLC System S.r.l. also deals with the construction of highly specialised industrial plants as well as, through special SPVs ("Special Purpose Vehicles"), the construction of "turnkey" plants for the production of electricity from renewable sources, with the aim to sell the SPVs to investors, utilities, o Independent Power Producers ***Built, Operate and Transfer "BOT")***. In this way, with a modest increase in its risk profile, PLC System S.r.l. has integrated downstream the typical EPC value chain, directly facing the final investor market and maximizing the value of its skills. As already mentioned, starting from 2020 the PLC Group is also active in the biogas and biomethane sectors through the subsidiary Schmack Biogas S.r.l., which, in addition to the construction of plants, is involved in the development of some initiatives to be sold to investors with the same BOT logic described above.

During the first half of 2020, the sale to Enel Green Power Italia S.r.l. of the C&C Uno Energy S.r.l. and C&C Castelvetere S.r.l. vehicles was completed with the realization of a capital gain, at a consolidated level, equal to Euro 1,983 thousand, while the construction activities mainly concerned the supply of Shelters under the framework agreement with Terna Rete Italia S.p.A. as well as the completion of some orders already at a very advanced stage at the end of 2019. As already mentioned, the Construction Segment was penalised by the Covid-19 emergency and the consequent lockdown period which caused the blocking of construction sites in progress and the delay in the start of new projects. In the second half of 2020 we expect:

- the launch of new orders acquired in 2020 as part of the incentive mechanisms contained in the FER 1 Decree which, as expected, gave a significant boost to investments in new plants and in the revamping of existing ones; these orders for approx. which have a total value of over Euro 9.5 million, will be carried out for approx. 45% in 2020 and completed in the first half of 2021;
- to begin works on the wind farms owned by C&C Uno Energy S.r.l. and C&C Castelvetere S.r.l. as part of the contract with Enel Green Power Italia S.r.l., whose completion is expected in 2021;
- the continuation of the supply of Shelters under the framework agreement with Terna Rete Italia S.p.A.;
- the sale to EDPR of the vehicle C&C Tre Energy S.r.l., owner of the wind project to be carried out in the Municipalities of Casalbore (AV), Ariano Irpino (AV) and Montecalvo Irpino (AV), with power of 28.8 MW. The plant, which was positioned in the ranking useful for the recognition of the incentive tariff pursuant to Ministerial Decree of 04/07/2019, will be built by PLC System as part of the agreement with EDPR; the completion of the design activities is expected in 2020 while the start of the construction works is expected in the first quarter of 2021.

Furthermore, negotiations continue for the sale (i) of the vehicle Alisei Wind S.r.l., owner of a project for the construction of a 16 MW wind farm, and (ii) Idroelettrica 2014 S.r.l. which completed the construction of a hydroelectric power plant with a total power of 327 kW in the Municipality of Pergola, Località Brotano (PU). The plant was connected to the network in February 2020 and the activities for the request for an incentive tariff were completed which, however, has not yet been recognised by GSE due to the delays accumulated as a result of Covid-19. Considering the value of the investment, including the hydroelectric plant among the assets available to the Group has not been excluded.

<u>Services Segment</u>

The PLC Group offers a wide range of services in the renewable sources supply chain in the wind, photovoltaic, biogas and biomethane and hydroelectric sectors, through PLC Service S.r.l., PLC Service Wind S.r.l., Schmack Biogas S.r.l. and the companies belonging to the Monsson Operation Perimeter.

As **Operation & Maintenance (O&M)** provider, the PLC Group provides periodic monitoring of the plants to ensure maximum efficiency and takes care of their partial and/or complete maintenance, both routine and extraordinary and predictive. An extensive range of services is offered and differs according to the type of end customer. To guarantee performance levels, the systems are monitored 24 hours a day from a special control room and the end customer is informed monthly, through specialist reports, of the performance of the systems.

The PLC Group also carries out the assembly and installation of wind turbines (**Erection & Installation – E&I**). During the first half of the year, the Services Segment was negatively impacted by the effects of Covid-19 mainly for the E&I component due to the lockdown period which caused the blocking of construction sites in progress and the delay in the start of new projects (with particular reference to the foreign ones managed through the Monsson Operations Perimeter), while the O&M component continued its maintenance and intervention operations on the plants, confirming its growth trend despite the current situation. The positive trend of the O&M component is also confirmed for the second half of the year; a partial recovery of the E&I Segment is also expected thanks to the acquisition of new orders, albeit with lower margins than initially forecast.

TRADING

Established in 2018, MSD Service S.r.l. operates in the electricity from renewable sources trading market and aims to support producers of distributed renewable energy to operate in the "dispatching" services market; in particular, MSD Service S.r.l., in anticipation of a market development, which will increasingly move towards self-production and energy sharing between users, offers itself as an alternative to centralised management services for "dispatching".

Following the acquisition in the first half of 2020 of the stake held by Suncity Energy S.r.l., MSD Service S.r.l. is now 85% controlled by the PLC Group. During 2020, the subsidiary continued its activities in the dispatching services and trading of electricity from renewable sources sector; we believe it is possible to reach a substantial break-even situation by the end of the year.

PHOTOVOLTAIC

The PLC Group, through its 66.6% subsidiary Tirreno S.r.l., has started the development of new renewable energy production plants and in particular photovoltaic plants in the Sicily Region, in order to expand the pipeline of plants to offer to the market according to the BOT model. The significant drop in L.C.O.E. (Levelized Cost Of Energy) for photovoltaic systems, essentially due to the reduction of capex and opex, has in fact aroused a great interest from investors especially for photovoltaic systems to be built also outside the incentive schemes and therefore on agricultural land. In this context, the authorization process is underway for the construction of a photovoltaic plant with a nominal power of 15 MWp in the Municipality of Siculiana (AG). At present there have been some delays with respect to the initial forecasts, further expanded by the effects of Covid-19, which could lead to a delay in obtaining the authorization from 2020 to 2021, while it is expected to be able to start, already in the coming months, contacts with potential investors interested in purchasing the plant once authorised.

2.4 ANALYSIS OF THE GROUP'S ECONOMIC, EQUITY AND FINANCIAL RESULTS AS OF 30 JUNE 2020

RECLASSIFIED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

RECLASSIFIED STATEMENT OF COMPREHENSIVE INCOME (thousands of Euro)	01.01.2020 30.06.2020	01.01.2019 30.06.2019
Core business revenues	**21.811**	**16.052**
Other operating revenues	2.610	203
Total revenues	**24.421**	**16.255**
Operating costs	(22.271)	(16.541)
Other operating costs	(1.014)	(1.235)
GROSS OPERATING MARGIN (EBITDA)	**1.136**	**(1.521)**
Depreciations, amortisations and impairment losses	(1.345)	(478)
OPERATING RESULT (EBIT)	**(209)**	**(1.999)**
Net financial income (expenses)	(503)	(313)
Profit (loss) from equity investments	(49)	(45)
Income taxes	348	(191)
Profit (loss) from continuing operations	**(413)**	**(2.548)**
Profit (loss) from discontinued operations	-	-
PROFIT (LOSS) FOR THE PERIOD	**(413)**	**(2.548)**
Total other components of comprehensive income	20	-
TOTAL COMPREHENSIVE INCOME	**(393)**	**(2.548)**

In the first half of 2020, the PLC Group recorded total revenues of Euro 24,421 thousand (up 50% compared to the same period of the previous year) to which the newly consolidated Schmack Biogas S.r.l. contributed Euro 3,558 thousand and MSD Service S.r.l. Euro 299 thousand. EBITDA again stood at a positive value of Euro 1,136 thousand, compared to the negative value of Euro 1,521 thousand at 30 June 2019.

The effects of Covid-19 on the consolidated results at 30 June 2020 were overall limited thanks, mainly, to the operational continuity of the maintenance and intervention activities on the production plants, the nature of which is considered of public utility and cannot be deferred; this made it possible to largely offset the slowdown recorded in the Construction Segment and in the Services Segment in the E&I component, that were hit hardest by the operational block on construction sites during the lockdown period.

The return to positive margins in 2020, despite the epidemiological emergency in progress, also confirms that the 2019 financial year was negatively impacted by the delay in the publication of the FER 1 Decree, in particular in the Construction Segment.

The breakdown of the gross operating margin by operating segment is shown below.

RECLASSIFIED STATEMENT OF COMPREHENSIVE INCOME (thousands of Euro)	Construction	Services	Holding	Trading	Other	01.01.2020 30.06.2020
Core business revenues	3.065	18.488	-	258	-	21.811
Other operating revenues	2.475	93	-	42	-	2.610
Total revenues	5.540	18.581	-	300	-	24.421
Operating expenses	(4.729)	(15.913)	(1.373)	(256)	-	(22.271)
Other operating expenses	(234)	(735)	(45)	-	-	(1.014)
GROSS OPERATING MARGIN (EBITDA)	577	1.933	(1.418)	44	-	1.136

The data are shown net of intergroup balances

CONSTRUCTION SEGMENT

Construction

RECLASSIFIED STATEMENT OF COMPREHENSIVE INCOME (thousands of Euro)	01.01.2020 30.06.2020	01.01.2019 30.06.2019
Core business revenues	3.065	4.193
Other operating revenues	2.475	130
Total revenues	5.540	4.323
Operating expenses	(4.729)	(5.511)
Other operating expenses	(234)	(409)
GROSS OPERATING MARGIN (EBITDA)	577	(1.597)

The data are shown net of intergroup balances

The margins of the Construction Segment in the first half of 2020 returned to overall positive values despite the negative impact due to the Covid-19 emergency and the consequent lockdown period, which caused the blocking of construction sites in progress and the delay in launching new projects; this confirms that the performance of the 2019 financial year was strongly influenced by the delay in the publication of the FER 1 Decree and the consequent shift in investments by operators with negative effects mainly in the first part of the financial year.

Contributing to the Construction Segment are (i) the activities carried out in the sectors of traditional renewable sources, with revenues of Euro 4,799 thousand (equal to 87%), of which Euro 1,983 thousand relating to the capital gain generated by the sale of C&C Uno Energy S.r.l. and C&C Castelvetere S.r.l., with a margin of Euro 1,027 thousand and (ii) activities in the biogas sector, following the acquisition of 51% of Schmack Biogas S.r.l., with revenues of Euro 741 thousand and a negative margin of approx. Euro 450 thousand.

The biogas sector was more significantly affected by the effects of Covid-19 which caused, in addition to the blocking of construction sites, the suspension of numerous ongoing negotiations; the contingent situation, together with the greater time gap in the authorization processes, did not allow for the generation of sufficient margins to cover indirect costs which, among other things, do not yet fully benefit from the operational efficiencies expected from the integration with the PLC Group. The second half of 2020 is expected to grow overall, taking into account the orders to be executed within the year, the planned sales of C&C Tre Energy S.r.l. and the relaunch of activities in the biogas sector.

SERVICES SEGMENT

Services

RECLASSIFIED STATEMENT OF COMPREHENSIVE INCOME (thousands of Euro)	01.01.2020 30.06.2020	01.01.2019 30.06.2019
Core business revenues	18.488	11.852
Other operating revenues	93	73
Total revenues	**18.581**	**11.925**
Operating expenses	(15.913)	(9.831)
Other operating expenses	(735)	(769)
GROSS OPERATING MARGIN (EBITDA)	**1.933**	**1.325**

The data are shown net of intergroup balances

The Services Segment contributes to consolidated revenues of Euro 18,581 thousand (equal to 76% of total revenues and growing by more than 55% compared to the previous year) and has a margin of Euro 1,933 thousand (equal to 10.4%). In the first half of 2020, the Services Segment was driven by the O&M component, with particular reference to the traditional renewable sources sectors, thanks to the operational continuity of maintenance and intervention activities on energy production plants, also during the lockdown period, as services considered of public utility and cannot be deferred.

The E&I component - developed through the Monsson Operation Perimeter - was negatively affected by the Covid-19 contingency and the consequent lockdown period, which caused the blocking of construction sites in progress, the delay in the start of new projects and the cancellation and/or reduction of the scope of work of some contracts. The positive trend of the O&M component is also confirmed for the second half of the year; a partial recovery of the E&I Segment is also expected thanks to the acquisition of new orders, albeit with lower margins than initially forecast.

RECLASSIFIED STATEMENT OF COMPREHENSIVE INCOME (thousands of Euro)	Italian Perimeter	Monsson Operation Perimeter	01.01.2020 30.06.2020
Core business revenues	11.100	7.388	18.488
Other operating revenues	36	57	93
Total revenues	**11.136**	**7.445**	**18.581**
Operating expenses	(8.849)	(7.064)	(15.913)
Other operating expenses	(506)	(229)	(735)
GROSS OPERATING MARGIN (EBITDA)	**1.781**	**152**	**1.933**

RECLASSIFIED STATEMENT OF COMPREHENSIVE INCOME (thousands of Euro)	Italian Perimeter	Monsson Operation Perimeter	01.01.2019 30.06.2019
Core business revenues	7.098	4.754	11.852
Other operating revenues	32	41	73
Total revenues	**7.130**	**4.795**	**11.925**
Operating expenses	(5.420)	(4.411)	(9.831)
Other operating expenses	(440)	(329)	(769)
GROSS OPERATING MARGIN (EBITDA)	1.270	55	1.325

The Italian Perimeter, which includes the subsidiaries PLC Service S.r.l. and PLC Service Wind S.r.l., and also Schmack Biogas S.r.l., generated revenues for a total of Euro 11,136 thousand (equal to 60% of the Segment) with a margin of Euro 1,781 thousand (equal to 16%).

The following contribute to the Italian perimeter: (i) services in the traditional renewable sources sectors, with revenues of Euro 8,319 thousand (equal to 74.7%) and a margin of Euro 1,605 thousand (equal to 19.2%) and (ii) services in the biogas sector with revenues of Euro 2,817 thousand (equal to 25.3%) and a margin of Euro 176 thousand (equal to 6%); this margin does not yet fully benefit from the operational efficiencies expected from the integration into the PLC Group.

The Monsson Operation Perimeter generated revenues of Euro 7,445 thousand (equal to 40% of the Segment) with a margin of Euro 152 thousand (equal to 2%) which, as mentioned, on the one hand discounts the negative effects due to the Covid-19 emergency, on the other hand, the dynamics according to which the Monsson Operation Perimeter generates greater margins in the second half of the year.

HOLDING SEGMENT

The Holding Segment essentially includes the overhead costs of the Parent Company which centrally performs the activities of: Administration, Finance and Control (AFC), Secretariat, Information Technology (IT), Quality Environment and Safety (QSA), Personnel (HR) and Legal and Corporate Affairs.

Holding

RECLASSIFIED STATEMENT OF COMPREHENSIVE INCOME (thousands of Euro)	01.01.2020 30.06.2020	01.01.2019 30.06.2019
Core business revenues	-	7
Other operating revenues	-	-
Total revenues	-	7
Operating expenses	(1.373)	(1.196)
Other operating expenses	(45)	(56)
GROSS OPERATING MARGIN (EBITDA)	(1.418)	(1.245)

The data are shown net of intergroup balances

The increase in operating costs compared to the same period of the previous year relates to reinforcing the staff functions already from the second half of 2019, due to the expansion of the Group's perimeter.

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

RECLASSIFIED STATEMENT OF FINANCIAL POSITION (thousands of Euro)	30.06.2020	31.12.2019
Net tangible assets	8.862	9.705
Net intangible assets	13.679	15.987
Equity investments	17	357
Other non-current assets	2.789	2.590
Fixed assets	**25.347**	**28.639**
Net working capital	3.176	4.058
Non-currents assets held for sale / disposal	341	-
NET INVESTED CAPITAL	**28.864**	**32.697**
Net financial position	(4.438)	(7.996)
Net financial position relating to assets and liabilities held for sale	-	-
NET FINANCIAL POSITION	**(4.438)**	**(7.996)**
SHAREHOLDERS' EQUITY	**24.426**	**24.701**

The consolidated statement of financial position at 30 June 2020 was reclassified by grouping together the assets and liabilities according to the business management functionality of the company considered conventionally divided into the three fundamental functions: investment, operation and financing.

Net invested capital at 30 June 2020 amounted to Euro 28,864 thousand compared to Euro 32,697 thousand at 31 December 2019. The negative change of Euro 3,833 thousand derives from:

- the reduction of fixed assets by Euro 2,951 thousand (net of the reclassification of the investment in Solar Project One S.r.l. among the assets held for sale) due to the sale of the C&C Uno Energy S.r.l. and C&C Castelvetere S.r.l., partially offset by the consolidation of Schmack Biogas S.r.l.;
- the negative change in net working capital by Euro 882 thousand.

At 30 June 2020, the 50% stake held in Solar Project One S.r.l. was reclassified under assets held for sale, in consideration of the advanced negotiations underway for the sale, which were then finalised in September 2020.

