*Half-yearly financial report at 30 June 2021*

*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 BOARDS

### BOARD OF DIRECTORS[1]

| | |
|---|---|
| Francesco Esposito | - Chairman |
| Michele Scoppio | - CEO |
| Chiara Esposito | - Director |
| Luciano Garofano | - Director |
| Claudia Crivelli (*) (**) | - Independent 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.

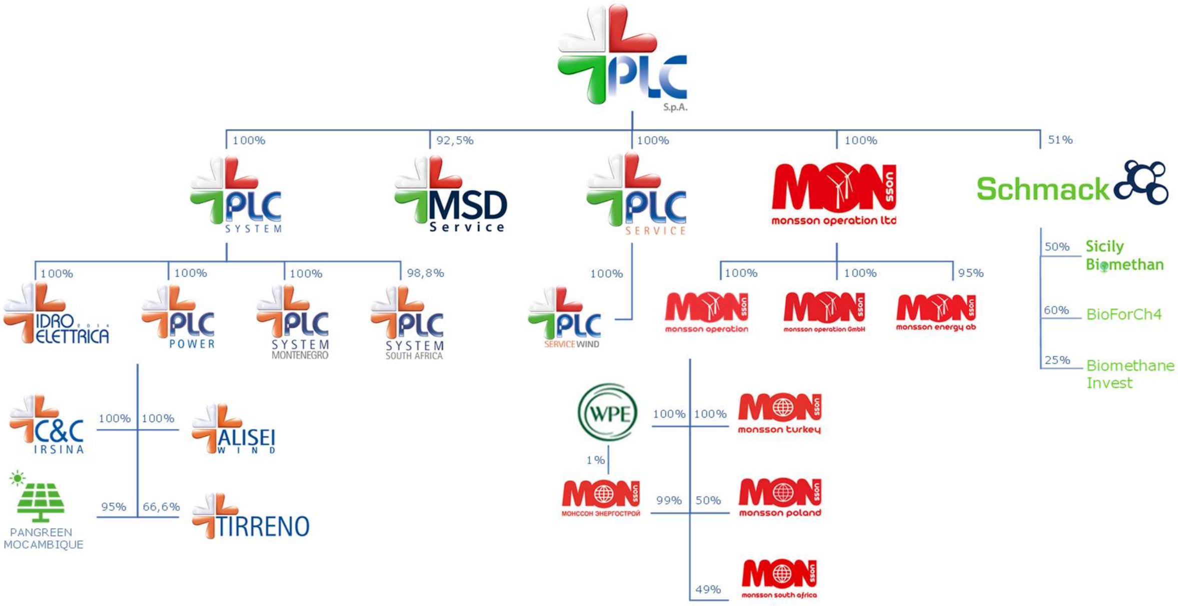
Via Lombardia, 31

00198 Rome

[1] appointed by the Shareholders' Meeting of 30 April 2021
[2] appointed by the Shareholders' Meeting of 30 June 2021
[3]appointed by the Shareholders' Meeting of 23 June 2015

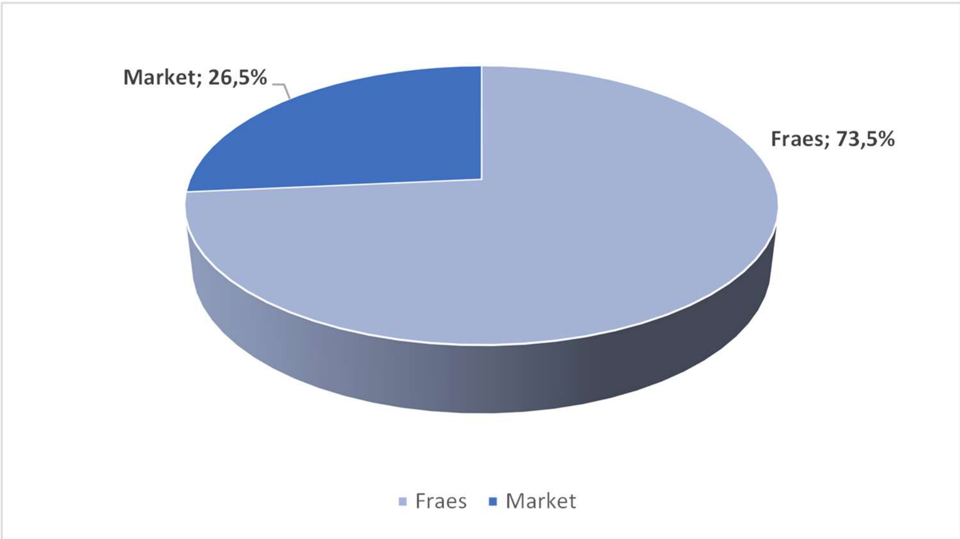
(*) members of the Control, Risk and Sustainability Committee
(**) members of the Appointments, Remuneration and Stock Option Plans Committee

## 1.2 STRUCTURE OF THE PLC GROUP



## 1.3 SHAREHOLDERS

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 2021[4] is shown below.




[4] Source: Corporate and Consob data

# 2 PLC GROUP HALF-YEARLY MANAGEMENT REPORT

## 2.1 MAIN PLC GROUP OPERATIONS DURING THE FIRST HALF OF 2021

*Inclusion in the Register for the construction of a photovoltaic roof*

In January 2021 PLC Service S.r.l. obtained registration in the Register and the incentive rate for the construction of no. 1 photovoltaic system with a power of 498,560 kW to be installed on the roof of the owned warehouse located in Acerra (NA) for the self-production of electricity.

The value of the investment is approx. Euro 400 thousand, 80% of which was covered by a medium-term loan granted by Banca Nazionale del Lavoro S.p.A.

*Consolidation of existing financial lines with BPER Banca S.p.A.*

On 9 February 2021 PLC System S.r.l. signed with BPER Banca S.p.A. an unsecured loan agreement for Euro 2,375 thousand pursuant to art. 13 Legislative Decree. 8 April 2020 no. 23 backed by a direct guarantee from the Guarantee Fund for SMEs for 80%. The loan, with a duration of 5 years, one of which for pre-amortisation, was allocated, for Euro 1,900 thousand, to the consolidation of the existing lines maturing in the short term. Together with the loan, an Interest Rate Option Cap (IRO Cap) contract was signed to hedge the risk deriving from changes in interest rates.

*Signing of an amendment to the pre-existing contract for the construction of a biomethane plant located in the Municipality of Marsala (TP)*

On 26 March 2021 Schmack Biogas S.r.l. and Ago Renewables S.p.A. signed an amending agreement to the pre-existing contract concerning the construction of a biomethane plant in Marsala (TP), supplied with the organic fraction of solid urban waste. With this agreement, the parties extended the limits of the supply and defined the new time schedule; by virtue of the changes requested by the customer, the price was redefined to Euro 9,437 thousand compared to the previous value of Euro 8,700 thousand.

*The sale of the equity investment held in C&C Tre Energy S.r.l. was completed*

On 21 June 2021 PLC Power S.r.l. completed the sale to EDP Renewables Italia Holding S.r.l. ("EDPR") 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.

Please note that the operation, governed by a contract signed between the parties on 28 February 2020, was subject to the fulfilment of certain conditions precedent regarding provisions and confirmations of permits as well as the recognition of the incentive rate provided for by the FER 1 Decree.

The sale price was fixed at Euro 4,659 thousand (of which Euro 4,559 thousand paid at closing and Euro 100 thousand held to guarantee some post-closing obligations by PLC Power S.r.l.) with the generation of a capital gain of Euro 3,797 thousand on a consolidated level.
At the same time as closing, EDPR returned the corporate guarantee of Euro 3,175 thousand issued by PLC S.p.A. and concerning the possible enforcement of the guarantee issued to GSE.
As part of the transaction, PLC System S.r.l. and PLC Service S.r.l. keep the EPC contract for the construction of a wind farm for a total amount of Euro 9,350 thousand (already approved), and a full service contract for the O&M services for an amount of Euro 72.5 thousand/year for a 10-year period from the take-over of the plant. Authorisation requests are also underway aimed at optimising the lay-out of the plant, the outcome of which should lead to an increase in fees, both for the EPC contract, for an additional Euro 1,110 thousand, and for the O&M contract, for an additional Euro 17.5 thousand/year.

*Information on the impacts of the Coronavirus (Covid-19) on the organisational structure and the economic and financial results of the PLC Group in the first half of 2021*

In the first half of 2021, the PLC Group continued to constantly monitor the Covid-19 health emergency, due to the continuous evolution of the phenomenon and the possible effects in terms of (i) evolution of the reference regulatory contexts, (ii) customer and partner relations management, (iii) management of sales and purchase contracts (specific clauses have been introduced, where possible, to mitigate the possible negative effects of the pandemic) and (iv) impacts on execution of projects and levels of performance. The PLC Group immediately implemented a series of measures and protocols at all levels of the organisation 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 organisational structure*

Given the continuation of the health emergency also in the first half of 2021, the PLC Group continued to implement all the necessary measures to ensure the health of its employees on the one hand and business continuity on the other. The main organisational measure taken was the continuation of smart working for staff, with the exception of those located on the sites and construction sites, which made it possible to minimise their presence in the offices.
The task force also remained active for the preparation of a specific behavioural protocol containing the adoption of appropriate "organisational" safety measures (suitable for guaranteeing social distancing and

remodelling activities) and of "prevention and protection" (such as training and information, personal protective equipment, personal hygiene measures, cleaning and sanitising of the workplace) in compliance with the instructions of the competent authorities and constantly updated to take into account subsequent amendments and/or additions.