CONSOLIDATED NET FINANCIAL POSITION

NET FINANCIAL POSITION (thousands of Euro)	30.06.2020	31.12.2019
Cash and cash equivalents (*)	8.236	6.340
A. CASH AND CASH EQUIVALENTS	**8.236**	**6.340**
Current financial receivables	122	400
Financial assets held for sale	-	-
B. CURRENT FINANCIAL RECEIVABLES	**122**	**400**
Current financial liabilities	(4.662)	(7.710)
Financial liabilities held for sale	-	-
B. CURRENT FINANCIAL PAYABLES	**(4.662)**	**(7.710)**
D. CURRENT NET FINANCIAL DEBT (A+B+C)	**3.696**	**(970)**
Non-current financial liabilities	(8.134)	(7.026)
E. NON-CURRENT NET FINANCIAL DEBT	**(8.134)**	**(7.026)**
F. NET FINANCIAL POSITION (D+E)	**(4.438)**	**(7.996)**

(*) of which Euro 232 thousand restricted at 30 June 2020 (Euro 150 thousand subsequently released in September 2020) (Euro 201 at 31 December 2019)

The net financial position of the PLC Group at 30 June 2020 was negative for Euro 4,438 thousand (negative for Euro 7,996 thousand at 31 December 2019) and recorded a positive change of Euro 3,558 thousand.

The value of the net financial position benefits from the partial collection of the fees arising from the sale of C&C Uno Energy S.r.l. and C&C Castelvetere S.r.l., for Euro 1,823 thousand, and also highlights how, at the moment, the PLC Group has not been significantly impacted by Covid-19 either in terms of increased liquidity risk or credit risk.

The overall financial debt goes from Euro 14,736 thousand to Euro 12,796 thousand, mainly due to the lower use of credit lines for approximately Euro 2,000 thousand, in consideration of the greater liquidity available. Financial debt includes financial payables recognised in application of IFRS 16 for Euro 1,295 thousand (Euro 1,092 thousand at 31 December 2019).

As already mentioned, in the first half of the year, in order to mitigate the possible negative effects deriving from the Covid-19 emergency, management made use of the support measures provided for by the Liquidity Decree, including the obtaining of moratoriums on existing loans and new finance pursuant to art. 13 Legislative Decree 8 April 2020 no. 23; in fact, in July 2020 a new loan was signed with Banco BPM for Euro 2,000 thousand, backed by the 90% direct guarantee of the Guarantee Fund for SMEs.

NET FINANCIAL POSITION OF THE PARENT COMPANY

The net financial position of the Parent Company PLC S.p.A. is shown below as at 30 June 2020 as per Consob request no. 0294634.

NET FINANCIAL POSITION (thousands of Euro)	30.06.2020	31.12.2019
Cash and cash equivalents	774	1.837
Current financial receivables	28	28
Current financial liabilities	(1.565)	(2.154)
Financial assets / liabilities held for sale	-	-
Short-term net financial position	(763)	(289)
Non-current financial liabilities	(5.814)	(5.176)
Medium / long-term net financial position	(5.814)	(5.176)
NET FINANCIAL POSITION	(6.577)	(5.465)

2.5 RESEARCH AND DEVELOPMENT ACTIVITIES

For the PLC Group, research has always been an area to which due attention should be paid, so much so that all new high potential initiatives are analysed and assessed by the engineering division before making any investments. During the 2020 financial year, the "PON MISE M4.0" project presented to the Ministry of Economic Development (MISE) by the subsidiary PLC Service S.r.l. continued.

PLC Service S.r.l. - PON MISE M4.0 Project - Augmented reality and artificial intelligence for advanced maintenance of generation plants from renewable sources

During 2018 PLC Service S.r.l. decided to undertake a research and development programme entitled “Maintenance 4.0 - innovative technological solutions for the maintenance of RES (renewable energy source) systems - Augmented Reality For Maintenance", focused on the creation of a new integrated set of technologies aimed at the maintenance of plants for the production of energy from renewable sources, merging, in the field of Information and Communication Technology, the technologies of Augmented Reality ("AR"), Artificial Intelligence and Semantic Research aimed at content management.

During 2018, the first project in the Programme - called “Augmented Reality for Maintenance” - was carried out in order to promptly identify the critical issues to be addressed, the functional areas on which to intervene, the enabling technologies, the type of integration and the system architecture necessary to achieve the objectives of the “Maintenance 4.0 Programme". The realization of the first project allowed PLC Service S.r.l., in association with Laboratorio di Ricerca Labor S.r.l., to present a request for support for the MISE Horizon 2020- PON 2014/2020 “Intelligent Factory” call in order to achieve the objectives of the “Maintenance 4.0 Programme, implementing the generational technological leap in the management/maintenance of its production plants by integrating the three enabling technologies: Augmented Reality, AR, Artificial Intelligence, AI and Industrial Internet of Things (IIoT).

The activities foreseen during the project are:

- Application scenario definition
- Analysis and definition of the project requirements
- State of the art and selection of technologies
- System Architecture Development
- Artificial intelligence: Development and implementation
- Field test

The project was launched in September 2019 with the activities of the OR1 (Realization of Objectives belonging to the first of the three activity clusters) relating to the analysis and definition of the project requirements on the user side.

In March 2020, the project was admitted for the allocation of incentives: against a total cost of Euro 2,018 thousand, the Ministry for Economic Development ("MISE") approved a subsidised loan for Euro 404 thousand (of which Euro 280 thousand due to PLC Service S.r.l.) and a non-refundable contribution of Euro 790 thousand (of which Euro 420 thousand due to PLC Service S.r.l.).

Due to the Covid-19 pandemic crisis, project activities have suffered a sharp slowdown and therefore a partial suspension of activities has been requested and obtained from MISE from 1 March 2020 to 31 July 2020 with a consequent extension of the duration of the project from 24 to 29 months. In the first half of 2020, the activities carried out therefore just concerned the OR1 implementation goal which is expected to be completed by October 2020.

With reference to the project, it should be noted that the Relaunch Decree (Law Decree no.34/2020) affected the tax credit by increasing, for 2020, the tax rate from 12% to 25% with reference to expenses incurred in Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardinia and Sicily.

2.6 BRANCH OFFICES

PLC S.p.A. declares to have two local units both located in Acerra (NA) - ASI area - Pantano district respectively in via delle Industrie 100 and in via delle Industrie 272/274.

2.7 RELATED PARTIES TRANSACTIONS AND INTERCOMPANY TRANSACTIONS

In compliance with the requirements of Consob communications, it should be noted that no transactions with related parties of an atypical and/or unusual nature, extraneous to the normal management of the company, or such as to prejudice the Group's economic, equity and financial situation have been carried out. The transactions entered into with related parties are regulated at market conditions.

The Regulations for carrying out transactions with related parties, approved by the Board of Directors of PLC S.p.A. on 29 November 2010, as subsequently amended and integrated, and prepared in accordance with Consob Resolution no. 17221 of 12 March 2010, and subsequent amendments, is available to the public on the Company's website www.plc-spa.com.

In relation to the requirements of the international accounting standard IAS 24 (revised) concerning "related party disclosure" and the additional information required by Consob communication no. 6064293 of 28 July 2006, please refer to paragraph 3.2.4.

2.8 MAIN RISKS AND UNCERTAINTIES

In general terms, the equity and economic-financial situation of the PLC Group is influenced by a series of risk factors specific to the sector relating to the production of electricity from renewable sources in which it operates. The Group is also subject to financial risks.

Risks associated with the reference market and the reference regulatory framework

The sector relating to the production of electricity from renewable sources is linked to the applicable legal and regulatory provisions, including the regulations relating to authorisation processes for the localisation and installation of renewable energy generation plants and incentive systems. The PLC Group is therefore exposed to the risks deriving from changes in the reference legal and regulatory framework which could have a possible detrimental, even significant effect on the profitability of the Group's future investments and consequently on its equity, economic and financial situation. In this scenario, the management constantly monitors the evolution of the reference legal and regulatory framework in order to identify possible risks or opportunities to maximise the Group's profitability.

Currently, with particular reference to the Italian market, the important incentives provided for by the FER 1 Decree for the three-year period 2019-2021 are giving a strong boost to investments in new plants and in the revamping of existing ones with consequent opportunities, for operators in the sector, including the PLC Group, to acquire orders and projects for the realization of the incentivised MW.

However, the market scenario remains characterised by strong uncertainty due to Covid-19 still ongoing on a global scale; it cannot be excluded that a flareup of the epidemic (among other things already underway in several European countries) may have negative effects on the reference market such as (i) a reduction in public resources allocated to incentive mechanisms to support RES, to allocate them, for example, to supporting the economy and strengthening social safety nets or (ii) a slowdown in the administrative process for issuing authorizations and variants for the construction of RES plants.

The reference market

The market PLC Group operates in, with revenues defined against significant initial investments, has mainly two critical aspects:

- industrial difficulties in the implementation of investments due to the long and complex authorisation procedures and the problems in obtaining the financial resources accentuated by the now more than likely end, in the coming years, of the recognition of fixed tariffs for renewable plants in favour of the market grid parity;

- significant regulatory discontinuities which led to a significant reduction in incentives and returns.

However, the sector has responded to regulatory discontinuities by increasing plant efficiency and lowering the cost of production per unit of energy (L.C.O.E. "levelized cost of energy).

Despite the recent difficulties linked to the overall macroeconomic scenario, further accentuated by the epidemiological emergency and the cuts in public spending with a consequent significant reduction in incentives in almost all European countries, growth prospects are still positive and the sector is proving to be dynamic in terms of both investment and from the competitive and technological point of view. In fact, the renewable energy sector, in most of the OECD countries, as well as in Italy, has generated new supply chains, with start-ups by industrial companies, partnerships between industrial and financial operators, or with spin-offs stemming from operators active in the traditional energy sector. The prospective performance of sector operators is also linked to their ability to pursue economies of scale and scope. In addition to the above, environmental problems, climate change, the depletion of fossil resources, have now started the process of "phasing out" of traditional forms of electricity witnessed by the Paris agreement on climate change (COP 21) , followed by COP 22 in Marrakesh, COP 23 in Bonn and COP 24 in Katowice.

In particular, climate change and environmental degradation are objectively a huge threat to Europe and the world. To overcome these challenges, Europe has a new growth strategy that transforms the Union into a modern, resource-efficient and competitive economy in which (i) net emissions of greenhouse gases are no longer generated in 2050, (ii) economic growth is decoupled from the use of resources, and (iii) no people and no places are neglected.

The European Green Deal, as implemented by each member state, represents the roadmap to make the European Union economy sustainable and provides an action plan aimed at promoting the efficient use of resources by moving to a clean and circular economy that restores biodiversity by reducing pollution.

The plan outlines the necessary investments and funding tools available and explains how to ensure a just and inclusive transition.

The European Union intends to achieve climate neutrality in 2050 and to do this it will be necessary to:

- invest in environmentally friendly technologies;
- support industry in innovation;
- introduce cleaner, cheaper and healthier forms of private and public transport;
- decarbonise the energy sector;
- ensure greater energy efficiency of buildings;
- collaborate with international partners to improve global environmental standards.

The European Union will also provide financial support and technical assistance to help those most affected by the transition to the green economy. This is the so-called Just Transition Mechanism, which will help mobilize at least Euro 100 billion for the period 2021-2027 in the most affected regions.

The reference regulatory framework

The first EU regulatory initiative in the field of energy was implemented by means of Directive 1996/92/EC of 19 June 1996 "Common rules for the internal electricity market", subsequently repealed by Directive 2003/54/EC, which dictated a series of common rules aimed at regulating the internal energy market.

Subsequently, the Kyoto Protocol of the 1997 Convention on Climate Change established binding commitments for the reduction of greenhouse gases in industrialised countries, in order to combat global warming through the establishment and strengthening of national emission reduction policies and the development of cooperation between the contracting parties.

The European Union, in compliance with its obligations under the Kyoto Protocol, and in accordance with the "Commission Green Paper" of 20 November 1996 on renewable energy sources, aims to implement the use of these resources in order to limit the dependence on conventional fossil fuels.

Directive 2001/77/EC of 27 September 2001 "Promotion of electricity produced from renewable energy sources in the internal electricity market" set the objective of achieving, by 2010, a share of energy produced equal to 12% of gross domestic consumption and, in particular, a share of 22.1% of electricity produced from renewable sources out of total EU electricity consumption.

In 2009, the Climate and Energy Package came into force, which requires Member States, by 2020, to reduce greenhouse gas emissions by 20% compared to 1990 levels; to promote the development of renewable energy sources to ensure coverage of 20% of final energy consumption; and to reduce energy consumption by 20% by increasing energy efficiency.

Directive 2009/28/EC of 23 April 2009 on the promotion of the use of renewable energy ("Directive 2009/28" or "Renewable Energy Directive"), included in the Climate and Energy Package and repealing the previous directives, defined development targets for renewable energy and required each Member State to develop its own National Renewable Energy Action Plan, in which to define national targets for the renewable energy sector for the period 2010-2020.

Finally, on 30 November 2016, the European Commission adopted the “Clean Energy for all Europeans” legislative package, which contains the regulatory proposals and facilitation measures needed to accelerate the transition of the EU economy towards clean energy. the transition of the EU economy towards clean energy.

The electricity market in Italy, i.e. the location of transactions involving the wholesale purchase and sale of electricity, was created as a result of Legislative Decree no. 79 of 16 March 1999 (”Bersani Decree”) which initiated the liberalization of the electricity sector, in the context of the transposition of the first EU directive on the creation of an internal energy market (Directive 96/92/EC).

The regulatory framework for the production of electricity from renewable sources was subsequently integrated with Legislative Decree no. 387/2003, issued in implementation of Directive 2001/77/EC, and with Legislative Decree no. 28/2011, issued in implementation of Directive 2009/28/EC. The rationale of Italian Legislative Decree no. 28/2011 is to reorganise the renewable energy sector, by simplifying authorisation procedures and providing for a more efficient incentive mechanism. In this regard, various ministerial decrees have been issued that have introduced incentive mechanisms applicable to the production of electricity from renewable sources.

A great boost to the sector was provided by the incentive plan for the development of renewable energy, known as Green Certificates, which was completed in 2012 Ministerial Decree of 6 July 2012, which was based on the obligation for energy producers and importers to annually inject into the national electricity system a minimum quota of electricity produced by plants using renewable energy sources.

The Green Certificates were issued by the GSE and subsequently exchanged between operators in the sector or redeemed by the entity itself at a fixed price. Since 1999, Green Certificates have contributed to the development of the renewable energy market, prompting the major players in the sector to carry out major investments both in research and development and in the construction of ever larger and more efficient energy production plants.

Decree Law no. 145/2013 introduced a significant change to the incentive regime, establishing that producers of electricity from renewable sources, owners of plants that benefit from incentives in the form of

Green Certificates, all-inclusive tariffs or premium tariffs, can alternatively choose to: (a) continue to benefit from the incentive scheme for the remaining period or (b) opt for a reshaping of the incentive scheme.
However, in the first case, for a period of ten years from the end of the initial incentive period, any new initiative carried out on the same site will not benefit from additional incentive measures (e.g. upgrade/renovation of the installation, on-site exchange). In the second case, the producer of energy from renewable sources will be able to benefit from new incentives from the following month.
With Ministerial Decree 6 July 2012, the auction mechanisms for the construction of RES plants in the case of plants with a capacity greater than 5 MW and registration mechanisms for plants with a capacity less than 5 MW were defined; on 29 June 2016, the Decree of 23 June 2016 aimed at regulating incentives for renewable sources other than photovoltaic power was published in the Official Gazette in full integration and continuation with Ministerial Decree of 6 July 2012. To date, through the National Energy Strategy 2017 (SEN) objectives and management tools are defined, in line with the plan of the Union of Energy, as illustrated during "the parliamentary hearing of 10 May 2017 - National Energy Strategy 2017".
Moreover, with regard to the construction and operation of plants for the production of energy from renewable sources, Legislative Decrees 387/2003 and 28/2011 require these to be subject to a single authorisation, which includes and replaces all permits, authorisations, dispensations, concessions, understandings, agreements, acts of consent, however, necessary for the construction and commissioning for this type of plant including those necessary for the construction and management of power lines for connection to the electricity grid of production plants from renewable sources pursuant to Royal Decree 1775/1933 (“Consolidated text of the provisions of the law on water and electrical systems”).
The construction of power lines and wind farms also requires a prior environmental impact assessment ("EIA"), except for some smaller wind farms. The procedure for obtaining an EIA is governed by Legislative Decree no. 152 of 3 April 2006 and subsequent amendments (the "Environmental Code"), which implemented, inter alia, EU Directive 2004/35/EC, which can be implemented at regional level only for plants with a capacity of less than 30 MW.
Requests for new connections to the national grid are governed by Resolution ARG/elt no. 99/08 of the Authority for Electricity, Gas and Water (”ARERA” formerly “AEEG”) and subsequent amendments and additions. Requests for new connections for plants exceeding 10 MW must be submitted to Terna, the company that manages the Italian energy transmission grid, while requests for connections for plants not exceeding 10 MW must be submitted to the competent distribution company in the territory.
With reference to the sale of electricity, it can be carried out in Italy either on the electricity market managed by the GME ("Gestore del Mercato Elettrico”, Electricity Market Operator) or through bilateral contracts. The Bersani Decree and the Legislative Decree 387/2003 provide that plants producing energy

from renewable sources have priority in the "dispatching" service, which means that electricity produced from renewable sources is supplied by producers to the grid in a preferential way over that produced from conventional sources. The priority of "dispatching", therefore, given linked to the qualification of the producer of electricity as a producer from renewable sources, must continue to apply, unless said producer does not stop producing energy from renewable sources.