A Covid-19 health insurance coverage policy was also stipulated in favour of all employees for the 2021 financial year.

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 28 October 2020 and Consob's subsequent Call for attention no. 1/21 of 16 February 2021, and with what is described in the same paragraph of the Annual Financial Report at 31 December 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 renewable energy sector was marginally impacted by the Covid-19 pandemic; in fact, production from RES has always remained at relatively normal levels, while, starting from the first half of 2021, there has been a recovery in investments which in 2020 had suffered the effects of the further slowdown of the authorisation processes aggravated by the persistence of the health emergency.

In this market context, the effects of Covid-19 on the results of the PLC Group remained limited, even in the first half of 2021; as more fully illustrated below, at 30 June 2021 the PLC Group generated total revenues of Euro 31,874 thousand, with a positive EBITDA of Euro 3,446 thousand and a net positive comprehensive income of Euro 1,551 thousand. There is also a further significant improvement in the consolidated net financial position of Euro 3,854 thousand which, in addition to benefiting from the proceeds from the sale of C&C Tre Energy S.r.l., confirms the absence of an increase in liquidity and/or credit risk. The results of the first half of 2021 therefore remain at more than positive levels and, to date, there are no critical issues or points of attention regarding the Group's business continuity.

However, longer-term uncertainties remain in the market scenario, linked both to the evolution of pandemic scenarios in the various regions, and to the risk of an uneven economic recovery and, in this case, future negative effects on the financial and economic situation of the PLC Group cannot in any case be excluded.

## 2.2 SIGNIFICANT EVENTS OCCURRING AFTER 30 June 2021

There are no significant events to report after 30 June 2021.

## 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, as well as the high and medium voltage electrical infrastructures serving renewable source plants 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").

<u>The market context</u>

The first half of 2021 was characterised by a gradual return to normality. While the diffusion and efficacy of vaccines, together with strong fiscal and monetary support, have contributed to an economic recovery that exceeds expectations, particularly in some advanced economies, on the other hand, longer-term uncertainties remain, linked both to the evolution of pandemic scenarios in the various regions, and to the risk of an uneven economic recovery. In this context, the renewable energy sector, driven by the renewed commitment of the European Union and national governments to achieve the objectives of the energy transition, is confirmed as a market in huge expansion.

If in 2020 the problems connected to the spread of the pandemic from Covid-19 have in any case recorded an undoubted decrease in installations due to the slowdown in investments, the increased complexity of interacting with the Public Administration and the objective climate of uncertainty, as demonstrated from the significant decrease in the saturation coefficient of auctions for the construction of new wind and photovoltaic plants, the first half of 2021 was on the other hand characterised by important regulatory and institutional updates aimed at supporting a vigorous recovery in the growth of renewables, favouring investments and ensuring the rapidity of the execution of projects, through a simplification of procedures.

PLC Group

The PLC Group's results for the first half of 2021 are more than positive in consideration of the still uncertain market context and almost in line with the Guidance adopted by the Group at the beginning of this year; the effects of Covid-19 remained at overall limited levels but with different impacts on the various operating segments. The Construction Segment recorded a strong recovery due to the start of the several backlog orders both in the traditional renewable sources sector and biogas and biomethane.

Even the Services Segment, within its O&M component, continued its positive trend, with results exceeding expectations and confirming the linearity of the annual growth curve; on the other hand, there was a sharp slowdown in E&I activities, partly due to the lengthening of the procurement process of some customers with consequent postponement of installation services, and partly due to the completion of the necessary and expected training required to expand the customer portfolio to new technologies.

At present, the forecasts for 2021 are confirmed overall, albeit with an increase in the incidence of O&M and Construction activities to offset the reduction in E&I activities.

Possible impacts of a possible flare-up of Covid-19 cannot however be excluded, with effects that are currently unpredictable and which could cause further and possible deterioration of 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. The PLC Group 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 objective of selling, through the sale of the SPVs, its assets to investors, utilities, or Independent Power Producers; this activity was defined within PLC System S.r.l. as ***Built, Operate and Transfer (BOT)*** as the assets are developed until the authorisations are obtained and then built until they are sold to third parties, while maintaining their management and operation in-house thanks to multi-year service contracts. In this way, with a modest increase in its risk profile, PLC Group has integrated downstream the typical EPC value chain, directly facing the final investor market and maximising the value of its skills.

During the first half of 2021, the sale of 100% of the share capital to EDPR of the C&C Tre Energy S.r.l. was completed with the realisation of a capital gain, at a consolidated level, equal to Euro 3,797 thousand, while the construction activities mainly concerned:

- the contract relating to the construction of the wind farm with a total power of 36MW, located in the municipalities of Baselice (BN), Molinara (BN) and Foiano di Val Fortore (BN) owned by C&C Uno Energy S.r.l. (sold to Enel Green Power Italia S.r.l in 2020), 34% completed;
- the contract for the design, supply and installation of the electrical and electromechanical works of a HV/MV 150/30 kV Utility Substation located in the Municipality of Laterza (TA) nearing completion;
- the supply and installation contract for the construction of electrical works for the cable connection to the Terna sub-station and the utility sub-station of a thermodynamic plant located in the Municipality of Stromboli (TP) approx. 85% completed;
- two contracts signed with AM Energie Rinnovabili for the supply and installation of the electrical and electromechanical works of a 150kV NTG station and a 150/30kV HV/MV utility sub-station located in the Municipality of Bompietro (PA), about 90% completed;
- the supply of Shelters under the framework agreement with Terna Rete Italia S.p.A

With reference to biogas and biomethane, construction activities involved the start of the project for the construction of a biomethane plant in Marsala (TP), supplied with the organic fraction of solid urban waste. The projects for the construction of a 100 kW electric Coccus Mini 100 biogas plant in the Municipality of San Pietro in Gù (PD) and a 500 kW electric Coccus Titan 500 biogas plant in Greece were also completed; both projects were already well advanced at the end of 2020.

The first half of 2021 benefited from the first positive effects deriving from 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; the PLC Group currently has an order book capable of guaranteeing the achievement of the targets set at the end of the year, unless there are any delays and/or postponements, currently not foreseeable, and potentially resulting from a flare-up of the Covid-19 emergency.

All this is perfectly in line with the strategic vision of the Group which aims to put at the service of the important investment season planned for the next three years both in the RES sector and in that of biogas and biomethane, as confirmed by the new targets in line with the European strategy of the Green Deal to reduce $CO_2$ emissions, the great technological skills of PLC, with the aim of maximising the income returns that will be dependant upon a more accelerated growth in the Services Segment.

Lastly, in December 2020, the hydroelectric plant with a total power of 327 kW in the Municipality of Pergola, Località Brotano (PU), owned by the subsidiary Idroelettrica 2014 S.r.l., started operating. In particular, in the early months of 2021 the plant reached its operating regime and the process for the recognition of the incentive rate by the GSE was completed in perfect compliance with the company's expectations. The hydroelectric plant, together with the 3 small photovoltaic systems installed on the roof and integrated on the façade for self-production at the Acerra (NA) headquarters, are the only assets available to the Group.

Services Segment

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, as well as high and medium voltage electrical infrastructures serving the RES plants, 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 maintenance with a "full service" or "customized" logic, both routine and extraordinary as well as 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 special control rooms and the end customer is informed monthly, through specialist reports, of the performance of the systems. In particular, at present there are two control rooms, one at the Acerra (NA) headquarters, for monitoring the national market, and one at the Romanian headquarters in Constanta, for monitoring the other European markets where the PLC Group offers its maintenance activities. The main logistic centres through which the service activities are provided are in Italy in Acerra (NA), San Pietro Vernotico (BR), Lentini (SR), Borgo Montello (LT), Monreale (PA), Castel di Iudica (CT). ), Bolzano and Verona and abroad Constanta (Romania) and Hamburg (Germany). In line with the 4.0 digitization strategy, a dedicated division has been created that will lead the PLC Group into the new dimension of maintenance through augmented reality and virtual reality systems.

The PLC Group also carries out the assembly and installation of wind turbines (Erection & Installation – E&I).

During the first half of 2021, the O&M component of the Services Segment confirmed the expected growth trend with results in line with forecasts, despite the market context still characterised by uncertainty.

On the other hand, the E&I component was significantly impacted partly due to the lengthening of the procurement process of some customers with consequent postponement of installation services, and partly due to the completion of the necessary and expected training required to expand the customer portfolio to new technologies. The year-end objectives have been revised in order to include the negative effects expected for this component even if, as mentioned, it is believed that they can be reabsorbed through higher growth of the other business lines compared to initial forecasts.

Finally, as anticipated, the activities of the new "Special Projects" division, created in 2020 with the aim of expanding high-tech services and guiding the transition towards intelligent and digital maintenance logic, continue. In this regard, augmented reality and virtual reality applied to predictive maintenance will have a fundamental role. For more information, see paragraph 2.5 “Research and development activities”.