However, Resolution ARERA 111/2006 provides for the possibility for Terna, the company that manages the Italian high-voltage energy transmission grid and is responsible for the "dispatching" service, to use modulation actions for the production of renewable energy in order to protect the security of the national electricity system.

Resolution ARERA 330/2007 established specific rules for the actions of modulation of energy production by Terna, as well as a regime of remuneration for the failure to produce energy as a result of these modulations. The methods and criteria for quantifying this remuneration were subsequently redefined by Resolution ARERA ARG/elt 5/2010, on the basis of which the consideration is defined in relation to the quantity of energy not produced due to the reduction modulation imposed by Terna (on the basis of estimates made by the GSE which take into account, among other things, the actual data relating to the wind measured on site) and also taking into account the reliability index defined by Terna, which reflects the reliability of each user in complying with the "dispatching" orders issued by Terna itself. This indicator, which can range from 0 (in the event of failure to comply with all "dispatching" orders) to 1 (in the event of full compliance with all "dispatching" orders), is calculated by Terna for each hour in which a reduction modulation is imposed and published monthly if an agreement is in force for the failure of wind power production.

With the increase in plants powered by non-programmable renewable sources, primarily photovoltaic and wind power, in 2012 ARERA issued Resolution 281/2012/R/efr which eliminated, with effect from 1 January 2013, the previous exemption from payment of "imbalance" fees (calculated on the difference between the electricity actually fed into the grid and the expected electricity) in order to promote better programming and integration of these plants in the national electricity system. However, this resolution was challenged by some operators and was partially annulled by decision no. 2936 of 9 June 2014 of the Council of State.

Following this ruling, in June 2014, ARERA initiated a consultation procedure to reintroduce legislation aimed at charging "imbalance" fees to plants powered by non-programmable renewable sources, including wind power, in line with the principles contained in the aforementioned Council of State ruling; ARERA then approved resolution 522/2014/R/eel according to which the new "imbalance" fees will be charged to owners of wind farms with effect from 1 January 2015.

A significant development that, by contrast, is testament to the commitment of the whole system to ensure greater penetration of renewable sources in the electricity market is resolution ARERA 300/2017 which, pending the drafting of the new integrated text of the Electricity Dispatching, defines the criteria to allow demand and production units not already authorised (such as those powered by non-programmable renewable sources and distributed generation) the opportunity to participate in the Dispatching Services Market as part of pilot projects. Experimental ways of using accumulation systems are also defined, also in combination with enabled production units.

Lastly, the FER 1 Decree signed in July 2019 provides, in the period 2019-2021, for incentives by auction mechanics of (i) 5,380 MW for wind and photovoltaic plants, (ii) 385 MW for hydroelectric and geothermal plants and (iii) 570 MW for total or partial reconstruction of any plant for renewable sources, divided into 7 quarterly calls. In addition to these quantities, there are also additional quotas for plants with a power of less than one MW which bring the total incentive power pursuant to the decree to 8,000 MW with investments estimated to exceed 8 billion Euro.

The results of the first auction, according to the rules of Ministerial Decree 04/07/2019, were published on 28 January 2020 and saw as tariff assignees (relating to Group A which includes the plants: newly built "on-shore" wind turbines, full reconstruction, reactivation or upgrading and the photovoltaic plants of new construction) the entire available quota, or 500MW, against requests sent for 595.4 MW.

The results of the second auction, according to the rules of Ministerial Decree 04/07/2019, were published on 28 May 2020 and saw as tariff assignees (relating to Group A which includes the plants: newly built “on-shore” wind turbines, full reconstruction, reactivation or upgrading and the photovoltaic plants of new construction) 5425MW, against requests sent for 500.0 MW.

With regard to the biomethane segment, in which the PLC Group has been operating since 2020, the first incentive decree was issued on 5 December 2013 and concerned not only the incentive for biomethane specific ally for transport, but also the incentive for biomethane pumped through the network without a specific intended use and that used for the production of electricity in High Yield Cogeneration (CAR) plants.

The Ministerial Decree of 10 October 2014, as amended by the new Decree, instead regulates the methods for implementing the obligations for pumping biofuels for consumption on the obliged entities, economic operators who pump petrol and diesel for consumption and who are obliged to pump part of it in the form of biofuels.

Checking the pumping obligations for consumption is managed by the GSE which operates, on behalf of the Ministry of Economic Development, in the executive implementation of the various phases of the system: acquisition of data relating to the pumping for consumption of fuels and biofuels, issuance of CICs , collection and processing of data on CO2 emissions of obliged entities and suppliers of just LPG and methane, etc. Biomethane and all biofuels must comply with the provisions of the Decree by the Minister of the Environment and Land and Sea Protection of 23 January 2012 and subsequent amendments as regards the certification of sustainability.

The Interministerial Decree of 2 March 2018 promotes the use of biomethane and other advanced biofuels in the transport sector and represents a strategic measure that aims to encourage the use of renewable sources in transport, also through the development of circular economy initiatives and virtuous management of urban waste and agricultural waste.

For advanced biomethane producers, the issue of Certificates of Release for Consumption (CIC) are envisaged, calculated according to GSE procedures:

a) the recognition of a value of Euro 375 for each recognised CIC, also considering any increases foreseen in the quantification of the rights. This incentive has a maximum duration of 10 years; subsequently one is only entitled to the issue of the CICs (which can be sold to other operators);
b) the withdrawal, by the GSE, even of a partial quantity, of the advanced biomethane at a price equal to 95% of the average monthly price recorded on the natural gas spot market or, alternatively, the sale carried out independently.

The development of RES in Europe, was driven by the large FiT (Feed in Tariff) programmes which in the years between 2008 and 2015 - with particular intensity between 2009 and 2012 - allowed the installation of large quantities of plants, guaranteeing revenues that minimised the risks for operators and that allowed them to obtain abundant margins in the following years. In most countries, including Romania, these incentives have been completely eliminated and, in some cases, not replaced by equally effective alternatives, resulting in a decline in new installations.

Since 2019, increasingly structured and effective auction tools - in application of European directives - and important developments in market parity, in particular with the corporate PPA tool, are driving a particularly visible recovery.

Auctions remain the main development factor for the wind market; those planned in European countries for wind technology and according to a "technology-neutral" logic envisage public tenders for the installation of 55.8 GW between 2020 and 2023; assuming an award factor of 66%, it would imply an increase of around 24% in installed wind power compared to 2019. Given that these figures refer only to officially announced auctions, it is likely that the number may grow in the future; we point out that the aforementioned representation is net of possible delays and rescheduling deriving from the Covid-19 pandemic. The update of the Integrated National Energy and Climate Plans (PNIEC) will likely lead to the announcement of further auctions. In 2019, most of the auctions related to the United Kingdom and to a lesser extent to Poland, Germany, France, Greece and the Netherlands; from 2021, important auctions are also planned in Germany, France and the Netherlands.

Photovoltaics are also subject to auctions in many European countries, even though the competitiveness of the segment has shown different trends due to different price dynamics, different market, regulatory and authorization contexts and different availability of operators. In particular, in Denmark, Germany, the Netherlands and Spain photovoltaics proved to be a winner in technology-neutral auctions.

It should be noted that the PLC Group, as at 31 December 2020, could be subject to the mandatory drafting of the "Consolidated non-financial statement" required by articles no. 3 and 4 of Legislative Decree no. 254/2016, since, as at 30 June 2020, the Group has a total of 504 employees and an average number of employees over the half year of 490.

Financial Risks

The PLC Group is exposed to the following financial risks: (i) credit risk arising from the possibility of counterparty default and (ii) the exchange rate risk deriving from the performance of its business on foreign markets and (iii) interest rate risk arising from financial exposure. The management of financial risks is an integral part of the management of the Group activities and is carried out centrally by the parent company in order to ensure that activities involving financial risk are governed by the appropriate corporate policies and procedures, and that financial risks are identified, assessed and managed in accordance with the Group's risk appetite.

Financial risks currently appear to be adversely affected by the Covid-19 pandemic, causing a potential worsening of financial stress scenarios, which may be due to a deterioration in liquidity in general, late payments from customers, and the slowdown of the operational activities on projects with delays in the relative invoicing to customers. In order to mitigate the possible increase in credit risk and liquidity risk, the PLC Group has requested the credit institutions with which it operates access to the support measures provided for by the Liquidity Decree, including (i) moratoriums on existing loans and (ii) new finance pursuant to art. 13 Legislative Decree 08 April 2020, no. 23.

For the additional information on financial risks required by IFRS 7, reference should be made to Paragraph 3.2.5.

2.9 INFORMATION PURSUANT TO LAW 124/17

In compliance with the provisions of Law no. 124 of 4 August 2017, art. 1 paragraph 125, it should be noted that during the first half of 2020 the Group did not benefit from grants disbursed by public administrations.

2.10 ADDITIONAL INFORMATION REQUIRED BY THE MARKET SURVEILLANCE AUTHORITY (CONSOB) PURSUANT TO ART. 114 OF LEGISLATIVE DECREE No. 58/98

2.10.1 OVERDUE ACCOUNTS PAYABLE

Consolidated overdue accounts payable as at 30 June 2020

Trade payables

At 30 June 2020, there were no overdue trade payables with the exception of disputed accounts of Euro 542 thousand.

Tax, social security and employee payables

At 30 June 2020, there were no tax, social security and employee payables due.

Financial payables

At 30 June 2020 there were no overdue financial payables.

PLC S.p.A.'s accounts payable as at 30 June 2020

Trade payables

At 30 June 2020 there were no overdue trade payables.

Tax, social security and employee payables

At 30 June 2020, there were no tax, social security and employee payables due.

Financial payables

At 30 June 2020 there were no overdue financial payables.

2.10.2 ANY FAILURE TO RESPECT THE COVENANTS, THE NEGATIVE PLEDGE AND ANY OTHER CLAUSE OF THE GROUP'S INDEBTEDNESS CONCERNING LIMITS ON THE USE OF FINANCIAL RESOURCES

As of today, there are no cases of non-compliance with financial covenants or negative pledges.

Loan contracts that impose compliance with financial covenants are shown below.

PLC Service S.r.l. – BNL Loan Contract

The loan signed by the subsidiary PLC Service S.r.l. with BNL on 31 July 2018, requires joint compliance with two financial covenants subject to annual verification starting from 31 December 2018 and for the entire duration of the loan (i.e. 10 years); failure to comply with both financial covenants may result in the forfeiture of the term benefit. These covenants, to be recognised on the values resulting from the consolidated financial statements of the PLC Group, envisage (i) a ratio between financial indebtedness and EBITDA of less than 3.0 and (ii) a ratio between financial indebtedness and Shareholders' Equity of less than 3.5. On the last audit date (i.e. 31 December 2019) only the covenant relating to the relationship between financial debt and Shareholders' Equity has been respected.

PLC S.p.A. – BNL medium-long term Loan Contract

The loan signed by the parent company PLC Service S.p.A. with BNL on 22 January 2019, requires joint compliance with two financial covenants subject to annual verification starting from 31 December 2018 and for the entire duration of the loan (i.e. 22 January 2024); the simultaneous failure to comply with the financial covenants constitutes a significant event pursuant to the loan agreement. These covenants, to be recognised on the values resulting from the consolidated financial statements of the PLC Group, envisage (i) a ratio between financial indebtedness and EBITDA of less than 2.0 and (ii) a ratio between financial indebtedness and Shareholders' Equity of less than 1.5. On the last audit date (i.e. 31 December 2019) only the covenant relating to the relationship between financial debt and Shareholders' Equity has been respected.

There are no clauses regarding the Group's debt which entail limits on the use of financial resources.

2.10.3 STATE OF IMPLEMENTATION OF ANY INDUSTRIAL AND FINANCIAL PLANS, HIGHLIGHTING THE DIFFERENCES IN THE REPORTED DATA COMPARED TO THOSE FORESEEN

As already illustrated in the Annual Financial Report at 31 December 2019, the PLC Group has drawn up, with the support of a top-level financial advisor, a new multi-year business plan for the period 2020-2024 (”New Business Plan"), whose formal adoption by the Board of Directors was postponed following the spread of the epidemiological emergency from Covid-19. The guidelines of the New Business Plan are consistent with the medium-term industrial strategy of the PLC Group to qualify as a multi-technological and multi-regional operator, already being implemented through the recent acquisitions of the Monsson Operation Perimeter in the years 2018/2019 and 51 % of the share capital of Schmack Biogas S.r.l. in 2020.

In particular, the growth objectives of the PLC Group will be reached, giving preference to the “recurring” component of its Services Segment, capable of stabilizing overall profitability to guarantee the Group’s set objectives and create value and at the same time ensuring an adequate capital strengthening. In line with the PLC Group’s business strategy, opportunities for further growth through external lines will be assessed, with a focus on European markets with a low risk profile.

At the same time, in the next two years, the PLC Group gives itself the objective of maximizing the opportunities in the Construction Segment deriving from the current incentive framework which, thanks to higher margins, will be able to bring incremental financial resources to be allocated to investments in the Services segment.

The New Business Plan was subsequently updated using the best available estimates, in order to include the impacts resulting from the epidemiological emergency of Covid-19, already recorded and potentially foreseeable in consideration of the current market scenario. As already mentioned, the effects of Covid-19 on the results of the PLC Group in the first half of the year were on the whole contained thanks, mainly, to the operational continuity of maintenance and intervention activities on plants (so-called Services Segment of the O&M component) and, for the entire 2020 financial year, the forecasts of a return to margins substantially in line with the trend of the two-year period 2017-2018 are confirmed, despite the current year still impacted by Covid -19, in consideration of the order book to be carried out in the second half, of the confirmed organic growth in the Services Segment, and of the planned sale of C&C Tre Energy S.r.l. and Solar Project One S.r.l. (the latter already completed in September 2020).

Nevertheless, the market scenario remains characterised by a strong uncertainty on the economic and financial prospects and it cannot be excluded that the forecast data may be negatively impacted due to a flare-up of Covid-19 (among other things, already underway in several European countries) with currently unpredictable effects, deriving from a further and possible deterioration of the business. The flare-up of Covid-19 could, in fact, also put investment in generation from RES in difficulty; on the one hand, a new drastic drop in the demand for electricity, and in the relative prices, would lead to a lower economic sustainability of investments in market parity, on the other hand there is the risk of a reduction in public resources allocated to incentive mechanisms in support of RES, which could be redirected to supporting the economy and strengthening social safety nets. This could also entail a further slowdown in the administrative processes for issuing authorization and variant licences for the construction of RES plants with negative impacts both in the Construction and Services Segments.

In this context, the Board of Directors, while believing that the renewable energy sector will continue to acquire increased importance in the medium-long term, especially in the wind and photovoltaic sectors, favouring a possible acceleration in the use of "green" technologies, decided to postpone approval of the New Business Plan.

2.11 GLOSSARY

Financial terms

Cash Generating Unit (CGU) as part of the impairment test, corresponding to the smallest identifiable group of assets that generates incoming and/or outgoing cash flows, deriving from the continuous use of the assets, largely independent of the incoming and/or outgoing cash flows generated by other assets or groups of assets.

EBIT (Earnings Before Interest and Tax) operating result.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) gross operating margin.

Headroom (Impairment Loss) positive (or negative) excess of the recoverable value of a CGU over the relative book value.

International Financial Reporting Standards (IFRS) issued by the IASB (International Accounting Standards Board) and adopted by the European Commission. They include the International Financial Reporting Standards (IFRS), the International Accounting Standards (IAS), the interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) and the Standing Interpretations Committee (SIC) adopted by the IASB. The International Financial Reporting Standards (IFRS) denomination was adopted by the IASB for the standards issued after May 2003. The standards previously issued have maintained the denomination of IAS.

Weighted Average Cost of Capital (WACC) calculated as the weighted average of the cost of the company's debt capital and the cost of risk capital, defined on the basis of the Capital Asset Pricing Model (CAPM) methodology, in line with the specific risk of the PLC Group business.

__Operating activities__

Build-Operate-Transfer (BOT) means the contractual form for which the owner (PLC Group) receives the assignment from a lender (utilities, IPP and/or investment funds) of a contract to finance, design, build and operate an electricity production plant that will be transferred to the lender.

Balance of Plant (BOP) means the executive and construction design, the supply of components and/or equipment and their accessories, making up everything necessary for the operation of the plant with the exception of the generation component, and in general civil works, electromechanical works, supervision and control systems.