Trading Segment

In the first half of 2021, the PLC Group continued its activity in the dispatching services and trading sector of electricity from renewable sources through its subsidiary MSD Service S.r.l.; the PLC Group currently manages just one plant and does not currently intend to further develop its activities in this segment which will continue to have a marginal role in terms of volumes. In contrast MSD Service S.r.l. will play an increasingly strategic role in spreading knowledge of the new dynamics in the electricity market within the Group, with the aim of developing and expanding the range of services offered.

New Plant Development Segment

Through its subsidiary PLC Power S.r.l. and through special purpose vehicles (SPV), the PLC Group continues with the development of new plants for the production of energy from renewable sources to be offered to the market according to the BOT business model. The same model is used by Schmack Biogas S.r.l. for the development of new initiatives related to the production of biomethane. These activities contribute to the constitution of the group’s so-called “pipeline” of new plants.

With reference to the development of new RES plants, the PLC Group has the following assets at various stages of progress permitting:

- a 16 MW wind farm in the Basilicata Region;
- a 15 MWp photovoltaic plant in the Sicily Region:
- two wind farms with a total of 120 MW in the Campania Region:
- a 30 MWp photovoltaic plant in Mozambique (Africa).

With reference to the development of new biomethane production plants, the group currently has four 500 Sm3/h anaerobic digestion plants at various stages of progress permitting.

The specific activity in the new plant development sector which, as mentioned, represents the supply line of the BOT business, has mainly two levels of criticality:

- industrial difficulties in making investments due to long and complex authorisation procedures;
- significant regulatory discontinuities which have led to uncertainty in the framework supporting the initiatives.

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. "levelised 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 extremely 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 line with the foregoing, the PLC Group is always committed to expanding its project pipeline, paying attention to both "greenfield" and "brownfield" initiatives.

## 2.4 ANALYSIS OF THE GROUP'S ECONOMIC, EQUITY AND FINANCIAL RESULTS AS OF 30 JUNE 2021

### RECLASSIFIED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| RECLASSIFIED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (thousands of Euro) | 01.01.2021 30.06.2021 | 01.01.2020 30.06.2020 |
|---|---|---|
| Core business revenues | 27.360 | 21.811 |
| Other operating revenues | 4.514 | 2.610 |
| Total revenues | 31.874 | 24.421 |
| Operating costs | (26.103) | (22.271) |
| Other operating expenses | (2.325) | (1.014) |
| GROSS OPERATING MARGIN (EBITDA) | 3.446 | 1.136 |
| *EBITDA %* | *11%* | *5%* |
| Depreciations, amortisations and impairment losses | (1.381) | (1.345) |
| OPERATING RESULT (EBIT) | 2.065 | (209) |
| Net financial income (expenses) | (292) | (503) |
| Profit (loss) from equity investments | 1 | (49) |
| Income taxes | (441) | 348 |
| Profit (loss) for the period from continuing operations | 1.333 | (413) |
| Profit (loss) for the period from discontinued operations | - | - |
| PROFIT (LOSS) FOR THE PERIOD | 1.333 | (413) |
| Total other components of comprehensive income | 218 | 20 |
| TOTAL COMPREHENSIVE INCOME | 1.551 | (393) |

In the first half of 2021, the PLC Group recorded total revenues of Euro 31,874 thousand (up by 30.5% compared to the same period of the previous year) with an EBITDA of Euro 3,446 thousand (equal to 11%).

The half-yearly results show, as expected, a significant recovery in the Construction Segment, with particular reference to the traditional renewable sources sector, driven by the incentive mechanisms of the FER 1 Decree and the objectives of the Green Deal; this is perfectly in line with the PLC Group's strategic vision, which aims to put its great technological skills at the service of the important investment season planned for the next three years, with the aim of maximising the income returns that will depend on more accelerated growth in the Services Segment.

The comparative data as at 30 June 2020 were affected, albeit to a limited extent overall, by the negative effects of Covid-19 particularly 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 | 01.01.2021 30.06.2021 |
|---|---|---|---|---|---|---|
| Core business revenues | 10.944 | 15.419 | - | 997 | - | 27.360 |
| Other operating revenues | 4.129 | 385 | - | - | - | 4.514 |
| Total revenues | 15.073 | 15.804 | - | 997 | - | 31.874 |
| Operating costs | (10.578) | (12.899) | (1.644) | (982) | - | (26.103) |
| Other operating expenses | (263) | (2.026) | (36) | - | - | (2.325) |
| GROSS OPERATING MARGIN (EBITDA) | 4.232 | 879 | (1.680) | 15 | - | 3.446 |
| *EBITDA %* | *28%* | *6%* | *n.a.* | *2%* | | *11%* |

The data are shown net of intergroup balances

| 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 expenses | (234) | (735) | (45) | - | - | (1.014) |
| GROSS OPERATING MARGIN (EBITDA) | 577 | 1.933 | (1.418) | 44 | - | 1.136 |
| *EBITDA %* | 10% | 10% | n.a. | 15% | | 5% |

The data are shown net of intergroup balances

## Construction Segment

| RECLASSIFIED STATEMENT OF COMPREHENSIVE INCOME (thousands of Euro) | 01.01.2021 30.06.2021 | 01.01.2020 30.06.2020 |
|---|---|---|
| Core business revenues | 10.944 | 3.065 |
| Other operating revenues | 4.129 | 2.475 |
| Total revenues | 15.073 | 5.540 |
| Operating costs | (10.578) | (4.729) |
| Other operating expenses | (263) | (234) |
| GROSS OPERATING MARGIN (EBITDA) | 4.232 | 577 |
| *EBITDA %* | *28%* | *10%* |

The data are shown net of intergroup balances

As mentioned, in the first half of 2021, the Construction Segment recorded significantly positive results, in line with the forecasts of a strong recovery in investments, driven by the incentive mechanisms of the FER 1 Decree and the objectives of the Green Deal; furthermore, the comparative data as at 30 June 2020 were strongly impacted by the lockdown period and the consequent closure of construction sites.

| RECLASSIFIED STATEMENT OF COMPREHENSIVE INCOME (thousands of Euro) | PLC System S.r.l. (*) | Schmack Biogas S.r.l. | 01.01.2021 30.06.2021 |
|---|---|---|---|
| Core business revenues | 8.980 | 1.964 | 10.944 |
| Other operating revenues | 4.072 | 57 | 4.129 |
| Total revenues | 13.052 | 2.021 | 15.073 |
| Operating costs | (8.159) | (2.419) | (10.578) |
| Other operating expenses | (174) | (89) | (263) |
| GROSS OPERATING MARGIN (EBITDA) | 4.719 | (487) | 4.232 |
| *EBITDA %* | *36%* | *n.a.* | *28%* |

(*) PLC System S.r.l. together with its subsidiaries

| RECLASSIFIED STATEMENT OF COMPREHENSIVE INCOME (thousands of Euro) | PLC System S.r.l. (*) | Schmack Biogas S.r.l. | 01.01.2020 30.06.2020 |
|---|---|---|---|
| **Core business revenues** | **2.540** | **525** | **3.065** |
| Other operating revenues | 2.259 | 216 | 2.475 |
| **Total revenues** | **4.799** | **741** | **5.540** |
| Operating costs | (3.628) | (1.101) | (4.729) |
| Other operating expenses | (144) | (90) | (234) |
| **GROSS OPERATING MARGIN (EBITDA)** | **1.027** | **(450)** | **577** |
| *EBITDA %* | *21%* | *n.a.* | *10%* |

(*) PLC System S.r.l. together with its subsidiaries

The Construction Segment includes: (i) the activities carried out in the sectors of traditional renewable sources, with revenues for Euro 13,052 thousand (equal to 86.5%) - of which Euro 3,797 thousand relating to the capital gain generated by the sale of the SPV C&C Tre Energy S.r.l. - with a margin of Euro 4,719 thousand and (ii) activities in the biogas sector, with revenues of Euro 2,021 thousand and a negative margin of approx. Euro 487 thousand.

The biogas sector was more significantly affected by the effects of Covid-19 which led, in 2020, to the slowdown of numerous ongoing negotiations; during the first half of 2021, two important contracts were finalised for the construction of a biomethane plant in the Municipality of Marsala (TP) and a biogas plant in Belgium which, together with other minor projects, should allow the return to a positive margin by the end of the year. However, please note that there is a great deal of turmoil in the market both with reference to the Italian and European economic fabric.

## Services Segment

| RECLASSIFIED STATEMENT OF COMPREHENSIVE INCOME (thousands of Euro) | 01.01.2021 30.06.2021 | 01.01.2020 30.06.2020 |
|---|---|---|
| Core business revenues | 15.419 | 18.488 |
| Other operating revenues | 385 | 93 |
| **Total revenues** | **15.804** | **18.581** |
| Operating costs | (12.899) | (15.913) |
| Other operating expenses | (2.026) | (735) |
| **GROSS OPERATING MARGIN (EBITDA)** | **879** | **1.933** |
| *EBITDA %* | *6%* | *10%* |

The data are shown net of intergroup balances

The Services Segment generated revenues of Euro 15,804 thousand with a margin of Euro 879 thousand (equal to 6%) in the first half of 2021.

The decrease in revenues, compared to the comparative figure, is due on the one hand from the different mix of services provided in Italy, favouring those with higher margins, and on the other hand from the slowdown in E&I activities partly due to the lengthening of the procurement process by some customers with consequent postponement of the installation services provided by the Monsson Operation Perimeter, and partly to the completion of the necessary and expected training required to expand the customer portfolio.