Balancing Service Provider (BSP) means the manager and/or "Aggregator" of the UVA "Unità Virtuale Abilitata" owners of these aggregations. The aggregators are entitled to offer the MSD (Markets for Dispatching Services) and are responsible for communicating with Terna and for executing the dispatching orders received following the market sessions.

FER 1 DECREE indicates the Ministerial Decree 04/07/2019 signed by the Ministry of Economic Development Minister and the Ministry of the Environment which has the aim of supporting the production of energy from renewable sources for the achievement of the 2030 European targets defined in the Integrated National Plan for Energy and Climate (INECP).

Erection and Installation (E&I) indicates the lifting activity through specific lifting and assembly devices for the installation of wind turbines, including mechanical, electrical and testing assemblies up to their commissioning.

Engineering, Procurement, Construction (EPC) typical contract of the Construction Segment having as its aim the construction of plants in which the company providing the service carries out engineering, material procurement and construction activities. One speaks of a "turnkey contract" when the plant is delivered ready for commissioning, or already commissioned.

RES (FER) indicates renewable energy sources

GSE ("Gestore dei Servizi Energetici) is a company that has the Ministry of Economy and Finance as its sole partner, and its mission is in promoting sustainable development and rational use of energy.

High Voltage Direct Current (HVDC) in electrical engineering is a direct current electricity transmission system, typically used for long distance connections, such as cross-border and/or underwater ones.

Levelized Cost Of Energy (LCOE) is an index of the competitiveness of various electricity generation technologies, diversified by type of energy source and by the average lifespan of the plants.

European Green Deal indicates the set of initiatives, legislative and non-legislative, undertaken by the European Commission with the general objective of achieving climate neutrality in Europe by 2050.

Operation and Maintenance (O&M) indicates the activity during the life of an energy production plant in order to maintain full functionality and maximum profitability.

Power to Gas (PTG) indicates a system that through methanation (or Sabatier chemical process) allows methane to be obtained from a mixture of gases such as hydrogen (in the case illustrated, coming from the electrolysis of water) and carbon dioxide (produced through biomass conversion processes such as anaerobic digestion and/or pyrolysis).

Shelter indicates a metal cabinet container intended for the housing of medium and low voltage electrical and electronic equipment, installed in electrical substations.

Unità Virtuale Abilitata Mista (UVAM) indicates an aggregation of peripheral production, consumption and storage units which supply the network with reserve power.

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3 CONSOLIDATED FINANCIAL STATEMENTS

3.1 CONSOLIDATED FINANCIAL STATEMENTS

3.1.1 STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION (thousands of Euro)	Notes	30.06.2020	31.12.2019
Non-current assets			
Tangible assets	A	8.862	9.705
Intangible assets			
Goodwill	B	8.662	8.150
Other intangible assets	C	5.017	7.837
Equity investments in associates	D	6	346
Equity investments in other companies	E	11	11
Deferred tax assets	F	773	471
Non-current derivative instruments	G	1	1
Non-current receivables			
From related parties	H	99	83
From others	H	1.916	2.035
Total non-current assets		**25.347**	**28.639**
Current assets			
Inventories	I	4.119	3.436
Contractual assets	I	3.711	4.615
Trade receivables			
From related parties	J	159	858
From others	J	17.800	18.481
Financial receivables			
From related parties	K, P	5	20
From others	K, P	117	380
Other receivables			
From related parties	L	15	7
From others	L	2.746	2.348
Cash and cash equivalents	P	8.236	6.340
Other current financial assets	M	156	308
Total current assets		**37.064**	**36.793**
Non-current assets held for sale / disposal	N	341	-
TOTAL ASSETS		**62.752**	**65.432**

STATEMENT OF FINANCIAL POSITION (thousands of Euro)	Notes	30.06.2020	31.12.2019
Group shareholders' equity		24.433	24.695
Minority interests in shareholders' equity		(7)	6
TOTAL SHAREHOLDERS' EQUITY	O	**24.426**	**24.701**
Non-current liabilities			
Non-current financial liabilities			
To related parties	P	200	-
To others	P	7.934	7.026
Provisions for non-current risks and charges	Q	171	74
Employee severance indemnity	R	2.140	1.570
Deferred tax liabilities and other non-current taxes	S	714	1.795
Total non-current liabilities		**11.159**	**10.465**
Current liabilities			
Current financial liabilities			
To related parties	P	7	207
To others	P	4.655	7.503
Trade payables			
To related parties	T	231	144
To others	T	11.349	13.994
Contractual liabilities	U	2.682	294
Other payables			
To related parties	V	2	2
To others	V	8.241	8.122
Total current liabilities		**27.167**	**30.266**
Non-current assets held for sale / disposal	N, P	-	-
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**62.752**	**65.432**

3.1.2 STATEMENT OF PROFIT (LOSS) FOR THE PERIOD AND OTHER COMPONENTS OF COMPREHENSIVE INCOME

STATEMENT OF COMPREHENSIVE INCOME (thousands of Euro)	Notes	01.01.2020 30.06.2020	01.01.2019 30.06.2019
Core business revenues			
From related parties	AA	559	630
From others	AA	21.252	15.422
Other operating revenues			
From related parties	BB	-	21
From others	BB	2.394	182
Increase in intangible assets		216	-
Expenses for raw materials			
To related parties	CC	-	-
To others	CC	(4.263)	(2.422)
Expences for services			
To related parties	DD	(444)	(162)
To others	DD	(8.326)	(7.030)
Personnel costs			
To related parties	EE	-	-
To others	EE	(9.238)	(6.927)
Other operating costs			
From related parties	FF	-	(62)
From others	FF	(1.014)	(1.173)
GROSS OPERATING MARGIN (EBITDA)		1.136	(1.521)
Amortisations and depreciations	GG	(1.341)	(478)
Impairment losses		(4)	-
OPERATING RESULT (EBIT)		(209)	(1.999)
Financial income			
From related parties	HH	2	3
From others	HH	93	110
Financial expenses			
To related parties	II	(2)	(2)
To others	II	(596)	(424)
Profit (loss) from equity investments			
Dividends		-	-
Share of the profit from equity investments in shareholders' equity	JJ	(111)	(45)
Profit (loss) from equity investments		62	-
Income taxes	KK	348	(191)
Profit (loss) from continuing operations		(413)	(2.548)
Profit (loss) from discontinued operations		-	-
PROFIT (LOSS) FOR THE PERIOD		(413)	(2.548)
Total other components of comprehensive income		20	-
TOTAL COMPREHENSIVE INCOME		(393)	(2.548)
Profit (loss) for the period			
pertaining to the Group		(356)	(2.544)
pertaining to third parties		(57)	(4)
Net result of discontinued assets (liabilities)			
pertaining to the Group		-	-
pertaining to third parties		-	-
Comprehensive income			
pertaining to the Group		(336)	(2.544)
pertaining to third parties		(57)	(4)
Weighted average number of ordinary shares in the period		25.960.575	24.011.162
Earnings per share (Euro)		(0,02)	(0,11)
Diluted earnings per share (Euro)		(0,02)	(0,11)
Net result per share of discontinued assets (liabilities) (Euro)		-	-
Net result per share of discontinued assets (liabilities) (Euro)		-	-

3.1.3 CASH FLOW STATEMENT

CASH FLOW STATEMENT (thousands of Euro)	01.01.2020 30.06.2020	01.01.2019 30.06.2019
Comprehensive income / (loss)	(393)	(2.548)
Comprehensive income/(loss) from discontinued operations	-	-
Total profit / (loss) on continuing operations	(393)	(2.548)
(Gain)/Loss from assets sold	-	-
Fair value adjustments	-	-
Amortisation, depreciation and impairment of fixed assets	1.341	478
Write-downs (Revaluations) of financial assets	-	-
Write-downs (Revaluations) of fixed assets	-	-
Share of comprehensive income (loss) from equity investments	3	45
Net financial expenses (income)	198	313
Other non-monetary items included in the income statement	-	-
Net changes in working capital		
Contractual assets	904	199
Inventories	375	(722)
Trade receivables and other receivables	3.689	4.725
Trade payables and other payables	(3.920)	(3.564)
Change in other provisions and deferred tax assets and liabilities	(1.263)	(46)
Gross Cash Flow	934	(1.120)
Interest paid	(187)	(426)
Interest received	5	113
Income taxes (paid) received	-	-
Income taxes	-	-
CASH FLOW FROM OPERATING ACTIVITIES [A]	752	(1.433)
(Investments) in tangible and intangible fixed assets	(1.852)	(1.724)
Divestment of tangible and intangible fixed assets	4.741	34
(Acquisitions) net of acquired liquidity	11	(667)
Divestments net of transferred liquidity	-	-
(Investments) in other companies and financial assets	-	-
Divestments in other companies and financial assets	5	6.030
CASH FLOW FROM INVESTMENT ACTIVITIES [B]	2.905	3.673
Increase/(Reduction) of Share Capital net of ancillary charges	-	18
Other changes in shareholders' equity	119	59
Obtainment of loans, financing and other financial liabilities	-	1.708
(Repayments) of loans, financing and other financial liabilities	(2.158)	(608)
Repayments of loans, financing and other financial assets	278	-
(Disbursement) of loans, financing and other financial assets	-	(167)
Dividends paid	-	(956)
CASH FLOW FROM FINANCING ACTIVITIES [C]	(1.761)	54
CASH FLOW ARISING FROM DISCONTINUED OPERATIONS [D]	-	-
NET CHANGE IN CASH AND CASH EQUIVALENTS [A+B+C+D]	1.896	2.294
Cash and cash equivalents at the beginning of the period	6.340	5.858
Cash and cash equivalents at the end of the period	8.236	8.152

Cash and cash equivalents include restricted current accounts for Euro 232 thousand.

3.1.4 STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (thousands of Euro)	Share capital	Legal reserve	Share premium reserve	Other reserves	Translation reserve	Retained earnings / losses carried forward	Other comprehensive income	Profit (loss) for the period	Group shareholders' equity	Minority interests in shareholders' equity	Total shareholders' equity
SHAREHOLDERS' EQUITY AT 31.12.2018 (*)	**37.136**	**1.008**	**10.784**	**(29.646)**	**118**	**-**	**(56)**	**4.929**	**24.273**	**108**	**24.381**
Allocation of 2018 result		50				4.879		(4.929)	-		-
Capital increases	14			4					18		18
Resolution on share capital reduction	(12.150)	3.942		8.208					-		-
Distribution of dividends						(956)			(956)		(956)
Other changes in shareholders' equity				(4)	59				55		55
Profit (loss) at 30.06.2019								(2.544)	(2.544)	(4)	(2.548)
Other components of comprehensive income (loss)									-		-
Comprehensive profit (loss) for the period	-	-	-	-	-	-	-	*(2.544)*	*(2.544)*	*(4)*	*(2.548)*
SHAREHOLDERS' EQUITY AT 30.06.2019	**25.000**	**5.000**	**10.784**	**(21.438)**	**177**	**3.923**	**(56)**	**(2.544)**	**20.846**	**104**	**20.950**

(*) data restated in application of IFRS 3

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (thousands of Euro)	Share capital	Legal reserve	Share premium reserve	Other reserves	Translation reserve	Retained earnings / losses carried forward	Other comprehensive income	Profit (loss) for the period	Group shareholders' equity	Minority interests in shareholders' equity	Total shareholders' equity
SHAREHOLDERS' EQUITY AT 31.12.2019	**27.026**	**5.000**	**12.484**	**(21.408)**	**186**	**3.923**	**(142)**	**(2.374)**	**24.695**	**6**	**24.701**
Allocation of 2019 result	-	405	-	-	-	(2.779)	-	2.374	-	-	-
Other changes in shareholders' equity	-	-	-	(22)	91	4	-	-	73	45	118
Profit (loss) at 30.06.2020	-	-	-	-	-	-	-	(356)	(356)	(57)	(413)
Other components of comprehensive income (loss)	-	-	-	-	-	-	20	-	20	-	20
Comprehensive profit (loss) for the period	-	-	-	-	-	-	*20*	*(356)*	*(336)*	*(57)*	*(393)*
SHAREHOLDERS' EQUITY AT 30.06.2020	**27.026**	**5.405**	**12.484**	**(21.430)**	**277**	**1.148**	**(122)**	**(356)**	**24.432**	**(6)**	**24.426**

For comments on the individual items, see note O. “Shareholders’ equity” in the Notes to the accounting statements.

3.2 NOTES TO CONSOLIDATED FINANCIAL STATEMENT

3.2.1 ACCOUNTING STANDARDS AND VALUATION CRITERIA

The condensed interim consolidated financial statements of the PLC Group were prepared in accordance with the provisions of IAS 34 - Interim Financial Reporting and using the same consolidation principles and the same recognition and measurement criteria adopted for the purposes of the Annual Financial Report at 31 December 2019, to which reference is made.

The consolidated financial statements as at 30 June 2020 were authorised for publication by the Board of Directors on 30 September 2020.

ADOPTION OF APPROVED ACCOUNTING STANDARDS AND INTERPRETATIONS, EFFECTIVE FROM 1 JANUARY 2020

The accounting standards adopted for the preparation of the consolidated financial statements comply with those in force at the date of these financial statements, including the new standards, amendments and interpretations in force from 1 January 2020. The Group has not arranged for the early adoption of any new standards, interpretations or amendments issued but not yet in force.

Amendments to IFRS 3 - Business Combinations

With regulation no. 2020/51, issued by the European Commission on 21 April 2020, the amendments to IFRS 3 "Business combinations" were approved, aimed at providing clarification on the definition of business. In particular, there is a business acquisition if the contract provides for the acquisition of one or more inputs and a substantial process that, together, significantly contribute to the ability to create an output. Conversely, if all the conditions described above are missing, there is an acquisition of a group of assets which determines the capitalization of their acquisition cost and their amortization according to the provisions of IAS 16. The amendments to IFRS 3 are effective for financial years beginning on 1 January 2020. Its application did not entail significant changes.

Amendments to IAS 1 and IAS 8 - Definition of material

With regulation of 2019/2104, issued by the European Commission on 29 November 2019, amendments to IAS 1 and IAS 8 were approved which aim to clarify the definition of 'material' in order to help companies assess whether information should be included in the financial statements. In particular, information is considered material if it is reasonable to presume that its omission, misrepresentation or concealment will affect the principal users of financial statements when making decisions on the basis of financial statements. The amendments to IAS 1 and IAS 8 are applicable from 1 January 2020. Its application did not entail significant changes.

IFRS Conceptual Framework

With Regulation no. 2019/2075 of the European Commission on 29 November 2019, the amendments to the references to the IFRS Conceptual Framework were adopted. The amendments aim to update, with different accounting standards and different interpretations, the existing references to the previous Conceptual Framework replacing them with the references to the revised Conceptual Framework. The changes will apply from 1 January 2020. Its application did not entail significant changes.

ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET IN FORCE AND/OR ENDORSED

Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform Phase 1

The IASB has published the Interest Rate Benchmark Reform document which amends the hedge accounting provisions of IFRS 9 and IAS 39. The amendments (i) identify the useful financial information to be provided during the period of uncertainty resulting from the gradual elimination of the interest rate reference values, such as the interbank rates offered (IBOS) (ii) alter some specific requirements of hedge accounting aimed at mitigating the potential effects caused by the IBOR reform, (iii) require the provision of additional information on the hedging relationships that are directly affected by these uncertainties.

The amendments were approved by the European Commission with Regulation no. 2019/2104 of 29 November 2019, and are applicable from 1 January 2022; however, early application is permitted.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform Phase 2

The IASB completed its response to the ongoing reform of offered interbank rates and other interest rate benchmarks by issuing a set of amendments to the standards. The amendments, which aim to help companies provide investors with useful information on the effects of the reform on the financial statements, integrate those issued with Phase 1 and focus on the effects generated by the transition to an alternative reference rate following the reform. These amendments, not yet endorsed by the European Commission, apply starting from 1 January 2021 with the possibility of early adoption.

IFRS 17 - Insurance contracts

The IASB has decided to propose that the entry into force of IFRS 17, the new standard on insurance contracts, be deferred by one year, i.e. until 2022. On 25 June 2020, the IASB issued amendments to IFRS 17 which define the accounting treatment of insurance contracts issued and reinsurance contracts owned; the amendments are effective and applicable from 1 January 2023. The standard and subsequent amendments, not yet endorsed by the European Commission, are not applicable to the Group.

Amendments to IAS - Classification of current and non-current liabilities

The IASB has published some amendments to IAS 1 with the aim of clarifying the classification of certain liabilities from among current or non-current ones. The amendments aim to promote a consistent application in the classification by providing useful elements to determine whether a liability, financial or non-financial, with an uncertain liquidation date, should be classified as a current or non-current liability. The amendments also include clarifications regarding the classification of a payable that could be liquidated through its conversion into capital.

Due to the Covid-19 pandemic, on 25 July 2020 the IASB postponed its adoption from 1 January 2023: these changes have not yet been approved by the European Commission.

Annual cycle of improvements to IFRS 2018-2020

On 14 May 2020, the IASB issued the document "Annual cycle of improvements to IFRS 2018-2020" containing amendments to IAS 16 "Property, plant and equipment", to IAS 37 "Provisions, contingent liabilities and assets", to IFRS 3 “Business combinations”, IFRS 1 “First-time adoption of IFRS”, IFRS 9 “Financial instruments” and IAS 41 “Agriculture”. All changes, not yet approved by the European Commission, will come into force on 1 January 2022.

Amendments to IFRS 16 - Leases

On 28 May 2020, the IASB issued the amendments to IFRS 16 which introduced a practical expedient by which lessees are allowed to recognize the incentives relating to leases, deriving from the Covid-19 pandemic, as negative variable rents without having to remeasure leasing assets and liabilities, in compliance with the following requirements: (i) the concessions only refer to reductions in payments due by 30 June 2021, (ii) the total contractual payments, after the incentives, are equal to or lower than the payments originally envisaged and (iii) other substantial changes have not been agreed with the lessor. The aforementioned provisions are effective from 1 June 2020. The changes introduced did not impact the PLC Group.

3.2.2 CONSOLIDATION SCOPE

Entity	Registered office	Business year end date	Currency	Share capital	% held		Through
					Direct	Indirect	
PLC S.p.A. (formerly Industria e Innovazione S.p.A.)	Milan (IT)	31.12	EUR	27.026.480,35	-	-	-
Subsidiaries consolidated according to the global integration method							
PLC System S.r.l.	Acerra - NA (IT)	31.12	EUR	10.000.000,00	100%		-
PLC Service S.r.l.	Acerra - NA (IT)	31.12	EUR	100.000,00	100%		-
PLC System South Africa Ltd	Johannesburg - South Africa (ZA)	31.12	ZAR	11.407.352,00		99%	PLC System S.r.l.
Idroelettrica 2014	Acerra - NA (IT)	31.12	EUR	10.000,00		100%	PLC System S.r.l.
Montenegro D.o.o.	Podgorica - Montenegro (ME)	31.12	EUR	2.000,00		100%	PLC System S.r.l.
PLC Power S.r.l.	Acerra - NA (IT)	31.12	EUR	100.000,00		100%	PLC System S.r.l.
C&C Irsina S.r.l.	Acerra - NA (IT)	31.12	EUR	100.000,00		100%	PLC Power S.r.l.
C&C Tre Energy S.r.l.	Acerra - NA (IT)	31.12	EUR	100.000,00		100%	PLC Power S.r.l.
Alisei Wind S.r.l.	Acerra - NA (IT)	31.12	EUR	130.000,00		100%	PLC Power S.r.l.
Tirreno S.r.l.	Porto Empedocle - AG (IT)	31.12	EUR	10.000,00		66,6%	PLC Power S.r.l.
Pangreen Moçambique LDA	Maputo	31.12	MZN	20.000,00		95%	PLC Power S.r.l.
PLC Service Wind S.r.l.	Acerra - NA (IT)	31.12	EUR	100.000,00		100%	PLC Service S.r.l.
Monsson Operation Ltd	Dublin (IE)	31.12	EUR	100,00	100%		
Monsson Operation Gmbh	Mannheim (DE)	31.12	EUR	135.000,00		100%	Monsson Operation Ltd
Monsson Operation S.r.l.	Costanta (RO)	31.12	RON	2.000,00		100%	Monsson Operation Ltd
Monsson Energy AB	Stockholm (SE)	31.12	SEK	50.000,00		95%	Monsson Operation Ltd
Monsson Turkey Limited Sirkety	Istanbul (TR)	31.12	TRY	165.000,00		100%	Monsson Operation S.r.l.
Wind Power Energy S.r.l.	Costanta (RO)	31.12	RON	1.000,00		100%	Monsson Operation S.r.l.
Monsson Energostroy LLC	Tyumen (RU)	31.12	RUB	10.000,00		100%	Monsson Operation S.r.l.
MSD Service S.r.l.	Acerra - NA (IT)	31.12	EUR	10.000,00	85%		-
Schmack Biogas S.r.l.	Bolzano (IT)	31.12	EUR	204.081,00	51%		-
Associates consolidated according to the equity method							
Monsson Poland SP.ZO.o.	Warsaw (PL)	31.12	PLN	5.000,00		50%	Monsson Operation S.r.l.
Monsson South Africa Ltd	Cape Town - South Africa (ZA)	31.12	ZAR	100,00		49%	Monsson Operation S.r.l.
Sicily Biomethan S.r.l.	Castelvetrano - TP (IT)	31.12	EUR	13.000,00		50%	Schmack Biogas S.r.l.

The consolidation area at 30 June 2020 differs from the consolidation area at 31 December 2019 due to (i) the acquisition of 51% of Schmack Biogas S.r.l. and its affiliate Sicily Biomethan S.r.l., (ii) the separation of the vehicles C&C Uno Energy S.r.l. and C&C Castelvetere S.r.l. following their sale on 26 May 2020; (iii) the acquisition of an additional 40% of the share capital of MSD Service S.r.l.; as a consequence, the company is currently 85% controlled by PLC S.p.A. and consolidated line-by-line and (iv) the classification of the 50% investment held in Solar Project One S.r.l. among non-current assets intended for sale/disposal pursuant to IFRS 5, in consideration of the sale in September 2020.

3.2.3 NOTES ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 30 JUNE 2020

ACQUISITION OF 51% OF SCHMACK BIOGAS S.R.L.

In January 2020 PLC S.p.A. acquired 51% of the share capital of Schmack Biogas S.r.l. The transaction was accounted for using the acquisition method in accordance with the provisions of IFRS 3.

The difference generated between the payment recognised for the acquisition and the fair value of the company's net assets at the acquisition date, equal to Euro 473 thousand, was provisionally recognised in the item "goodwill", as the accounting allocation process envisaged by IFRS 3 is not yet concluded.

The acquisition of Schmack Biogas S.r.l., a company active in the biogas and biomethane sectors, is consistent with the PLC Group's medium-term industrial strategy to qualify as a multi-technology and multi-regional operator; the added value of the operation lies in the possibility of developing the Group's core businesses across the entire renewable sources chain.

Payment was provisionally determined at Euro 2,206 thousand and includes (i) the sum paid for the acquisition of 51% of the share capital, equal to Euro 1,500 thousand and (ii) valorisation of the put option granted to the sellers on the residual shareholding of 49% of the share capital and calculated taking into account the purchase price established for 51%. In fact, it should be remembered that, pursuant to the contract, the strike price of these options will be determined by the average of two independent analyses acquired by the parties according to the terms set out in the shareholders' agreement.

A. TANGIBLE ASSETS

Tangible assets at 30 June 2020 amounted to Euro 8,862 thousand (Euro 9,705 thousand at 31 December 2019).

TANGIBLE ASSETS (thousands of Euro)	Land and buildings	General and Specific Plants	Equipment	Office machines and other assets	Assets under construction	Rights to use tangible assets	Total
Net value at 31.12.2019	2.177	490	647	938	4.627	825	9.705
Increases	655	242	34	199	203	522	1.855
Decreases	-	-	-	(16)	(1.884)	(22)	(1.922)
Amortisations	(47)	(125)	(122)	(162)	-	(264)	(720)
Other changes and exchange rate difference	1	(5)	-	(9)	(41)	(1)	(55)
Net value at 30.06.2020	2.786	602	559	950	2.905	1.060	8.862

The increases for the year, equal to Euro 1,855 thousand mainly refer (i) to the completion of the renovation works on the warehouse owned by PLC Service S.r.l. for Euro 635 thousand, with consequent reclassification of the costs incurred from the item "assets in progress" to item "land and buildings", (ii) for fixed assets in progress for Euro 203 thousand, of which Euro 140 thousand relating to the completion of the hydroelectric plant in the Municipality of Pergola and (iii) for rights of use recognised in application of the IFRS 16 and relating to long-term car rental agreements and office, warehouse and warehouse lease agreements for Euro 522 thousand.

The decreases for the year, equal to Euro 1,922 thousand, are mainly related to fixed assets in progress which, in addition to the aforementioned reclassification, include the separation of fixed assets in progress of the vehicles C&C Uno Energy S.r.l. and C&C Castelvetere S.r.l. following their sale.

B. GOODWILL

Goodwill at 30 June 2020 amounted to Euro 8,662 thousand (Euro 8,150 thousand at 31 December 2019).

GOODWILL (thousands of Euro)	31.12.2019	Increases	Decreases	Reclassification	30.06.2020
Acquisition of the Monsson Operation perimeter	3.420	-	-		3.420
Reverse merger operation	4.710	-	-	-	4.710
Acquisition of Idroelettrica	2	-	-	-	2
Acquisition of Pangreen	18	-	-	-	18
Acquisition of Schmack Biogas	-	473	-	-	473
Acquisition of MSD Service	-	39	-	-	39
Total	**8.150**	**512**	**-**	**-**	**8.662**

The increases for the year refer (i) to goodwill deriving from the acquisition of 51% of Schmack Biogas S.r.l. for Euro 473 thousand, whose accounting allocation process provided for by IFRS 3 is still in progress and (ii) to MSD Service S.r.l. for Euro 39 thousand which, following the further purchase of 40% of the share capital, is currently 85% controlled by PLC S.p.A. and fully consolidated.

__Impairment__

As required by the reference accounting standards, and as highlighted in the most recent recommendations of the national and international Supervisory Authorities[5], as at 30 June 2020 the management updated the impairment test on all the Group's CGUs, in order to assess whether the effects of the Covid-19 pandemic are indicators of impairment and possibly impact on the recoverability of non-current assets.

In monitoring the impairment indicators, the PLC Group takes into consideration, among others, the relationship between its market capitalization and its book equity. At 30 June 2020, the market capitalization of the Group, equal to Euro 34,268 thousand, is higher than the shareholders' equity of the same date, equal to Euro 24,426 thousand.

Checking recoverability of the carrying values of the CGUs was carried out by comparing the net book value of each of them with the recoverable value which is determined on the basis of the value in use, obtained by discounting the future cash flows generated by each CGU at the weighted average cost of capital (WACC) specifically by business segment and geographical area in which the individual CGU operates. In fact, given the nature of the activities of the PLC Group, the fair value of the CGUs cannot be determined from

[5] Reference is made to (i) ESMA's Public Statement "Implications of the Covid-19 outbreak on the half-yearly financial reports" issued on 20 May 2020, (ii) warning no. 8/20 "Covid-19 - Call for attention to financial information" issued by Consob on 16 July 2020 and (iii) IOSCO (International Organization of Securities Commissions) of May 29, 2020.

information directly visible on the market and its estimate based on alternative valuation techniques is limited and, in some cases, difficult to apply.
The expected cash flows for estimating the recoverable value of the individual CGUs have been determined on the basis of the best information available and of the expectations at the time of the estimate and, having reference also to the final data, by considering future management expectations in relation to the respective reference markets. Cash flows were determined based on an explicit 5-year horizon; for subsequent years, cash flows are calculated on the basis of a terminal value determined on the basis of the perpetuity method by applying a long-term 0% growth rate “g” to the terminal cash flow.
A second level test was also made in order to take into account the portion of net invested capital (CIN) and the cash flows not allocated to the individual CGUs.
These estimates, in accordance with the provisions of IAS 36, do not consider any incoming or outgoing flows deriving from (i) a future restructuring not yet approved or for which the entity has not yet committed or (ii) from the improvement or optimization of business performance based on initiatives not yet started or approved.
At 30 June 2020, the forecast cash flows used for the purposes of the impairment test were updated using the best available estimates, in order to include the impacts deriving from the epidemiological emergency of Covid-19, already recorded and potentially foreseeable in consideration of the he current market scenario which, however, remains characterised by strong uncertainty about the economic and financial prospects.
The value of use was therefore determined by discounting cash flows after tax with a specific discount rate for each business segment and geographical area, as shown below:

Construction Segment - Italy	7.55%
Services Segment - Italy	7.03%
Services Segment - Abroad	9.09%
Second level WACC	7.96%

The discount rates used at 30 June 2020 have been updated with respect to those used at 31 December 2019.
The results of the impairment tests were also subjected to a sensitivity analysis by applying +/- 1% and 2% variations both to the discount rate (WACC) and to the long-term growth rate "g".
From the implementation of the impairment tests and the sensitivity analysis, an excess of recoverable value (headroom) compared to the net book value of the individual CGUs emerged.

C. OTHER INTANGIBLE ASSETS

Intangible assets at 30 June 2020 amounted to Euro 5,017 thousand (Euro 7,837 thousand at 31 December 2019).

OTHER INTANGIBLE ASSETS (thousands of Euro)	Monsson customer list	PROGEO prototype	Development costs	Other intangible fixed assets	Intangible assets in progress	Total
Net value at 31.12.2019	1.942	1.759	-	4.136	-	7.837
Increases	-	-	539	27	-	566
Decreases	-	-	-	(2.764)	-	(2.764)
Amortisations	(201)	(350)	(35)	(35)	-	(621)
Use of accumulated depreciation	-	-	-	-	-	-
Other changes and exchange rate difference	-	-	-	(1)	-	(1)
Net value at 30.06.2020	1.741	1.409	504	1.363	-	5.017

In the reporting period the other intangible fixed assets entry mainly relates, for Euro 4,136 thousand, to the fair value of the authorizations already obtained and the authorization processes in progress relating to no. 5 wind farms acquired in 2018 and recognised, in the same year, following the completion of the PPA process envisaged by IFRS 3. At 30 June 2020, due to the sale of the vehicles C&C Uno Energy S.r.l. and C&C Castelvetere S.r.l., the other intangible assets recorded a significant decrease. In consideration of the capital gains realised from the sale of the aforementioned vehicles, as well as the presumed realizable value of C&C Tre Energy S.r.l., there are no indicators of impairment with reference to the residual value of the other intangible assets.

D. EQUITY INVESTMENTS IN ASSOCIATES

EQUITY INVESTMENTS IN ASSOCIATES (thousands of Euro)	% held	31.12.2019	Increases	Decreases	Reclassification	30.06.2020
Solar Project One S.r.l.	50%	341	-	-	(341)	-
MSD Service S.r.l.	45%	5	-	-	(5)	-
Monsson Poland zoo	26%	-	-	-	-	-
Monsson South Africa Ltd	25%	-	-	-	-	-
Sicily Biomethan S.r.l.	26%	-	7	(1)	-	6
Total		346	7	(1)	(346)	6

Equity investments in associates at 30 June 2020 amounted to Euro 6 thousand (Euro 346 thousand at 31 December 2019).

The changes that occurred during the year refer to (i) the classification of the 50% stake held in Solar Project One S.r.l. among non-current assets held for sale/disposal in accordance with IFRS 5, in consideration of the sale in September 2020 and (ii) the recognition of the investment held in Sicily Biomethan S.r.l. through Schmack Biogas S.r.l.

E. EQUITY INVESTMENTS IN OTHER COMPANIES

EQUITY INVESTMENTS IN OTHER COMPANIES (thousands of Euro)	31.12.2019	Increases	Decreases	30.06.2020
Banca Del Sud equity investment	10	-	-	10
Consorzio EnelSi equity investment (**)	-	-	-	-
Credit equity investment (**)	-	-	-	-
Other equity investments	1	-	-	1
Total	**11**	**-**	**-**	**11**

(**) Equity investments fully written down in previous years

Equity investments in other companies amounted to Euro 11 thousand at 30 June 2020, unchanged compared to 31 December 2019.

EQUITY INVESTMENTS ALLOWANCE (thousands of Euro)	31.12.2019	Increases	Decreases	30.06.2020
Equity investments allowance	(30)	-	-	(30)

F. DEFERRED TAX ASSETS

Deferred tax assets at 30 June 2020 amounted to Euro 773 thousand (Euro 471 thousand at 31 December 2019).

DEFERRED TAX ASSETS (thousands of Euro)	31.12.2019	Increases	Decreases	30.06.2020
Deferred tax assets	471	345	(43)	773
Total	**471**	**345**	**(43)**	**773**

The increases for the period, equal to Euro 345 thousand, mainly relate, for Euro 318 thousand, to the recording of deferred tax assets accrued on the tax loss under development by the parent company PLC S.p.A. and the subsidiary PLC System S.r.l.

The other increases and decreases relate to temporary differences between the book values and the fiscally recognised values of some items in the financial statements, mainly related to the discounting of the employee severance pay in accordance with IAS 19.

G. NON-CURRENT DERIVATIVE INSTRUMENTS

Non-current derivative instruments, with a value of Euro 1 thousand at 30 June 2020, unchanged from 31 December 2019, pertain to the cap strike contract signed in relation to the BNL loan, to hedge the interest rate risk. It should be noted that with reference to this contract, the Group opted for fair value measurement with recognition of changes in the income statement.

H. NON-CURRENT RECEIVABLES

NON-CURRENT RECEIVABLES (thousands of Euro)	30.06.2020	31.12.2019
Non-current receivables from related parties	99	83
Current receivables from others	1.916	2.035
Total	2.015	2.118

Non-current receivables, equal to Euro 2,015 thousand at 30 June 2020 (Euro 2,118 thousand at 31 December 2019) mainly relate to the portion of trade receivables falling due after the next financial year due to interest-bearing repayment plans underwritten with some customers.