The other operating costs also include the provision of Euro 1,300 thousand made against a customer's request for compensation for damages deriving from delays, with a direct impact on the profitability of the Segment.

| RECLASSIFIED STATEMENT OF COMPREHENSIVE INCOME (thousands of Euro) | PLC Service / PLC Service Wind | Schmack | Monsson Operation Perimeter | 01.01.2021 30.06.2021 |
|---|---|---|---|---|
| Core business revenues | 7.335 | 1.882 | 6.202 | 15.419 |
| Other operating revenues | 248 | 8 | 129 | 385 |
| Total revenues | 7.583 | 1.890 | 6.331 | 15.804 |
| Operating costs | (5.511) | (1.580) | (5.808) | (12.899) |
| Other operating expenses | (349) | (88) | (1.589) | (2.026) |
| GROSS OPERATING MARGIN (EBITDA) | 1.723 | 222 | (1.066) | 879 |
| *EBITDA %* | *23%* | *12%* | *n.a.* | *6%* |

| RECLASSIFIED STATEMENT OF COMPREHENSIVE INCOME (thousands of Euro) | PLC Service / PLC Service Wind | Schmack | Monsson Operation Perimeter | 01.01.2020 30.06.2020 |
|---|---|---|---|---|
| Core business revenues | 8.300 | 2.800 | 7.388 | 18.488 |
| Other operating revenues | 19 | 17 | 57 | 93 |
| Total revenues | 8.319 | 2.817 | 7.445 | 18.581 |
| Operating costs | (6.298) | (2.551) | (7.064) | (15.913) |
| Other operating expenses | (416) | (90) | (229) | (735) |
| GROSS OPERATING MARGIN (EBITDA) | 1.605 | 176 | 152 | 1.933 |
| *EBITDA %* | *19%* | *6%* | *2%* | *10%* |

The Services Segment includes (i) the activities carried out in Italy in the traditional renewable sources sectors through the subsidiaries PLC Service S.r.l. and PLC Service Wind S.r.l., (ii) the activities carried out in the biogas and biomethane sector by the subsidiary Schmack Biogas S.r.l. and (iii) the activities carried out in foreign markets through the companies belonging to the Monsson Operation Perimeter.

Activities in the renewable sources sector in Italy generated revenues of Euro 7,583 thousand with a margin of Euro 1,723 thousand (equal to 23%); compared to the comparative period there was a decrease in revenues equal to 8.8% but an increase in the average margin, which went from 19% to 23%, deriving from the greater incidence of BOP (Balance of Plant) services which have a higher margin than those in the photovoltaic sector and in line with the PLC Group's vision of limiting its work to low-tech activities.

In the face of revenues down by 33%, even the activities in the biogas and biomethane sector recorded a significant increase in the average margin, which went from 6% to 12%, resulting also in this case, from a different mix in the services provided, favouring those with higher margins.

The Monsson Operation Perimeter recorded revenues of Euro 6,331 thousand (-15% compared to the comparative figure) with a negative margin of Euro 1,066 thousand which was negatively affected by the decline in E&I services in addition to the aforementioned provision.

## Trading Segment

| RECLASSIFIED STATEMENT OF COMPREHENSIVE INCOME (thousands of Euro) | 01.01.2021 30.06.2021 | 01.01.2020 30.06.2020 |
|---|---|---|
| Core business revenues | 997 | 258 |
| Other operating revenues | - | 42 |
| Total revenues | 997 | 300 |
| Operating costs | (982) | (256) |
| Other operating expenses | - | - |
| GROSS OPERATING MARGIN (EBITDA) | 15 | 44 |
| *EBITDA %* | *2%* | *15%* |

The data are shown net of intergroup balances

The Trading Segment includes the dispatching activities carried out by the subsidiary MSD Service S.r.l.

The PLC Group does not intend, at present, to further develop its activities with regard to volumes in this segment which will continue to have a marginal role also during the second half of 2021.

## Holding Segment

| RECLASSIFIED STATEMENT OF COMPREHENSIVE INCOME (thousands of Euro) | 01.01.2021 30.06.2021 | 01.01.2020 30.06.2020 |
|---|---|---|
| Core business revenues | - | - |
| Other operating revenues | - | - |
| Total revenues | - | - |
| Operating costs | (1.644) | (1.373) |
| Other operating expenses | (36) | (45) |
| GROSS OPERATING MARGIN (EBITDA) | (1.680) | (1.418) |
| *EBITDA %* | *n.a.* | *n.a.* |

The data are shown net of intergroup balances

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.

The increase in costs compared to the same period of the previous year partly relates to reinforcing the staff functions and partly to the integration of the Chairman of the Board of Directors' salary[5].

[5]Refer to the report on the remuneration policy and the fees paid pursuant to Article 123-ter of Legislative Decree 58/1998, as amended by Legislative Decree 49/2019 and art. 84-quater of the Regulation adopted by Consob with resolution no. 11971/1999, approved by the Shareholders' Meeting of 30 April 2021

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (thousands of Euro) | Notes | 30.06.2021 | 31.12.2020 |
|---|---|---|---|
| Net tangible assets | A | 8.122 | 8.889 |
| Net intangible assets | B, C | 12.674 | 13.358 |
| Equity investments | D, E | 40 | 18 |
| Other non-current assets | F, G, H | 2.606 | 2.791 |
| Fixed assets | | 23.442 | 25.056 |
| Net working capital | I, J, K, L, M, P, Q, R, S ,T | 3.302 | 3.997 |
| Non-current assets held for sale / disposal | | - | - |
| NET INVESTED CAPITAL | | 26.744 | 29.053 |
| Net financial position | O | (366) | (4.220) |
| Net financial position relating to assets and liabilities held for sale / disposal | | - | - |
| NET FINANCIAL POSITION | O | (366) | (4.220) |
| SHAREHOLDERS' EQUITY | N | 26.378 | 24.833 |

The consolidated statement of financial position at 30 June 2021 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 working capital at 30 June 2021 amounted to Euro 26,744 thousand compared to Euro 29,053 thousand at 31 December 2020. The negative change of Euro 2,309 thousand derives from:

- the reduction in fixed assets of Euro 1,614 thousand mainly due to the sale of the vehicle C&C Tre Energy S.r.l. and the negative net balance between new investments and depreciation for the period;
- the negative change in net working capital by Euro 695 thousand.

CONSOLIDATED NET FINANCIAL POSITION

| CONSOLIDATED NET FINANCIAL POSITION (thousands of Euro) | 30.06.2021 | 31.12.2020 (**) |
|---|---|---|
| Cash and cash equivalents (*) | 13,970 | 10,198 |
| Current financial payables | (3,845) | (4,647) |
| Non-current financial payables | (9,529) | (8,683) |
| Net financial position before IFRS 16 | 596 | (3,132) |
| Financial liabilities IFRS 16 | (962) | (1,088) |
| NET FINANCIAL POSITION | (366) | (4,220) |

(*) of which Euro 0 thousand restricted at 30 June 2021 (Euro 82 thousand at 31 December 2020)

(**) The data as at 31 December 2020 have been restated due to the effect of comparability, according to the new provisions set out in Consob document 5/21 of 29 April 2021 which acknowledges the ESMA guidelines; the negative effect of Euro 107 thousand, compared to the original figure, derives from the exclusion of current financial receivables

The net financial position of the PLC Group at 30 June 2021 was negative for Euro 366 thousand (positive for Euro 596 thousand net of financial payables recognised in application of IFRS 16) and recorded a positive change of Euro 3,854 thousand. The NFP/EBITDA ratio at 30 June 2021 amounted to 0.1 (1.21 at 31 December 2020). The value of the net financial position benefits from the partial collection of the sale price of C&C Tre Energy S.r.l. for Euro 4,559 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 positive trend of the net financial position, which in the last two years has recorded an improvement of more than Euro 7.5 million (net financial position at 31 December 2019 negative for Euro 7,996 thousand), is a sign of the solidity and profitability of the Group's business and its cash generation capacity, as well as its capital strength that can be used for growth in line with the objectives of the Business Plan.

The total amount of financial liabilities is substantially in line with the figure as at 31 December 2020; in the face of the new disbursements obtained, the amortisation of existing loans was recovered, as a consequence of the expiry of the moratoriums obtained in 2020 pursuant to the Liquidity Decree.

The new disbursements, equal to approx. Euro 1,180 thousand, mainly relate to (i) the consolidation of the exposure with BPER Banca S.p.A. with the disbursement of a new loan for Euro 475 thousand, (ii) the loan taken out with Banca Nazionale del Lavoro S.p.A. for Euro 320 thousand in relation to the investment for the construction of the photovoltaic roof to be installed on the warehouse owned by PLC Service S.r.l. and (iii) the subsidised loan received in relation to the PON Project for Euro 252 thousand.

## 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 2021 as per Consob request no. 0294634.

| NET FINANCIAL POSITION (thousands of Euro) | 30.06.2021 | 31.12.2020 (*) |
|---|---|---|
| Liquidity | 1,371 | 1,110 |
| Current financial payables | (3,042) | (2,575) |
| Non-current financial payables | (5,296) | (6,789) |
| **Net financial position before IFRS 16** | **(6,967)** | **(8,254)** |
| Financial liabilities IFRS 16 | (33) | (42) |
| **NET FINANCIAL POSITION** | **(7,000)** | **(8,296)** |

(*) The data as at 31 December 2020 have been restated due to the effect of comparability, according to the new provisions set out in Consob document 5/21 of 29 April 2021 which acknowledges the ESMA guidelines; the negative effect of Euro 12 thousand, compared to the original figure, derives from the exclusion of current financial receivables

## 2.5 RESEARCH AND DEVELOPMENT ACTIVITIES

The PLC Group has always been involved in research and development activities focused on improving the quality of the service offered to its customers and optimising its organisation with regard to "Industry 4.0".
During the first half of 2021, the "PON MISE M4.0" project presented to the Ministry of Economic Development (MISE) by the subsidiary PLC Service S.r.l. got started.
The new Special Projects division, created at the end of 2020, has been enhanced with new senior and junior resources, with the aim of guiding the PLC Group in the industrial revolution process that will substantially change the way each of us works, project the company towards an internalised management of specialist know-how, giving value to expert staff and training technicians in the use of technologies in step with industry 4.0, to react quickly to the technological change in progress.
The use of technologies such as Augmented Reality (AR), Virtual Reality (VR), Artificial Intelligence (AI), and Machine Learning, will allow the creation of an integrated system aimed at optimising the core business of the PLC Group. The ultimate goal is to further improve the quality and professionalism of the service provided to customers, with a strategy aimed at increasing the volume of business relating to "full service" contracts.
Since January 2021, the division has started an intense "brainstorming" during which the conditions for the future organisation chart will be laid down. When fully operational, the structure will have to integrate the Research & Development, the Control Centre and the Training Centre departments. It will also have the objective of absorbing new future projects aimed at the improvement and economic/managerial development of the entire PLC group.
Interdepartmental collaboration with the divisions concerned (PV, BoP, Wind, Management Control, IT, Remote Control, etc.) will be fundamental to help the "New Projects" function in guiding the very delicate phases of Change Management and Knowledge Management.

*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. launched a research and development programme in the field of "Industry 4.0", with the aim of implementing innovative technological solutions in the O&M services of plants for the production of electricity from renewable sources (RES), the company's core business.
This path towards the optimisation of the services offered to customers is based on the use of Information and Communication Technologies (ICT), with particular focus on the use of Augmented Reality (AR), of Artificial Intelligence (AI) and of the Industrial Internet of Things (IIoT).
At the beginning of 2019 PLC Service S.r.l., in association with Laboratorio di Ricerca Labor S.r.l., presented 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 and maintenance of RES plants.

This project mainly includes the steps outlined by the following activities:

- Application scenario definition
- Analysis and definition of the project requirements
- Analysis of the state of the art in the reference sectors and selection of technologies
- System architecture development
- Development and implementation of solutions based on the use of artificial intelligence
- Field test to verify / review the solutions developed

On 1 September 2019, after confirming the project's eligibility, the first activities of the OR1 (Realisation of Objectives belonging to the first of the three activity clusters) were launched relating to the analysis and definition of the requirements. Confirmation of admission to the subsidies then arrived with the transmission of the concession decree no. 0002655 of 15 July 2020.

The provision of the Ministry of Economic Development ("MISE") therefore confirmed an overall project cost of Euro 2,018 thousand against which it recognised a subsidised loan of Euro 404 thousand (of which Euro 280 thousand attributable 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 in the first half of 2020 suffered a sharp slowdown; it was therefore decided to adhere to the possibility offered by the MISE to obtain a partial suspension of activities from 1 March 2020 to 31 July 2020. Subsequently, on 14 December 2020, an extension of 7 months was requested and obtained (on 22 December 2020) with the extension of the project duration from 24 to 31 months with project end date 31 August 2022.

Since the start of the project to 30 June 2021, the completed research activities are:

- analysis of the current scenario - type of systems, Control Room, failure cases and intervention procedures;
- definition of the future scenario - identification of the 'core' model integrated with IOT, AI, AR technology;
- definition of requirements (functional and otherwise) in the AR/IOT/AI environment;
- AR platform customisation start for the foreseen applications;
- experimentation, scouting and selection of innovative technologies;

as well as the following development activities:

- analysis of development platforms and hardware for AR;
- analysis of IoT solutions to be integrated into the system;
- analysis of development platforms for the AI model;
- field tests on the use of AR devices for assisted video calling.

Starting from this scenario, the Special Projects division has launched a series of supplementary projects to optimise O&M processes, reduce operating costs and maximise margins for which it is expected to be able to access subsidised loans, such as the "Training Bonus 4.0" and facilitating measures such as the tax credit for investments in southern Italy.

In particular, the following should be noted:

- the creation of a Control Centre, that is a highly skilled technological centre where the specialised know-how will be centralised to support all the PLC Group’s departments. When fully operational, activities relating to advanced monitoring systems, engineering at the service of the “service and operation” world, technical assistance in AR and R&D on potential future scenarios will be managed;
- the implementation of an advanced Control Room (SCADA 4.0) for the optimised management of plants and remote control resources; a Work Force Management (WFM) tool will be introduced that will allow organisational performance to be increased strategically including human resource management, performance and training management, data collection, budgeting and forecasting, planning and analyses;
- the planned start-up of a project aimed at creating a training centre (PLC Academy), a technical training centre that will have to project the company towards an internalised management of specialist know-how, enhance the expert staff and train the technicians to use technologies in step with Industry 4.0. In a second phase, we will also evaluate the possibility of 'selling' this training service to third parties.

It is believed that these closely interconnected projects can significantly contribute to the development of the Services Segment, bearing witness to the company's vision of positioning itself on the market as an Independent Service Provider (ISP).

At 30 June 2021 the development costs incurred amounted to Euro 239 thousand, fully capitalised.

It should also be noted that in May 2021 the first tranche of the subsidised loan was collected from Medio Credito Centrale, for Euro 252 thousand.

## 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 TREASURY SHARES

At 30 June 2021, PLC S.p.A. did not hold any of its treasury shares nor did it acquire or dispose of them during the year.

## 2.8 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.

On 28 June 2021,the Board of Directors of PLC S.p.A. approved with the favourable opinion of the Related Parties Committee, the new Procedure for Transactions with Related Parties in order to adapt it to the provisions of Consob Regulation no. 17221 of 12 March 2010, as most recently amended by Consob Resolution no. 21624 of 2020, in addition to making formal and substantial changes aimed at improving the application of the related regulation; the new Procedure for Transactions with Related Parties 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.

## 2.9 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 (i) the regulations relating to authorisation processes for the localisation and installation of renewable energy generation plants and (ii) that relative to 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.

In 1997, with the signing of the Kyoto Protocol of the Climate Change Convention, the European Union, for the first time, developed an energy strategy aimed at encouraging the use of renewable energy sources and 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. Subsequent EU directives have set increasingly challenging objectives, aimed at increasing the share of energy produced from renewable sources, reducing energy consumption by increasing energy efficiency and reducing net greenhouse gas emissions, starting what is today the "phasing out" process from traditional forms of electricity.

Among the most recent provisions issued by the European Union is EU Directive 2018/2001 (so-called RED II) which set a binding target of 32% for renewable sources by 2030 and Regulation on the governance of the Energy Union and Climate Action (EU 2018/1999) under which, each member state has prepared its own Integrated National Energy and Climate Plan (INECP) containing detailed indications relating to the policy tools to be implemented in order to achieve the community targets by 2030.

Lastly, in December 2019, the increased awareness of the enormous threat posed by climate change and environmental degradation led the European Union to adopt a new strategy for growth (so-called Green Deal) with the aim of achieving climate neutrality in 2050 through:

- investments in environmentally friendly technologies;
- support for industry in innovation;
- the introduction of cleaner, cheaper and healthier forms of private and public transport;
- decarbonising the energy sector;
- a greater energy efficiency of buildings;
- collaborating with international partners to improve global environmental standards.

In this context, in 2020 the European Commission launched a consultation process for the revision of the Directives on renewable energy and energy efficiency, in order to assess the introduction of more ambitious climate objectives for 2030, including the definition of the new target for the reduction of greenhouse gas emissions from 40 to 55% and an increase from 32 to 40% of the share of renewable energies.

*<u>Significant regulatory and institutional updates during the half year</u>*

- *European Union - Funds for post-pandemic recovery: Next Generation EU*

As part of the review process of the Community Directives launched in 2020, the European Union has set up an extraordinary fund - called Next Generation EU (NGEU) - in response to the epidemiological emergency from Covid-19 and whose use is subject exclusively for investments aimed at the Green Deal and digitization. To access the funds, the Member States presented their National Recovery and Resilience Plans (NRRP) highlighting the projects functional to the Green Deal and in line with the INECPs already presented to the European Commission. In June 2021, the European Commission positively assessed most of the plans presented, including the Italian one.

- *Italy - Recovery and Resilience Plan (NRRP)*

In June 2021, the European Commission approved the Recovery and Resilience Plan (NRRP) presented by Italy for access to financial resources allocated through the Next Generation EU fund. Within the NRRP, the Italian government has included a set of projects that aim to strengthen the growth of the country by encouraging investments in digitization, innovation, competitiveness, training and research, and ensuring the speed of execution of projects through a simplification of tools. The NRRP, with which the Italian Government requested the maximum amount of resources due equal to Euro 191.5 billion, is fully coherent with the props of the Next Generation EU in terms of quotas foreseen for green (37%) and digital investments (20%).