Non-current receivables from related parties are illustrated in paragraph 3.2.4.

I. INVENTORIES AND CONTRACTUAL ASSETS

INVENTORIES AND CONTRACTUAL ASSETS (thousands of Euro)	30.06.2020	31.12.2019
Raw material inventories	4.739	3.976
Inventory allowance	(620)	(540)
Raw material inventories	4.119	3.436
CONTRACTUAL ASSETS	3.711	4.615
Total	7.830	8.051

Inventories

At 30 June 2020, inventories amounted to Euro 4,119 thousand (Euro 3,436 thousand at 31 December 2019); the increase over the previous year is mainly due to the consolidation of Schmack Biogas S.r.l. Inventories, which include raw materials intended for EPC activities and spare parts mainly intended for O&M activities, are shown net of a bad debt provision equal to Euro 620 thousand.

The movements in the inventory allowance provision are shown below.

INVENTORY ALLOWANCE (thousands of Euro)	31.12.2019	Increases	Decreases	30.06.2020
Inventory allowance	(540)	(80)	-	(620)

The increase in the provision for bad debt relates to the recognition of the share relating to Schmack Biogas S.r.l.

Contractual assets

Contractual assets at 30 June 2020 amounted to Euro 3,711 thousand (Euro 4,615 thousand at 31 December 2019). The contractual assets entry is determined by the time difference between the operational progress of the projects and the achievement of contractual progress that allow invoicing. The amount of contractual assets decreased mainly due to the completion of some projects already in an advanced stage at the end of 2019.

J. TRADE RECEIVABLES

Trade receivables at 30 June 2020 amounted to Euro 17,959 thousand compared to Euro 19,339 thousand at 31 December 2019. Trade receivables are shown net of the related provision for bad debt, equal to Euro 1,401 thousand increased through the net effect of the provisions/uses for the period as a result of the definition of some disputed receivables, and the recognition of the share relating to Schmack Biogas S.r.l., equal to Euro 261 thousand at 30 June 2020.

TRADE RECEIVABLES (thousands of Euro)	30.06.2020	31.12.2019
Trade receivables from related parties	**159**	**858**
Trade receivables from others	19.201	19.592
Bad debt provision from others	(1.401)	(1.111)
Trade receivables from others	**17.800**	**18.481**
Total	**17.959**	**19.339**

The movements in the bad debt provision are shown below.

BAD DEBT PROVISION (thousands of Euro)	31.12.2019	Increases	Decreases	30.06.2020
Bad debt provision	(1.111)	(317)	27	(1.401)

Trade receivables from related parties are illustrated in paragraph 3.2.4.

K. CURRENT FINANCIAL RECEIVABLES

Current financial receivables at 30 June 2020 amount to Euro 122 thousand (Euro 400 thousand at 31 December 2019): the decrease mainly relates to the readjustment of shareholder loans paid to the former subsidiary Panmed Renewables for Euro 277 thousand, as part of the photovoltaic park development project.

CURRENT FINANCIAL RECEIVABLES (thousands of Euro)	30.06.2020	31.12.2019
Current financial receivables from related parties	**5**	**20**
Current financial receivables from others	124	387
Current financial receivables from others write-down provision	(7)	(7)
Current financial receivables from others	**117**	**380**
Total	**122**	**400**

Financial receivables from related parties are illustrated in paragraph 3.2.4.

L. OTHER RECEIVABLES

Total other receivables at 30 June 2020 amounted to Euro 2,761 thousand (Euro 2,355 thousand at 31 December 2019).

OTHER CURRENT RECEIVABLES (thousands of Euro)	30.06.2020	31.12.2019
Other receivables from related parties	15	7
Tax receivables	806	916
Instalments, deposits and securities	766	404
Prepayments and accrued income	879	592
Other receivables	295	436
Other receivables from others	2.746	2.348
Total	2.761	2.355

Other receivables from related parties are illustrated in paragraph 3.2.4.

M. OTHER CURRENT FINANCIAL ASSETS

Other current financial assets amount to Euro 156 thousand at 30 June 2020 (Euro 308 thousand at 31 December 2019) and include securities and funds falling due within the year.

N. NON-CURRENT ASSETS AND LIABILITIES HELD FOR SALE / DISPOSAL

Non-current assets held for sale/disposal at 30 June 2020 amount to Euro 341 thousand (Euro zero thousand at 31 December 2019) and relate to the 50% investment held in Solar Project One S.r.l. sold in September 2020.

30.06.2020

(thousands of Euro)	Solar Project One	Total
Non-current assets	341	-
Current assets	-	-
Non-currents assets held for sale / disposal	341	-
- of which financial	-	-
Non-current liabilities	-	-
Current liabilities	-	-
Liabilities held for sale	-	-
- of which financial	-	-

31.12.2019

(thousands of Euro)	Total
Non-current assets	-
Current assets	-
Non-currents assets held for sale / disposal	-
- of which financial	-
Non-current liabilities	-
Current liabilities	-
Liabilities held for sale	-
- of which financial	-

O. SHAREHOLDERS' EQUITY

The consolidated shareholders’ equity as of 30 June 2020 is equal to Euro 24,426 thousand, of which Euro 7 thousand pertaining to third parties. The changes in shareholders’ equity items are mainly related to (i) the overall negative result for Euro 393 thousand and (ii) to other changes in shareholders' equity for Euro 118 thousand. Lastly, it should be noted that the market capitalization of the PLC share at 30 June 2020, equal to Euro 34,268 thousand, is greater than its consolidated shareholders’ equity on the reference date.

P. NET FINANCIAL POSITION

NET FINANCIAL POSITION (thousands of Euro)	30.06.2020	31.12.2019
Cash and cash equivalents (*)	8.236	6.340
A. CASH AND CASH EQUIVALENTS	**8.236**	**6.340**
Current financial receivables	122	400
Financial assets held for sale	-	-
B. CURRENT FINANCIAL RECEIVABLES	**122**	**400**
Current financial liabilities	(4.662)	(7.710)
Financial liabilities held for sale	-	-
B. CURRENT FINANCIAL PAYABLES	**(4.662)**	**(7.710)**
D. CURRENT NET FINANCIAL DEBT (A+B+C)	**3.696**	**(970)**
Non-current financial liabilities	(8.134)	(7.026)
E. NON-CURRENT NET FINANCIAL DEBT	**(8.134)**	**(7.026)**
F. NET FINANCIAL POSITION (D+E)	**(4.438)**	**(7.996)**

(*) of which Euro 232 thousand restricted at 30 June 2020 (Euro 150 thousand subsequently released in September 2020) (Euro 201 at 31 December 2019)

The net financial position of the PLC Group at 30 June 2020 was negative for Euro 4,438 thousand (negative for Euro 7,996 thousand at 31 December 2019) and recorded a positive change of Euro 3,558 thousand.

The value of the net financial position benefits from the partial collection of the fees arising from the sale of C&C Uno Energy S.r.l. and C&C Castelvetere S.r.l., for Euro 1,823 thousand, and also highlights how, at the moment, the PLC Group has not been significantly impacted by Covid-19 either in terms of increased liquidity risk or credit risk. The overall financial debt goes from Euro 14,736 thousand to Euro 12,796 thousand, mainly due to the lower use of credit lines for approximately Euro 2,000 thousand, in consideration of the greater liquidity available.

As already mentioned, in the first half of the year, in order to mitigate the possible negative effects deriving from the Covid-19 emergency, management made use of the support measures provided for by the Liquidity Decree, including the obtaining of moratoriums on existing loans and new finance pursuant to art. 13 Legislative Decree 8 April 2020 no. 23; in July 2020 a new loan was signed with Banco BPM for Euro 2,000 thousand, backed by the 90% direct guarantee of the Guarantee Fund for SMEs.

Loans outstanding at 30 June 2020

The list of existing loans at 30 June 2020 is shown below for the capital share only, with evidence of the contractually established deadlines following moratoriums provided for by the Liquidity Decree being obtained.

Loans (thousands of Euro)	Amount of loan / advance	Company	Last expiry date	Short -term portion	Long-term portion	Total remaining loans 30.06.2020
BPM loan	3.000	PLC S.p.A.	31/12/2022	592	1.808	2.400
BNL loan	5.000	PLC S.p.A.	22/07/2024	954	3.974	4.928
Unicredit Factoring advance	1.500	PLC System S.r.l.	Cancellation	147	-	147
BPER loan	900	PLC System S.r.l.	15/08/2021	674	226	900
BPER loan	1.000	PLC System S.r.l.	02/11/2020	1.000	-	1.000
BNL Contract advance (*)	2.000	PLC System S.r.l.	Cancellation	500	-	500
BNL loan	1.443	PLC Service S.r.l.	30/01/2029	101	1.145	1.246
ITALEASE loan	22	PLC Service S.r.l.	31/12/2022	3	5	8
Unicredit advance	250	PLC Service Wind S.r.l.	Cancellation	163	-	163
Martop Deveopment loan	7	Monsson Operation S.r.l. (RO)	30/12/2021	7	-	7
Nicolò Cariboni loan	150	Schmack Biogas S.r.l.	31/01/2023	-	150	150
Massimo Rossetto loan	50	Schmack Biogas S.r.l.	31/01/2023	-	50	50
Total	**15.322**			**4.141**	**7.358**	**11.499**

(*) revolving credit limit

With reference to hedging the risk deriving from the change in interest rates, the Group has signed a cap strike contract on the loan in place with BNL (for further details, see note G. "Non-current derivative instruments"). The guarantees given in favour of the loans granted to the Group are detailed in the Note relating to commitments and guarantees.

Q. PROVISIONS FOR NON-CURRENT RISKS AND CHARGES

On 30 June 2020 the provisions for risks and charges amounted to Euro 171 thousand (Euro 74 thousand at 31 December 2019).

PROVISIONS FOR NON-CURRENT RISKS AND CHARGES (thousands of Euro)	31.12.2019	Increases	Decreases	30.06.2020
Provision for contractual penalties, risks on orders and interventions under guarantee	50	77	(39)	88
Provision for hedging losses of subsidiaries	24	2	-	26
Other provisions for risks	-	57	-	57
Total	**74**	**136**	**(39)**	**171**

The increases in the period, equal to Euro 136 thousand, mainly relate to the recognition of the provisions for contractual penalties, risks to orders and interventions under guarantee of Schmack Biogas S.r.l.

R. EMPLOYEE SEVERANCE INDEMNITY

The provision for employee severance indemnities (”**TFR**”) at 30 June 2020 is equal to Euro 2,140 thousand (Euro 1,570 thousand at 31 December 2019).

EMPLOYEE SEVERANCE INDEMNITY (thousands of Euro)	31.12.2019	Increases	Provisions	Uses	Actuarial profit / (loss)	30.06.2020
Employee severance indemnity	1.570	578	249	(125)	(132)	2.140

The employee severance indemnity includes what is due to employees and not transferred to complementary pension schemes or to the treasury fund set up at INPS. Employee severance indemnity is identified in the type of benefit plans defined under IAS 19, and is therefore subject to actuarial assessments, in order to express the present value of the benefit payable at the end of the employment relationship that employees have accrued at financial statement date.

At 30 June 2020, the Group had 504 employees, including 24 managers, 173 middle managers and clerical staff and 305 workers and 2 trainees. The average number of employees in 2020 by category and the comparison with the previous year are shown in the table below.

AVERAGE NUMBER OF EMPLOYEES (in units)	2020	2019
Managers	24	23
Middle managers and clerical staff	172	140
Workers	294	251
Total	**490**	**414**

S. DEFERRED TAX LIABILITIES AND OTHER NON-CURRENT TAXES

DEFERRED TAX LIABILITIES AND OTHER NON-CURRENT TAXES (thousands of Euro)	31.12.2019	Increases	Decreases	30.06.2020
Deferred tax liabilities and other non-current taxes	1.795	-	(1.081)	714
Total	**1.795**	**-**	**(1.081)**	**714**

At 30 June 2020 the balance of liabilities for deferred taxes and other non-current liabilities is equal to Euro 714 thousand (Euro 1,795 thousand at 31 December 2019) and consists of: (i) the residual amount of deferred tax liabilities for Euro 347 calculated on the fair value of the authorizations relating to the C&C Transaction; in 2020 they decreased by Euro 771 thousand due to the sale of the vehicles C&C Uno Energy S.r.l. and C&C Castelvetere S.r.l.; (ii) taxes relating to previous years for Euro 85 thousand subject to instalment by the subsidiary PLC System S.r.l. (iii) deferred tax liabilities for Euro 279 thousand calculated on the fair value of the customer list relating to the Monsson Operation perimeter recognised in 2019 following the completion of the PPA envisaged by IFRS 3, (iv) recognition of temporary differences between the book values and the fiscally recognised values of some balance sheet items for Euro 3 thousand.

T. TRADE PAYABLES

Trade payables at 30 June 2020 amounted to Euro 11,580 thousand (Euro 14,138 thousand at 31 December 2019). Trade payables to related parties are illustrated in paragraph 3.2.4.

TRADE PAYABLES (thousands of Euro)	30.06.2020	31.12.2019
Trade payables to related parties	**231**	**144**
Trade payables to others	11.349	13.994
Total	**11.580**	**14.138**

U. CONTRACTUAL LIABILITIES

Contractual liabilities, equal to Euro 2,682 thousand (Euro 294 thousand at 31 December 2019) mainly refer to part-payment and advances invoiced against multi-year contracts and to adjust revenues in order to comply with the principle of economic and contractual competence in application of the evaluation criterion based on the contractual fees accrued.

V. OTHER PAYABLES

Other payables at 30 June 2020 amounted to Euro 8,243 thousand (Euro 8,124 thousand at 31 December 2019).

OTHER PAYABLES (thousands of Euro)	30.06.2020	31.12.2019
Other payables to related parties	2	2
Other payables to related parties	**2**	**2**
Residual debt for the purchase of Schmack Biogas S.r.l.	706	-
Payables to tax authorities	1.651	1.977
Accrued expenses and deferred income	1.386	1.947
Earn out C&C transaction	773	987
Payables to Enel Green Power	-	619
Payables to social security institutions	1.173	728
Payables to directors	204	232
Other payables	2.348	1.632
Other payables to others	**8.241**	**8.122**
Total	**8.243**	**8.124**

At 30 June 2020, the payable relating to the valorisation of the put option for the acquisition of the remaining 49% of the share capital in Schmack Biogas S.r.l. was recognised for Euro 706 thousand.

Deferred income, equal to Euro 1,386 thousand, relate, for Euro 982 thousand to the contribution relating to the Progeo Project which is recognised in the years in which the amortization of the project is charged (for further information, see the Management Report and note C. "Other intangible assets").

Other payables of Euro 2,348 thousand mainly include Euro 1,644 thousand due to employees for accrued wages, holidays and Working Time Reduction not taken.

AA. CORE BUSINESS REVENUE

REVENUES FROM CORE BUSINESS OPERATIONS (thousands of Euro)	30.06.2020	30.06.2019
Revenues from related parties	559	630
Construction Segment revenue	3.065	4.193
Service Segment revenue	17.929	11.222
Trading Segment revenue	258	-
Revenues from other segments	-	7
Revenues from ot hers	21.252	15.422
Total	21.811	16.052

Revenues at 30 June 2020 amounted to Euro 21,811 thousand (Euro 16,052 thousand at 30 June 2019).

Revenues relating to the Services Segment amounted to Euro 17,929 thousand net of the related revenues from related parties (equal to 82.2% of the total) and recorded a significant growth compared to the comparative period (+59.7%) despite the epidemiological emergency from Covid-19 still in progress on a global scale; this increase is partly due to the positive performance of the O&M service component, which continued its maintenance and intervention operations on the plants even during the lockdown period, and partly from the acquisition of Schmack Biogas S.r.l. which, at 30 June 2020, contributes to the Services Segment for Euro 2,800 thousand. For further details, see the management report.

The breakdown of revenues by geographical area is shown below.

REVENUES BY GEOGRAPHIC AREA (thousands of Euro)	ITALY	FOREING COUNTRIES	TOTAL
Construction Segment revenue	3.057	8	3.065
Service Segment revenue	11.100	7.388	18.488
Trading Segment revenue	258	-	258
Revenues from other segments	-	-	-
Total	14.415	7.396	21.811
% incidence on total revenues	*66%*	*34%*	*100%*

BB. OTHER OPERATING REVENUES

The other revenues amount to Euro 2,394 thousand at 30 June 2020 (Euro 203 thousand at 30 June 2019) and include the capital gain realised on the sale of the vehicles C&C Uno Energy S.r.l. and C&C Castelvetere S.r.l. equal to Euro 1,983 thousand.