- *Italy - Simplification Decree 2021 (Legislative Decree no. 77/2021)*

In May 2021, the Simplification Decree was approved containing the governance of the National Recovery and Resilience Plan and the first measures to strengthen administrative structures and streamline procedures. Among the main provisions relating to the renewable sources sector, there are (i) the establishment of a "INECP - NRRP" Commission with the task of evaluating projects considered substantial for the execution of the plans, including the electricity generation plants powered from wind and solar sources, both "greenfield" and repowering, (ii) the reduction of the timing of the authorisation procedures for projects connected to the INECP-NRRP, (iii) the definition of cases in which the revamping and repowering interventions of existing photovoltaic, hydroelectric and wind power plants can be considered "insubstantial" and therefore can be authorised through the simplified authorisation procedure (PAS).

<u>*The incentive framework in Italy*</u>

The incentive for electricity production from renewable sources consists of various mechanisms that are applied in relation to (i) the date of entry into operation of the plant, (ii) the type of renewable source and (iii) the power of the plant.

The mechanisms currently in force and pertaining to the Group's business can be identified with:

- incentive tariffs (formerly Green Certificates) for renewable plants with the exception of the solar source;
- the Feed-in tariff for solar photovoltaic systems;
- the incentive referred to in the FER 1 Decree for both photovoltaic and onshore wind plants
- the CIC - Certificates of Release for Consumption

- *Incentive tariffs (formerly Green Certificates)*

As envisaged by the Ministerial Decree of 6 July 2012, the mechanism of Green Certificates from 2016 has been replaced by a new form of incentive which guarantees, on the net production of energy, the payment of a tariff by the GSE in addition to the revenues deriving from the added value of the power. To be allocated the incentive, auction mechanisms were defined for the construction of RES plants with a power greater than 5MW and registration mechanisms for power plants below 5MW.

Annually, the Regulatory Authority for Energy, Networks and the Environment (ARERA) determines the average value of the electricity sale price for the purpose of quantifying the value of the replacement incentives for Green Certificates (value of the incentive for 2021 is equal to Euro 109.36/MWh).

- *the Feed-in tariff for solar photovoltaic systems*

The Feed-in tariff is the incentive tool for photovoltaic plants in force in Italy from 2005 to 2013 through five different programmes, each outdoing, updating or redefining the previous one. The fifth Feed-in tariff ended on 6 July 2012 without a new incentive plan being issued on the energy produced, but replaced by tax relief on the cost of the plant.

- *Incentives pursuant to the FER 1 Decree (Ministerial Decree of 4 July 2019)*

The Ministerial Decree of 4 July 2019 - widely known as the FER 1 Decree - is the tool that supports the production of energy from renewable sources in achieving the European 2030 targets defined in the INECP. The Decree provides for incentives through auction mechanisms 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 from 30 September 2019 to 30 October 2021. The incentive is calculated as a "Two-way Contract for Difference", generating the indifference of the market price with respect to a price level determined as a result of the auction or register procedures. 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 Italian government is currently evaluating whether to extend to 2026 the incentive mechanism provided for by the FER 1 Decree.

The sixth auction procedure closed on 30 June 2021, the ranking of which was published on 28 September 2021; the assigned power quota (relating to Group A which includes newly built, fully reconstructed, reactivated or upgraded “on-shore” wind turbines and newly built photovoltaic plants) was for 595 MW, against an assignable quota of 2,308 MW.

Establishment, by the "Draghi" government, of the new Ministry for Ecological Transition is a clear signal of the will of the Italian government to accelerate the process of profound and radical transformation of the productive energy fabric increasingly in favour of renewable sources and biofuels. In this regard, Minister

Cingolani has already proposed extending the RES auctions to 2030 and the subsidies for biomethane (so-called CIC) to 2028, gathering the right attention and consensus from all political forces and public opinion.

- *CIC - Certificates of Release for Consumption*

The Certificates of Release for Consumption are the incentive tool for advanced biomethane production plants that come into operation by 31 December 2022. The incentive system provides for (i) the recognition of a fixed value of Euro 375 for each CIC recognised for 10 years; subsequently, the right remains to just issue the CICs that can be sold to other operators and (ii) the withdrawal by the GSE, even for 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 made independently.

*Notes on the regulatory and incentive framework in Europe*

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 (INECP) 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 authorisation 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 on 30 April 2021, the PLC Group, even though it was not subject to the mandatory drafting of the “Consolidated non-financial statement” required by articles no. 3 and 4 of Legislative Decree no. 254/2016, published the first Consolidated Sustainability Report at 31 December 2020, following the best international reporting standards, defined by the Global Reporting Initiative (GRI). In fact, the PLC Group aware of the importance of the Sustainable Development Goals of the 2030 Agenda (SDGs), and considering the role it intends to play in the epochal challenge towards the energy transition given its positioning in the renewable energy supply chain, wanted to communicate to its stakeholders the future objectives in the economic, environmental and social spheres and how they tangibly reverberate on its business and governance model, with the aim of communicating the real value created by the entire organisation and the impact on all stakeholders.

*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.

At present, the PLC Group has not been exposed to an increase in financial risks due to the Covid-19 pandemic, even if, given the persistence of a longer-term situation of uncertainty, linked both to the evolution of pandemic scenarios in the various regions, both at the risk of an uneven economic recovery, a potential worsening of financial stress scenarios, deriving from a deterioration of liquidity in general, delays in payments by customers, and a slowdown in operating activities cannot be excluded on projects with delays in the relative invoicing to customers.

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

*Legal Risks*

*Active litigation*

Following a complication encountered in the construction phase of 2 of the wind farms completed in 2019, the subsidiary PLC System S.r.l. is currently involved in active litigation as it has had to intervene as a contractor to solve the consequent problems, bearing the relative cost in order not to create greater damage to the customers. Following the onset of the aforementioned problems, the respective customer companies presented, each for itself, a report of the accident to the insurance company, with its consequent opening of two independent files under the "erection all risk" policy; however, the insurance company denied claims coverage for both positions.

Not sharing the position of the insurance company, PLC System S.r.l., as the insured, resorted to arbitration, which was subsequently concluded with the rejection of all claims.

Subsequently PLC System S.r.l. assessed the advisability of taking an ordinary civil case against the insurance company, challenging the arbitration award. Apart from this judgement PLC System S.r.l. also considered taking action against the director of works, as it was he who endorsed the correct execution of each foundation, putting his stamp and signature in the space reserved for "Casting approval" on the report "assembly of foundation plinth and cast concrete". Among other things, after the casting, the director of works also authorised the "wind generator assembly", erroneously confirming that the concrete casting had been made in accordance with the project.

The value of the dispute against the insurance company is approx. Euro 740 thousand, while the value of the dispute against the director of works is approx. Euro 940 thousand (including also Euro 200 thousand relating to the non-recognition of the acceleration fee).

The insurance company’s assessment is in its preliminary phase, while the dispute against the director of works is still in the introductory phase.

*Passive litigation*

In April 2019, the subsidiary PLC System S.r.l. finalised the sale of the equity investments held in Tolve Windfarms Holding S.r.l. ("TWH") in favour of ACE Renewable Holding S.A. ("ACE" or "the buyer").

Complaining of the violation of the declarations and guarantees of the investment agreement signed between the aforementioned parties in 2017, and in particular the undue payment of a sum by way of the final price for the purchase of the shares of TWH, ACE has summoned PLC System S.r.l. before the court.

In particular, the buyer complains about the alleged lack of information on the part of the seller regarding the costs arising from the contract between C&C Lucania S.r.l. and the vehicle companies Serra Energie S.r.l., C&C Tolve S.r.l. and Wind Park Forleto Nuovo 2 S.r.l. (whose stake was held by TWH) for the construction and common use of a substation that was supposed to connect the wind farms under construction to a 150/30 KV power station, located on the Genzano Tricarico line.

ACE's compensation request amounts to a total of Euro 150 thousand (of which Euro 135 thousand relating to PLC System S.r.l.), plus interest from the date of the request to when it is paid. In appearing in court, PLC

System S.r.l. requested the rejection of all the claims by ACE, as unfounded in fact and in law, deducing in particular that (i) PLC System S.r.l. has made available to ACE all the necessary documentation so that the price was correctly determined according to the contractual provisions and (ii) ACE could not be unaware of the data, also considering their installation in the management.

The parties, also following an invitation from the judge, started a dialogue aimed at settling the dispute, also in consideration of other relationships between the two corporate groups to which they belong. To date, changes the estimates made are not being contemplated.

The next hearing is set for 2 November in order to verify the status of the negotiations still pending.

*Potential liabilities*

Following the conclusion of two E&I projects, Monsson Operation Gmbh and Monsson Operation S.r.l. received a request from the customer for compensation for damages mainly deriving from delays, for which an allocation to risk provisions was made based on information available to date. The PLC Group took action to verify the case and the possible co-responsibility of some subcontractors.

## 2.10 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 2021 the Group did not receive grants disbursed by public administrations.

It should be noted that as part of the PON Project, in May 2021 PLC Service S.r.l. collected the first tranche of the subsidised loan for Euro 252 thousand from Medio Credito Centrale (for further details, see paragraph 2.5 "Research and Development").

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

### 2.11.1 OVERDUE ACCOUNTS PAYABLE

*Consolidated overdue accounts payable as at 30 June 2021*

Trade payables

At 30 June 2021 there are no overdue commercial payables with the exception of the disputed positions for Euro 542 thousand and those subject to preliminary notification, still being assessed, amounting to Euro 2,612 thousand.

Tax, social security and employee payables

At 30 June 2021, there were no tax, social security and employee payables overdue.

Financial payables

At 30 June 2021 there were no overdue financial payables.

*PLC S.p.A.'s accounts payable as at 31 December 2020*

Trade payables

At 30 June 2021 there were no overdue trade payables.

Tax, social security and employee payables

At 30 June 2021, there were no tax, social security and employee payables overdue.

Financial payables

At 30 June 2021 there were no overdue financial payables.

### 2.11.2 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 2020) both the covenants have been complied with.

*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 2020) both the covenants have been complied with.

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

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

In March 2021, the PLC Group presented the 2021-2024 Business Plan to the Financial Community whose guidelines, it should be remembered, are consistent with the medium-term industrial strategy, and provide for the evolution of the business model towards the transformation of the PLC Group into an international Integrated Service Provider (ISP).

In particular, the Plan provides for significant organic growth up to 2023, supported by significant corporate know-how and the great opportunities offered by the incentive tools of economic policy (green economy) in the Construction Segment, with the contribution of incremental financial resources to be allocated to the Services Segment.

When approving the half-yearly financial report, the Board of Directors also checked the state of implementation of the Business Plan for the 2021 financial year, taking as reference the results as at 30 June 2021 with respect to the forecasts, and the business performance forecasts for the remaining part of the year. Overall, the half year results appear to be in line with forecasts. The Construction Segment, driven by the incentive mechanisms of the FER 1 Decree and the objectives of the Green Deal, recorded a strong recovery due to the start of the several backlog orders both in the traditional renewable sources sector and biogas and biomethane. Even the Services Segment, within its O&M component, continued its positive trend, with results exceeding expectations and confirming the linearity of the annual growth curve; on the other hand, as mentioned, there was a sharp slowdown in E&I activities, partly due to the lengthening of the procurement process of some customers with consequent postponement of installation services, and partly due to the completion of the necessary and expected training required to expand the customer portfolio to new technologies.

In this context, the outlook for 2021 is considered, at the moment, to be confirmed overall, expecting results above expectations for the Construction Segment and for the Services Segment in the O&M component which compensate for the reduction in E&I activities.

Possible impacts of a possible flare-up of Covid-19 cannot however be excluded, with effects that are currently unpredictable and which could cause further and possible deterioration of the business.

## 2.12 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 Virtuali Abilitate” 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.

# 3 CONSOLIDATED FINANCIAL STATEMENTS

## 3.1 CONSOLIDATED FINANCIAL STATEMENTS

### 3.1.1 STATEMENT OF FINANCIAL POSITION

| STATEMENT OF FINANCIAL POSITION (thousands of Euro) | Notes | 30.06.2021 | *of which from related parties* | 31.12.2020 | *of which from related parties* |
|---|---|---|---|---|---|
| **Non-current assets** | | | | | |
| Tangible assets | A | 8.122 | - | 8.889 | - |
| Goodwill | B | 8.190 | - | 8.190 | - |
| Intangible assets | C | 4.485 | - | 5.168 | - |
| Equity investments in associates | D | 27 | - | 6 | - |
| Equity investments in other companies | E | 12 | - | 12 | - |
| Deferred tax assets | F | 656 | - | 853 | - |
| Non current receivables and other non-current assets | G | 1.943 | *209* | 1.938 | *103* |
| Other non-current financial assets | | - | - | - | - |
| Non-current derivative instruments | H | 7 | - | - | - |
| **Total non-current assets** | | **23.442** | | **25.056** | |
| **Current assets** | | | | | |
| Inventories | I | 4.749 | - | 4.339 | - |
| Contractual assets | I | 2.950 | - | 6.045 | - |
| Trade receivables | J | 25.509 | *115* | 22.162 | *58* |
| Financial receivables | K | 107 | *18* | 107 | *5* |
| Other receivables | L | 2.435 | *28* | 3.124 | *11* |
| Cash and cash equivalents | O | 13.970 | - | 10.198 | - |
| Other current financial assets | M | 138 | - | 158 | - |
| Current derivative instruments | | - | - | - | - |
| **Total current assets** | | **49.858** | | **46.133** | |
| **Non-current assets held for sale / disposal** | | - | - | - | - |
| **TOTAL ASSETS** | | **73.300** | | **71.189** | |

| STATEMENT OF FINANCIAL POSITION (thousands of Euro) | Notes | 30.06.2021 | *of which from related parties* | 31.12.2020 | *of which from related parties* |
|---|---|---|---|---|---|
| Share capital and reserves | | 24.825 | - | 24.732 | - |
| Profit (loss) for the period pertaining to the Group | | 1.551 | - | 101 | - |
| **Group shareholders' equity** | | **26.376** | | **24.833** | |
| Minority interests in shareholders' equity | | 2 | - | - | - |
| **TOTAL SHAREHOLDERS' EQUITY** | N | **26.378** | | **24.833** | |
| **Non-current liabilities** | | | | | |
| Non-current financial liabilities | O | 10.108 | *209* | 9.306 | *206* |
| Provisions for non-current risks and charges | P | 1.397 | - | 178 | - |
| Employee severance indemnity | Q | 2.545 | - | 2.592 | - |
| Deferred tax liabilities and other non-current taxes | R | 616 | - | 778 | - |
| Non-current payables and other non-current liabilities | | - | - | - | - |
| Non-current derivative instruments | | - | - | - | - |
| **Total non-current liabilities** | | **14.666** | | **12.854** | |
| **Current liabilities** | | | | | |
| Current financial liabilities | O | 4.228 | - | 5.112 | - |
| Provision for current risks and charges | | - | - | - | - |
| Trade payables | S | 17.506 | *405* | 19.787 | *373* |
| Contractual liabilities | T | 3.182 | - | 1.032 | - |
| Other current payables | U | 7.340 | *6* | 7.571 | *7* |
| Current derivative instruments | | - | - | - | - |
| **Total current liabilities** | | **32.256** | | **33.502** | |
| **Non-current liabilities held for sale / disposal** | | - | - | - | - |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | | **73.300** | | **71.189** | |

### 3.1.2 INCOME STATEMENT

| INCOME STATEMENT (thousands of Euro) | Notes | 01.01.2021 30.06.2021 | *of which from related parties* | 01.01.2020 30.06.2020 | *of which from related parties* |
|---|---|---|---|---|---|
| Core business revenues | AA | 27.360 | 96 | 21.811 | 559 |
| Other operating revenues | BB | 4.514 | 13 | 2.610 | - |
| Expenses for raw materials | CC | (7.170) | - | (4.263) | - |
| Expenses for services | DD | (9.059) | (291) | (8.770) | (444) |
| Personnel costs | EE | (9.874) | - | (9.238) | - |
| Other operating expenses | FF | (2.325) | - | (1.014) | - |
| GROSS OPERATING MARGIN (EBITDA) | | 3.446 | | 1.136 | |
| Amortisations and depreciations | GG | (1.381) | - | (1.341) | - |
| Impairment losses | | - | - | (4) | - |
| OPERATING RESULT (EBIT) | | 2.065 | | (209) | |
| Financial income | HH | 156 | - | 95 | 2 |
| Financial expenses | II | (448) | (3) | (598) | (2) |
| Profit (loss) from equity investments | | | | | |
| Dividends | | - | - | - | - |
| Share of profit (loss) from equity investments | JJ | 1 | - | (111) | - |
| Other profit (loss) from equity investments | | - | - | 62 | - |
| Income taxes | KK | (441) | - | 348 | - |
| Profit (loss) for the period from continuing operations | | 1.333 | | (413) | |
| Profit (loss) for the period from discontinued operations | | - | - | - | - |
| PROFIT (LOSS) FOR THE PERIOD | | 1.333 | | (413) | |
| *pertaining to the Group* | | 1.331 | - | (356) | - |
| *pertaining to third parties* | | 2 | - | (57) | - |
| Weighted average number of ordinary shares in the period | | 25.960.575 | - | 25.960.575 | - |
| Earnings per share (Euro) | | 0,05 | - | (0,02) | - |
| Diluted earnings per share (Euro) | | 0,05 | - | (0,02) | - |
| Net result per share of discontinued assets (liabilities) (in Euro) | | - | - | - | - |

### 3.1.3 COMPREHENSIVE INCOME STATEMENT

| COMPREHENSIVE INCOME STATEMENT (thousands of Euro) | Notes | 01.01.2021 30.06.2021 | 01.01.2020 30.06.2020 |
|---|---|---|---|
| PROFIT (LOSS) FOR THE PERIOD | | 1.333 | (413) |
| Other components of comprehensive income | | | |
| Components that will not be reclassified to profit (loss) | | 163 | 28 |
| Income tax relating to components that may not be reclassified | | (46) | (8) |
| Total components that may not be reclassified to profit (loss) | | 117 | 20 |
| Components that may be reclassified to profit (loss) | | 101 | - |
| Income tax relating to components that may be reclassified | | - | - |
| Total components that may be reclassified to profit (loss) | | 101 | - |
| Total other components of comprehensive income | LL | 218 | 20 |
| TOTAL COMPREHENSIVE INCOME | | 1.551 | (393) |
| *pertaining to the Group* | | 1.549 | (336) |
| *pertaining to third parties* | | 2 | (57) |