OTHER CURRENT REVENUES (thousands of Euro)	30.06.2020	30.06.2019
Other operating revenues from related parties	-	21
Revenues from BOT (Treasury bill) assets	1.983	-
Other revenues	411	182
Other operating revenues from others	2.394	182
Total	2.394	203

CC. EXPENSES FOR RAW MATERIALS

EXPENSES FOR RAW MATERIALS (data in thousands of Euro)	30.06.2020	30.06.2019
Purchase of raw materials from related parties	-	-
Purchase of raw materials from third parties	4.263	2.422
Total	**4.263**	**2.422**

Expenses for raw materials at 30 June 2020 amounted to Euro 4,263 thousand (Euro 2,422 thousand at 30 June 2019).

DD. EXPENSES FOR SERVICES

The breakdown of expenses for services totalling Euro 8,770 thousand (Euro 7,192 thousand at 30 June 2019) is shown below.

EXPENSES FOR SERVICES (data in thousands of Euro)	30.06.2020	30.06.2019
Expences for services to related parties	444	162
Expences for services to related parties	**444**	**162**
Administrative and tax consultancy	157	156
Legal and notarial consultancy	240	134
Technical and professional consulting	236	378
Control bodies remuneration	85	66
Independent Auditors fees	76	45
Maintenance and utilities	262	148
Insurance	231	214
Rentals and other costs on third-party assets	1.346	462
Leases payable and charges	88	56
Services and other goods	5.605	5.371
Expenses for services from others	**8.326**	**7.030**
Total	**8.770**	**7.192**

The entry "Rentals and other costs on third party assets" includes costs relating mainly to the rental of equipment and machinery (i.e. cranes, platforms, etc.) for short periods and which do not fall within the scope of IFRS 16. The entry “Services and other assets” mainly includes (i) the costs relating to third party services at the plant construction sites and (ii) the costs for third party services relating to ordinary and extraordinary maintenance services on the managed plants.

EE. PERSONNEL COSTS

Personnel costs at 30 June 2020 is equal to Euro 9,238 thousand (Euro 6,927 thousand at 30 June 2019). The increase during the period is essentially due to the contribution of Schmack Biogas S.r.l. as well as the strengthening of the Group structure starting from the second half of 2019.

FF. OTHER OPERATING EXPENSES

The other operating expenses, at 30 June 2020, amounted to Euro 1,014 thousand (Euro 1,235 thousand at 30 June 2019) and mainly include costs for indirect goods and services such as fuel costs, hotels and restaurants and employee travel expenses, as well as accruals to the bad debt provision and to the inventory allowance provision. The reduction compared to the comparative period is partly due to lower provisions and partly to the containment of costs for travel and transfers as a result of the Covid-19 emergency.

GG. AMORTISATION AND DEPRECIATION

AMORTISATION AND DEPRECIATION (thousands of Euro)	30.06.2020	30.06.2019
Depreciation of tangible assets	720	455
Amortisation of intangible assets	621	23
Total	1.341	478

Amortization and depreciation of the period amounted to Euro 1,341 thousand (Euro 478 thousand at 30 June 2019). With reference to tangible assets, the increase in the period derives mainly from the contribution of Schmack Biogas S.r.l. With reference to the amortization of intangible assets, the increase is also due to the amortization of the customer list recorded with reference to the Monsson Operation perimeter following the completion of the PPA envisaged by IFRS 3 and the amortization of the prototype relating to the Progeo Project, both started from the second half of 2019.

HH. FINANCIAL INCOME

Financial income at 30 June 2020 amounted to Euro 95 thousand (Euro 113 thousand at 30 June 2019).

II. FINANCIAL EXPENSES

Financial expenses at 30 June 2020 amounted to Euro 598 thousand (Euro 426 thousand at 30 June 2019).

JJ. SHARE OF PROFIT (LOSS) FROM EQUITY INVESTMENTS

The portion of the result of equity investments accounted for using the equity method is negative for Euro 111 thousand (negative for Euro 45 thousand at 30 June 2019).

SHARE OF PROFIT (LOSS) FROM EQUITY INVESTMENTS (thousands of Euro)	30.06.2020	30.06.2019
MSD Service S.r.l. (*)	(108)	(39)
Solar Project One S.r.l.	-	(7)
Monsson South Africa Ltd	-	(6)
Monsson Poland SP.ZO.o.	(2)	7
Sicily Biomethan S.r.l.	(1)	-
Total	(111)	(45)

(*) valued with the equity method up to the takeover date

KK. INCOME TAXES

INCOME TAXES (thousands of Euro)	30.06.2020	30.06.2019
Current income taxes	(31)	(196)
Deferred income taxes	363	6
Taxes relating to previous years	16	(1)
Total	**348**	**(191)**

The balance of the tax item, positive for Euro 348 thousand at 30 June 2020 (negative for Euro 191 thousand at 30 June 2019) is made up of Euro 31 thousand for current taxes, Euro 363 thousand for the net balance of deferred tax assets and liabilities and for Euro 16 thousand to write-off the 2019 IRAP (Regional tax) debt provided for by the "Relaunch Decree" (Legislative Decree no. 34/2020) of 19 May 2020.

LL. COMMITMENTS AND GUARANTEES

PLC S.p.A.

- surety issued by PLC System S.r.l. on behalf of PLC S.p.A. in favour of BNL to guarantee the loan granted of Euro 5,000 thousand;
- guarantee issued by SACE S.p.A. on behalf of PLC S.p.A. in favour of BNL to guarantee the loan granted of Euro 2,500 thousand;
- corporate guarantee, for a total of Euro 3,175 thousand, issued by PLC S.p.A. in the interest of PLC Power S.r.l. in favour of EDPR, in relation to the possible enforcement of the guarantee issued to GSE as part of the preliminary contract for the sale of the investment held in C&C Tre Energy S.r.l.;
- no. 2 sureties issued by PLC S.p.A. in the interest of Schmack Biogas S.r.l. in favour of Unicredit S.p.A. to guarantee the credit lines granted up to Euro 3,000 thousand.

PLC SYSTEM S.r.l.

- bank sureties issued by Unicredit in favour of domestic customers for Euro 500 thousand;
- bank sureties issued by BNL in favour of domestic customers for Euro 187 thousand;
- bank sureties issued by Credito Emiliano in favour of domestic customers for Euro 169 thousand;
- insurance sureties issued by Atradius, Generali and Coface in favour of domestic customers for Euro 2,862 thousand;
- Surety issued by PLC S.p.A. in the interest of PLC System S.r.l. in favour of Banca Nazionale del Lavoro to guarantee the bank credit granted for Euro 3,185 thousand;
- surety issued by Esposito F. and Scognamiglio A. in the interest of PLC System S.r.l. in favour of Unicredit to guarantee the loan granted of Euro 2,698 thousand;

- pledge on current account to guarantee the sureties issued by Credito Emiliano for Euro 150 thousand;

PLC SERVICE S.r.l.

- bank sureties issued by Unicredit in favour of domestic customers for € 35 thousand;
- insurance sureties issued by Atradius, Sace and Coface in favour of national customers for € 245 thousand;
- surety issued by Esposito F. and Scognamiglio A. on behalf of PLC Service in favour of Unicredit for € 46 thousand;
- first mortgage on the property located in Acerra - Pantano district, for Euro 2,886 thousand to guarantee the loan granted by BNL.

PLC SERVICE WIND S.r.l.

- surety issued by PLC Service S.r.l. on behalf of PLC Service Wind S.r.l. in favour of Unicredit to guarantee the loan granted of Euro 325 thousand.

IDROELETTRICA 2014 S.r.l.

- insurance guarantee issued by Atradius in favour of the Municipality of Pergola for Euro 182 thousand;
- insurance guarantee issued by Allianz in favour of the Municipality of S. Lorenzo in Campo for Euro 10 thousand;
- insurance guarantee issued by Reale Mutua di Assicurazioni in favour of Enel Distribuzione S.p.A. for Euro 17 thousand.

SCHMACK BIOGAS S.r.l.

- bank sureties issued by Unicredit S.p.A. in favour of domestic and foreign customers for Euro 724 thousand;
- bank guarantees issued by Sparkasse - Cassa di Risparmio di Bolzano S.p.A. in favour of national suppliers for Euro 36 thousand.

MSD SERVICE S.r.l.

- insurance guarantee issued by Reale Mutua di Assicurazioni in favour of Burgentia Energia S.r.l. for Euro 500 thousand;
- insurance guarantee issued by Reale Mutua di Assicurazioni in favour of Energia Pulita S.r.l. for Euro 500 thousand;
- insurance guarantee issued by Reale Mutua di Assicurazioni in favour of Libeccio Energia S.r.l. for Euro 500 thousand;

- bank guarantee issued by Banca Nazionale del Lavoro S.p.A. in favour of Terna S.p.A. for a total of Euro 50 thousand.

MONSSON OPERATION S.r.l.

- bank sureties issued by BNL in favour of foreign customers for Euro 260 thousand;
- guarantees issued in favour of foreign customers for Euro 13 thousand

MONSSON OPERATION GmbH

- bank sureties issued by BNL in favour of foreign customers for Euro 231 thousand;

WIND POWER ENERGY S.r.l.

- bank sureties issued by BNL in favour of foreign customers for Euro 66 thousand.

MM. SEGMENT REPORTING

An operating segment is a component of an entity that undertakes business activities generating revenues and costs (including revenues and costs relating to operations with other sectors of the same entity), whose operating results are periodically reviewed at the highest operational decision-making level of the Company for the purpose of making decisions on the resources to be allocated to the sector, evaluating the results and for which separate financial statement information is available.

The following operating segments are identified in line with the Group's activities:

Construction Segment: which includes PLC System S.r.l., its subsidiaries and part of Schmack Biogas S.r.l.;

Services Segment: which includes PLC Service S.r.l., its subsidiary PLC Service Wind S.r.l., the Monsson Operation Perimeter and part of Schmack Biogas S.r.l.;

Holding Segment: which includes the parent company PLC S.p.A.

Trading Segment: which includes MSD Service S.r.l.

Other Segment: in 2019, temporarily included Richini Due S.r.l. which was then sold.

STATEMENT OF FINANCIAL POSITION (thousands of Euro)	Construction	Services	Holding	Trading	Other	30.06.2020
Non-current assets						
Tangible assets	3.733	4.986	143	-	-	8.862
Goodwill	20	3.420	5.222	-	-	8.662
Other intangible assets	3.203	1.796	18	-	-	5.017
Equity investments in associates	-	6	-	-	-	6
Equity investments in other companies	11	-	-	-	-	11
Deferred tax assets	212	72	489	-	-	773
Non-current receivables	1.592	422	1	-	-	2.015
Non-current derivative instruments	-	-	1	-	-	1
Other non-current assets	-	-	-	-	-	-
Total non-current assets	**8.771**	**10.702**	**5.874**	**-**	**-**	**25.347**
Current assets						
Inventories	310	3.809	-	-	-	4.119
Contractual assets	3.711	-	-	-	-	3.711
Trade receivables	5.993	11.440	1	525	-	17.959
Financial receivables	85	10	27	-	-	122
Other receivables	1.001	1.259	457	44	-	2.761
Cash and cash equivalents	1.856	5.369	773	238	-	8.236
Other current financial assets	156	-	-	-	-	156
Total current assets	**13.112**	**21.887**	**1.258**	**807**	**-**	**37.064**
Assets held for sale / disposal	341	-	-	-	-	341
TOTAL ASSETS	**22.224**	**32.589**	**7.132**	**807**	**-**	**62.752**

STATEMENT OF FINANCIAL POSITION (thousands of Euro)	Construction	Services	Holding	Trading	Other	30.06.2020
Group shareholders' equity	10.590	15.533	(1.644)	(46)	-	24.433
Minority interests in shareholders' equity	1	622	(621)	(9)	-	(7)
TOTAL SHAREHOLDERS' EQUITY	**10.591**	**16.155**	**(2.265)**	**(55)**	**-**	**24.426**
Non-current liabilities						
Non-current financial liabilities	255	2.065	5.814	-	-	8.134
Provisions for non-current risks and charges	-	171	-	-	-	171
Employee severance indemnity	563	1.379	198	-	-	2.140
Deferred tax liabilities and other non-current taxes	434	280	-	-	-	714
Other non-current liabilities	-	-	-	-	-	-
Total non-current liabilities	**1.252**	**3.895**	**6.012**	**-**	**-**	**11.159**
Current liabilities						
Current financial liabilities	2.370	727	1.565	-	-	4.662
Trade payables	4.171	5.843	704	862	-	11.580
Contractual liabilities	1.043	1.639	-	-	-	2.682
Other payables	2.797	4.330	1.116	-	-	8.243
Total current liabilities	**10.381**	**12.539**	**3.385**	**862**	**-**	**27.167**
Liabilities held for sale / disposal	-	-	-	-	-	-
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**22.224**	**32.589**	**7.132**	**807**	**-**	**62.752**

STATEMENT OF FINANCIAL POSITION (thousands of Euro)	Construction	Services	Holding	Trading	Other	30.06.2019
Non-current assets						
Tangible assets	3.925	4.446	45	-	-	8.416
Goodwill	2	4.087	4.710	-	-	8.799
Other intangible assets	6.166	2.430	21	-	-	8.617
Equity investments in associates	384	10	-	-	-	394
Equity investments in other companies	11	-	-	-	-	11
Deferred tax assets	26	19	12	-	-	57
Non-current receivables	2.117	111	5	-	-	2.233
Non-current derivative instruments	-	-	3	-	-	3
Other non-current assets	-	-	-	-	-	-
Total non-current assets	**12.631**	**11.103**	**4.796**	**-**	**-**	**28.530**
Current assets						
Inventories	2.233	2.134	-	-	-	4.367
Contractual assets	3.059	-	-	-	-	3.059
Trade receivables	3.188	9.780	12	-	-	12.980
Financial receivables	357	121	57	-	-	535
Other receivables	1.745	849	120	-	1	2.715
Cash and cash equivalents	4.357	1.200	2.588	-	7	8.152
Other current financial assets	300	-	-	-	-	300
Total current assets	**15.239**	**14.084**	**2.777**	**-**	**8**	**32.108**
Assets held for sale / disposal		1.998				**1.998**
TOTAL ASSETS	**27.870**	**27.185**	**7.573**	**-**	**8**	**62.636**

STATEMENT OF FINANCIAL POSITION (thousands of Euro)	Construction	Services	Holding	Trading	Other	30.06.2019
Group shareholders' equity	12.427	14.443	(6.032)	-	8	20.846
Minority interests in shareholders' equity	104	(193)	193	-	-	104
TOTAL SHAREHOLDERS' EQUITY	**12.531**	**14.250**	**(5.839)**	**-**	**8**	**20.950**
Non-current liabilities						
Non-current financial liabilities	2.047	559	5.468	-	-	8.074
Provisions for non-current risks and charges	-	7	33	-	-	40
Employee severance indemnity	494	657	187	-	-	1.338
Deferred tax liabilities and other non-current taxes	1.538	375	-	-	-	1.913
Other non-current liabilities	-	-	-	-	-	-
Total non-current liabilities	**4.079**	**1.598**	**5.688**	**-**	**-**	**11.365**
Current liabilities						
Current financial liabilities	1.236	1.817	1.430	-	-	4.483
Trade payables	5.020	3.863	899	-	-	9.782
Contractual liabilities	721	46	-	-	-	767
Other payables	4.283	3.571	5.395	-	-	13.249
Total current liabilities	**11.260**	**9.297**	**7.724**	**-**	**-**	**28.281**
Liabilities held for sale / disposal	-	2.040	-	-	-	2.040
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**27.870**	**27.185**	**7.573**	**-**	**8**	**62.636**

RECLASSIFIED STATEMENT OF COMPREHENSIVE INCOME (thousands of Euro)	Construction	Services	Holding	Trading	Other	01.01.2020 30.06.2020
Core business revenues	3.065	18.488	-	258	-	21.811
Other operating revenues	2.475	93	-	42	-	2.610
Total revenues	5.540	18.581	-	300	-	24.421
Operating costs	(4.729)	(15.913)	(1.373)	(256)	-	(22.271)
Other operating costs	(234)	(735)	(45)	-	-	(1.014)
GROSS OPERATING MARGIN (EBITDA)	577	1.933	(1.418)	44	-	1.136
Depreciations, amortisations and impairment losses	(477)	(851)	(17)	-	-	(1.345)
OPERATING RESULT (EBIT)	100	1.082	(1.435)	44	-	(209)
Net financial income (expenses)	(105)	(294)	(101)	(3)	-	(503)
Profit (loss) from equity investments	62	(3)	-	(108)	-	(49)
Income taxes	299	(203)	252	-	-	348
Profit (loss) from continuing operations	356	582	(1.284)	(67)	-	(413)
Profit (loss) from discontinued operations	-	-	-	-	-	-
PROFIT (LOSS) FOR THE PERIOD	356	582	(1.284)	(67)	-	(413)
Total other components of comprehensive income	15	(6)	11		-	20
COMPREHENSIVE INCOME	371	576	(1.273)	(67)	-	(393)

RECLASSIFIED STATEMENT OF COMPREHENSIVE INCOME (thousands of Euro)	Construction	Services	Holding	Trading	Other	01.01.2019 30.06.2019
Core business revenues	4.193	11.852	7	-	-	16.052
Other operating revenues	130	73	-	-	-	203
Total revenues	4.323	11.925	7	-	-	16.255
Operating costs	(5.511)	(9.831)	(1.196)	-	(3)	(16.541)
Other operating costs	(409)	(769)	(56)	-	(1)	(1.235)
GROSS OPERATING MARGIN (EBITDA)	(1.597)	1.325	(1.245)	-	(4)	(1.521)
Depreciations, amortisations and impairment losses	(93)	(380)	(5)	-	-	(478)
OPERATING RESULT (EBIT)	(1.690)	945	(1.250)	-	(4)	(1.999)
Net financial income (expenses)	(47)	(121)	(145)	-	-	(313)
Profit (loss) from equity investments	(7)	1	(39)	-	-	(45)
Income taxes	53	(244)	-	-	-	(191)
Profit (loss) from continuing operations	(1.691)	581	(1.434)	-	(4)	(2.548)
Profit (loss) from discontinued operations	-	-	-	-	-	-
PROFIT (LOSS) FOR THE PERIOD	(1.691)	581	(1.434)	-	(4)	(2.548)
Total other components of comprehensive income	-	-	-	-	-	-
COMPREHENSIVE INCOME	(1.691)	581	(1.434)	-	(4)	(2.548)

3.2.4 RELATED PARTIES TRANSACTIONS

In relation to the requirements of the international accounting standard IAS 24 (revised) concerning "related party disclosure" and the additional information required by Consob communication no. 6064293 of 28 July 2006, the statements summarizing the economic and financial relations of the Group with related parties are shown below.

Revenues and costs from related parties

REVENUES FROM AND COSTS TO RELATED PARTIES (thousands of Euro)	Revenues			Costs		
	Revenues	Research and development	Financial income	Raw materials and services	Personnel	Financial expenses
2ALL Cross S.r.l.	-	-	-	20	-	-
Eco Power Wind S.r.l.	44	-	-	-	-	-
Emanuel Muntmark	-	-	-	-	-	1
Mireasa Energies S.r.l.	268	-	-	-	-	-
Monsson Accounting Services S.r.l.	-	-	-	7	-	-
Monsson Alma S.r.l.	70	-	-	80	-	-
Monsson Logistic S.r.l.	72	-	-	228	-	-
Monsson Poland SP.ZO.o.	-	-	2	-	-	-
Monsson Trading S.r.l.	18	-	-	-	-	-
Muntmark Maria	-	-	-	-	-	1
Nelke S.r.l.	-	-	-	106	-	-
Orchid maintenance S.r.l.	21	-	-	3	-	-
Total natural S.r.l.	26	-	-	-	-	-
Wind Park invest S.r.l.	16	-	-	-	-	-
Wind Stars S.r.l.	24	-	-	-	-	-
Total	***559***	***-***	***2***	***444***	***-***	***2***
% impact on the balance sheet item	*2%*	*0%*	*2%*	*3%*	*0%*	*0%*

Receivables from and payables to related parties

RECEIVABLES FROM AND PAYABLES TO RELATED PARTIES (Amounts in Euro)	Receivables			Payables		
	Trade receivables	Financial receivables	Other receivables	Trade payables	Financial payables	Other payables
2ALL Cross S.r.l.	-	-	-	22	-	-
Bistraw Production S.r.l.	5	-	-	-	-	-
Dragos Blanaru	-	-	5	-	-	-
Eco Power Wind S.r.l.	25	-	-	-	-	-
Emanuel Muntmark	-	-	-	-	7	-
FRAES S.r.l.	1	-	-	-	-	2
Idea S.r.l.	-	5	-	-	-	-
Massimo Rossetto	-	-	-	-	50	-
Mireasa Energies S.r.l.	52	-	-	-	-	-
Monsson Alma S.r.l.	10	-	-	21	-	-
Monsson Energy Trading Ltd.	14	-	-	-	-	-
Monsson Logistic S.r.l.	25	-	-	79	-	-
Monsson Poland SP.ZO.o.	-	50	-	-	-	-
Monsson South Africa PTY LTD	-	34	-	-	-	-
Nicolò Cariboni	-	-	-	-	150	-
Nelke S.r.l.	-	-	-	106	-	-
Orchid maintenance S.r.l.	10	-	-	3	-	-
Sicily Biomethan S.r.l.	-	15	-	-	-	-
Solar Project One S.r.l.	-	-	4	-	-	-
Tolga Ozkarakas	-	-	6	-	-	-
Total natural S.r.l.	4	-	-	-	-	-
Wind Park invest S.r.l.	10	-	-	-	-	-
Wind Stars S.r.l.	3	-	-	-	-	-
Total	***159***	***104***	***15***	***231***	***207***	***2***
% impact on the balance sheet item	*1%*	*47%*	*1%*	*2%*	*2%*	*0%*

*   *   *

Relations with related parties of the Parent Company PLC S.p.A. are shown below as at 30 June 2020 as per Consob request no. 0294634 of 6 August 2018.

REVENUES FROM AND COSTS TO RELATED PARTIES (thousands of Euro)	Revenues			Costs		
	Revenues	Research and development	Financial income	Raw materials and services	Personnel	Financial expenses
MSD Service S.r.l.	2	-	-	-	-	-
Schmack Biogas S.r.l.	-	-	-	-	-	-
PLC Service S.r.l.	163	-	-	-	-	-
PLC Service Wind S.r.l.	25	-	-	-	-	-
PLC System S.r.l.	335	-	-	1	-	-
PLC System South Africa PTY LTD	-	-	-	-	-	-
Idroelettrica 2014 S.r.l.	4	-	-	-	-	-
PLC System Montenegro d.o.o.	-	-	-	-	-	-
PLC Power S.r.l.	4	-	11	-	-	-
C&C Irsina S.r.l.	3	-	-	-	-	-
C&C Tre Energy S.r.l.	4	-	-	-	-	-
Alisei Wind S.r.l.	4	-	-	-	-	-
Tirreno S.r.l.	2	-	-	-	-	-
Pangreen Moçambique LDA	-	-	-	-	-	-
Monsson Operation LTD	-	-	80	-	-	-
Monsson Operation GmbH	-	-	-	-	-	-
Monsson Energy AB	-	-	-	-	-	-
Monsson Operation S.r.l.	33	-	-	-	-	-
Wind Power Energy S.r.l.	-	-	-	-	-	-
Monsson Turkey	-	-	-	-	-	-
Monsson Energostroy LLC	-	-	-	-	-	-
Total subsidiaries	***579***	***-***	***91***	***1***	***-***	***-***
Fraes S.r.l. (formerly PLC Group S.p.A)	-	-	-	-	-	-
Nelke S.r.l.	-	-	-	105	-	-
Total other related parties	***-***	***-***	***-***	***105***	***-***	***-***
Total	**579**	**-**	**91**	**106**	**-**	**-**
% impact on the balance sheet item	*100%*	*0%*	*100%*	*19%*	*0%*	*0%*

RECEIVABLES FROM AND PAYABLES TO RELATED PARTIES (thousands of Euro)	Receivables			Payables		
	Trade receivables	Financial receivables	Other receivables	Trade payables	Financial payables	Other payables
MSD Service S.r.l.	6	-	-	-	-	-
Schmack Biogas S.r.l.	-	-	-	-	-	-
PLC Service S.r.l.	198	-	909	12	-	-
PLC Service Wind S.r.l.	305	-	-	-	-	7
PLC System S.r.l.	3	-	95	7	-	317
PLC System South Africa PTY LTD	-	-	-	-	-	-
Idroelettrica 2014 S.r.l.	18	-	-	-	-	-
PLC System Montenegro d.o.o.	-	-	-	-	-	-
PLC Power S.r.l.	37	-	-	-	-	6
C&C Irsina S.r.l.	20	-	-	-	-	-
C&C Tre Energy S.r.l.	20	-	-	-	-	-
Alisei Wind S.r.l.	15	-	-	-	-	-
Tirreno S.r.l.	12	-	-	-	-	-
Pangreen Moçambique LDA	-	-	-	-	-	-
Monsson Operation LTD	7	3.573	-	-	-	-
Monsson Operation GmbH	-	-	-	-	-	-
Monsson Energy AB	-	-	-	-	-	-
Monsson Operation S.r.l.	30	-	-	-	-	-
Wind Power Energy S.r.l.	-	-	-	-	-	-
Monsson Turkey	-	-	-	-	-	-
Monsson Energostroy LLC	-	-	-	-	-	-
Total subsidiaries	***671***	***3.573***	***1.004***	***19***	***-***	***330***
Fraes S.r.l. (formerly PLC Group S.p.A)	1	-	-	-	-	2
Nelke S.r.l.	-	-	-	106	-	-
Total other related parties	***1***	***-***	***-***	***106***	***-***	***2***
Total	**672**	**3.573**	**1.004**	**125**	**-**	**332**
% impact on the balance sheet item	*100%*	*100%*	*69%*	*17%*	*0%*	*45%*

3.2.5 FINANCIAL RISK MANAGEMENT POLICY

The financial risks to which the PLC Group is exposed are the following: (i) credit risk arising from the possibility of counterparty default and (ii) the exchange rate risk deriving from the performance of its business on foreign markets and (iii) interest rate risk arising from financial exposure.

Financial risk management is an integral part of the management of the Group activities and is done centrally by the Parent Company, which defines the risk categories and, for each type of transaction and/or instrument, indicates the methods and operating limits.

Types of financial instruments and fair value hierarchy

Below is a breakdown of financial assets and liabilities, as required by IFRS 7, as part of the categories envisaged by IFRS 9, with an indication of the measurement criteria adopted.

FINANCIAL ASSETS AND LIABILITIES - IFRS 9 (thousands of Euro)	Measurement criteria adoptied				30.06.2020	31.12.2019
	Fair value	Fair Value Hierarchy	Measurement at cost	Amortised cost	Carrying amount	Carrying amount
Financial assets at fair value through profit or loss						
Loans and receivables	-	-	-	221	221	483
Cash and cash equivalents	8.236	Level 1	-	-	8.236	6.340
Trade receivables	-	-	-	17.959	17.959	19.339
Other current receivables	-	-	-	2.761	2.761	2.355
Other non-current receivables	1	Level 1	-	1.916	1.917	2.036
Financial assets available for sale					-	
Equity investments in other companies measured at fair value	-	-	-	-	-	-
Equity investments in other companies measured at cost	-	-	11	-	11	11
Other financial assets	-	-	-	156	156	308
Financial assets held for sale	-	-	341	-	341	-
TOTAL FINANCIAL ASSETS	8.237	-	352	23.013	31.602	30.872
Financial liabilities at amortised cost						
Trade payables	-	-	-	14.262	14.262	14.432
Other current payables	-	-	-	8.243	8.243	8.124
Current financial payables	-	-	-	4.662	4.662	7.710
Non-current financial payables	-	-	-	8.134	8.134	7.026
Financial liabilities held for sale	-	-	-	-	-	
TOTAL FINANCIAL LIABILITIES	-	-	-	35.301	35.301	37.292

With regard to cash and cash equivalents, trade receivables and payables, other current and non-current receivables and current payables, the amortised cost is a reasonable approximation of fair value.

Financial assets and liabilities due within one year have not been measured at fair value because their amortised cost approximates fair value.

Financial assets and liabilities due after one year are measured using the amortised cost method.

With regard to financial instruments measured at fair value, the classification of the same is reported on the basis of the hierarchy of levels that reflects the significance of the inputs used in determining fair value, as required by IFRS 13. The following levels can be distinguished:

- level 1 - listed (unadjusted) prices in active markets for identical assets or liabilities available to the entity at the measurement date;
- level 2 - inputs other than the listed prices referred to in the previous point, which are observable on the market directly (as in the case of prices) or indirectly (i.e. derived from prices);
- level 3 - inputs that are not based on observable market data.

Liquidity Risk

The evolution of the Group's net working capital and financial needs is strongly influenced by the timing of invoicing for work in progress (with reference to the Construction Segment) and services (with reference to the Services Segment) and collection of the related receivables. Consequently, although the Group has put in place measures to ensure that adequate levels of working capital and liquidity are maintained, any delays in the progress of the projects and/or in the definition of the positions being finalised with customers, could have an impact on the capacity and/or timing in generating cash flows.

Liquidity risk represents the risk that, due to the inability to raise new funds or liquidate assets on the market, the Group will not be able to meet its payment obligations, resulting in an impact on the economic result in the event that the Group is forced to incur additional costs to meet its commitments or, as an extreme consequence, a situation of insolvency that puts the Company's business at risk. The Group's risk management objective, is to put in place a financial structure that, in line with business objectives and defined limits, guarantees an adequate level of liquidity of credit facilities and credit lines for the entire Group.

The policies applied were aimed at guaranteeing sufficient financial resources to cover short-term commitments and maturing bonds, as well as to ensure the availability of an adequate level of operational flexibility for the Group's development programmes, pursuing the maintenance of balance in terms of duration and composition of debt and an adequate structure of bank credit lines.

In order to mitigate the possible increase in liquidity risk due to Covid-19, the PLC Group has requested the credit institutions with which it operates access to the support measures provided for by the Liquidity Decree, including (i) moratoriums on existing loans and (ii) new finance pursuant to art. 13 Legislative Decree 08 April 2020, no. 23.

Credit Risk

Credit risk is the risk that a counterparty will fail to meet its obligations in relation to a financial instrument or contract, thereby generating a financial loss.

Credit risk is generally mitigated by the fact that the Group carries out a prior assessment of the counterparty risk of solvency on the basis of procedures and that, generally, receivables of a significant amount are due from known and reliable counterparties. Despite the market context being negatively impacted by the Covid-19 pandemic, credit risk has currently remained contained; however, it cannot be ruled out that some customers may delay or fail to honour payments under the agreed terms and conditions, with a consequent increase in credit risk.

Where there are changes in the creditworthiness of a counterparty, the value of the credit is adjusted accordingly to bring it into line with the actual probability of recovery.

At 30 June 2020, the maximum exposure to credit risk was equal to the carrying amount of the receivables in the financial statements.

Market risk

Market risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate as a result of changes in market prices, due to fluctuations in exchange rates, interest rates or the prices of equity instruments. The objective of market risk management is to manage and control the Group's exposure to such risk within acceptable levels, while optimising the return on investments.

Currency exchange risk

During 2020, 66% of the Group’s business was carried out on the Italian market and 34% abroad mainly through the Monsson Operation perimeter. The Group does not currently have any exchange rate hedging contracts in place.

Interest rate risk

The Group’s exposure to risk deriving from changes in interest rates originates from variable rate financial payables which expose the Group to a cash flow risk linked to the volatility of the Euribor curve. Generally, the objective of the management is to limit the fluctuation of the financial expenses that have an impact on the economic result, limiting the risk of a potential increase in interest rates, possibly through the use of derivative contracts for hedging purposes. At 30 June 2020, there is a cap strike contract on the loan agreement in place with BNL.

Capital management

The objectives identified by the Group in capital management are the creation of value for the majority of shareholders, the safeguarding of business continuity and support for the Group’s development in which the new management is strongly committed.

3.3 CERTIFICATION OF THE FINANCIAL STATEMENTS PURSUANT TO ART. 154-BIS OF LEGISLATIVE DECREE 58/98

The undersigned Eng. Michele Scoppio and Dr. Cecilia Mastelli, respectively, as Chief Executive Officer and Manager in charge of Financial Reporting of PLC S.p.A., also taking into account of the provisions of art. 154-bis, paragraphs 3 and 4, of Legislative Decree 24 February 1998, no. 58, certify:

- The suitability in relation to the company's characteristics and
- the effective application of the administrative and accounting procedures in preparing the condensed half-yearly financial statements as at 30 June 2020.

In this regard, no significant aspects emerged to report.

We also certify that:

the condensed half-yearly financial statements as at 30 June 2020:

- have been prepared in compliance with the applicable international accounting standards recognised in the European Community pursuant to regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- correspond to the book results and accounting records;
- are suitable for providing a true and correct representation of the equity, economic and financial situation of the issuer and of all the companies included in the consolidation.

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

Milan, 30 September 2020

CEO	Manager in charge of Financial Reporting
Signed Michele Scoppio	*Signed Cecilia Mastelli*

3.4 INDEPENDENT AUDITOR'S REPORT

PLC S.p.A.

Review report on the interim condensed consolidated financial statements

(Translation from the original Italian text)

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Review report on the interim condensed consolidated financial statements
(Translation from the original Italian text)

To the Shareholders of
PLC S.p.A.

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the statement of financial position, the statement of comprehensive income, the statement of changes in equity and cash flows and the related explanatory notes of PLC S.p.A. and its subsidiaries (the "PLC Group") as of 30 June 2020. The Directors of PLC S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of PLC Group as of June 30, 2020 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Milan, September 29, 2020,

EY S.p.A.
Signed by: Gabriele Grignaffini, Statutory Auditor

This report has been translated into the English language solely for the convenience of international readers

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