### 3.1.4 CASH FLOW STATEMENT

| CASH FLOW STATEMENT (thousands of Euro) | 01.01.2021 30.06.2021 | 01.01.2020 30.06.2020 |
|---|---|---|
| Comprehensive income (loss) | 1.551 | (393) |
| Comprehensive income/(loss) from discontinued operations | - | - |
| **Total profit / (loss) on continuing operations** | **1.551** | **(393)** |
| (Gain)/Loss from assets sold | (3.797) | - |
| Fair value adjustments | - | - |
| Amortisation, Depreciations and impairment of fixed assets | 1.381 | 1.341 |
| Write-downs (Revaluations) of financial assets | - | - |
| Write-downs (Revaluations) of fixed assets | - | - |
| Share of comprehensive income (loss) from equity investments | (1) | 3 |
| Net financial expenses (income) | 292 | 198 |
| Dividends | - | - |
| Other non-monetary items included in the income statement | - | - |
| Net changes in working capital | | |
| Contractual assets | 3.095 | 904 |
| Inventories | (410) | 375 |
| Trade receivables and other receivables | (2.662) | 3.689 |
| Trade payables and other payables | (643) | (3.920) |
| Change in other provisions and deferred tax assets and liabilities | 1.206 | (1.263) |
| **Gross Cash Flow** | **12** | **934** |
| Interest paid | (219) | (187) |
| Interest received | - | 5 |
| Income taxes (paid) received | (281) | - |
| Income taxes | 489 | - |
| **CASH FLOW FROM OPERATING ACTIVITIES [A]** | **1** | **752** |
| (Investments) in tangible and intangible fixed assets | (895) | (1.852) |
| Divestment in tangible and intangible fixed assets | 964 | 4.741 |
| (Acquisitions) net of acquired liquidity | - | 11 |
| Disinvestments net of transferred liquidity | 3.776 | - |
| (Investments) in other companies and financial assets | - | - |
| Divestments in other companies and financial assets | 13 | 5 |
| Dividends received | - | - |
| **CASH FLOW FROM INVESTMENT ACTIVITIES [B]** | **3.858** | **2.905** |
| Increase/(Reduction) of Share capital net of ancillary charges | - | - |
| Other changes in shareholders' equity | (4) | 119 |
| Obtainment of loans, financing and other financial liabilities | 1.275 | - |
| (Repayments) of loans, financing and other financial liabilities | (1.358) | (2.158) |
| Repayments of loans, financing and other financial assets | - | 278 |
| (Disbursement) of loans, financing and other financial assets | - | - |
| Dividends paid | - | - |
| **CASH FLOW FROM FINANCING ACTIVITIES [C]** | **(87)** | **(1.761)** |
| **CASH FLOW ARISING FROM DISCONTINUED OPERATIONS[D]** | **-** | **-** |
| **NET CHANGE IN CASH AND CASH EQUIVALENTS [A+B+C+D]** | **3.772** | **1.896** |
| Cash and cash equivalents at the beginning of the period | 10.198 | 6.340 |
| Cash and cash equivalents at the end of the period | 13.970 | 8.236 |

It should be noted that cash and cash equivalents doesn't include restricted cash at 30 June 2021 (Euro 232 thousand at 30 June 2020)

## 3.1.5 STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (data in 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 year | 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 |

| STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (data in 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 year | Group shareholders' equity | Minority interests in shareholders' equity | Total shareholders' equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| SHAREHOLDERS' EQUITY AT 31.12.2020 | 27,026 | 5,405 | 12,484 | (21,434) | 430 | 1,144 | (219) | (3) | 24,833 | - | 24,833 |
| Allocation of 2020 result | - | - | - | - | - | (3) | - | 3 | - | - | - |
| Other changes in shareholders' equity | - | - | - | - | - | (6) | - | - | (6) | - | (6) |
| Profit (loss) at 30.06.2021 | - | - | - | - | - | - | - | 1,331 | 1,331 | 2 | 1,333 |
| Other components of comprehensive income (loss) | - | - | - | - | 101 | - | 117 | - | 218 | - | 218 |
| *Comprehensive profit (loss) for the period* | *-* | *-* | *-* | *-* | *101* | *-* | *117* | *1,331* | *1,549* | *2* | *1,551* |
| SHAREHOLDERS' EQUITY AT 30.06.2021 | 27,026 | 5,405 | 12,484 | (21,434) | 531 | 1,135 | (102) | 1,331 | 26,376 | 2 | 26,378 |

For comments on the individual items, see note N. “Shareholders’ Equity” in the Notes to the consolidated financial statements.

### 3.2.1 NOTES TO CONSOLIDATED FINANCIAL STATEMENT

The condensed half-yearly 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 2020, to which reference is made. The consolidated financial statements as at 30 June 2021 were authorised for publication by the Board of Directors on 30 September 2021.

#### ADOPTION OF APPROVED ACCOUNTING STANDARDS AND INTERPRETATIONS, EFFECTIVE FROM 1 JANUARY 2021

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 2021. 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 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. The amendments, endorsed with Regulation no. 2021/25 by the European Commission on 13 January 2021, apply starting from 1 January 2021 with the possibility of early adoption. Its application did not entail significant changes.

*Amendments to IFRS 16 - Leases*

On March 31, 2021, the IASB issued the document "Concessions on fees connected to Covid-19 after 30 June 2021 (Amendments to IFRS 16)" extending the period of application of the amendment to IFRS 16, issued in 2020, relating to the accounting of the subsidies granted to lessors, due to Covid-19. The amendments, endorsed with European Commission Regulation no. 2021/1421, are applicable from 1 April 2021 for financial years starting on 1 January 2021 or later. 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.

*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 1- 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 IAS 1 and IFRS Practice Statements 2 and Amendments to IAS 8*

On 12 February 2020, the IASB published some amendments to IAS 1 "Presentation of financial statements", to IFRS Practice Statements 2 "Formulating judgements of relevance" and to IAS 8 "Accounting standards, changes in accounting estimates and errors" with the objective of improving the disclosure relating to the accounting postings used (disclosure on accounting policies) in order to provide more useful information to investors and other primary users of the financial statements as well as to help companies distinguish changes in accounting estimates from changes in accounting postings used. The amendments to IAS 1 and IAS 8, not yet endorsed by the European Commission, will come into effect from 1 January 2023 with the possibility of early adoption.

*Amendments to IAS 12 - Income taxes*

On 7 May 2021, the IASB published some amendments to IAS 12 to specify how deferred taxes on certain transactions that can generate assets and liabilities of the same amount, such as leasing and dismantling obligations, must be accounted for. Amendments not yet endorsed by the European Commission, are applicable from 1 January 2023; however, early application is permitted.

## 3.2.2 CONSOLIDATION SCOPE

| Entity | Registered office | Business year end date | Currency | Share capital | % held | | Through |
|---|---|---|---|---|---|---|---|
| | | | | | Direct | Indirect | |
| PLC 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 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. |
| 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 (MZ) | 31.12 | MZN | 20.000,00 | | 95% | PLC Power S.r.l. |
| PLC Service S.r.l. | Acerra - NA (IT) | 31.12 | EUR | 100.000,00 | 100% | | |
| 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 | Hamburg (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 | 92,5% | | - |
| Schmack Biogas S.r.l. | Bolzano (IT) | 31.12 | EUR | 204.081,00 | 51% | | - |
| BioForCH4 S.r.l. | Canino - VT (IT) | 31.12 | EUR | 10.000,00 | | 60% | Schmack Biogas S.r.l. |
| 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. |
| Biomethan Invest S.r.l. | Milan (IT) | 31.12 | EUR | 100.000,00 | | 25% | Schmack Biogas S.r.l. |

The consolidation perimeter as at 30 June 2021 differs from the consolidation perimeter as at 31 December 2020 due to (i) the acquisition of 25% of Biomethan Invest S.r.l. by the subsidiary Schmack Biogas S.r.l. and (ii) the deconsolidation of the vehicle C&C Tre Energy S.r.l. following its sale on 21 June 2021.

### 3.2.3 NOTES ON CONSOLIDATED RESULTS AT 2021

#### A. TANGIBLE ASSETS

Tangible assets at 30 June 2021 amounted to Euro 8,122 thousand (Euro 8,889 thousand at 31 December 2020).

| TANGIBLE ASSETS (thousands of Euro) | Land and buildings | RES plants | General and Specific Plant | Equipment | Office machines and other assets | Assets under construction | Rights to use tangible assets | Total |
|---|---|---|---|---|---|---|---|---|
| **Net value at 31.12.2020** | **2,872** | **1,797** | **701** | **450** | **760** | **1,381** | **928** | **8,889** |
| Increases | 65 | 5 | 27 | 115 | 74 | 26 | 146 | 458 |
| Decreases | - | - | - | (1) | (2) | (581) | (9) | (593) |
| Amortisations and depreciations | (49) | (45) | (101) | (102) | (158) | - | (207) | (662) |
| Other changes and exchange rate difference | 4 | - | (6) | - | (3) | 39 | (4) | 30 |
| **Net value at 30.06.2021** | **2,892** | **1,757** | **621** | **462** | **671** | **865** | **854** | **8,122** |

The increases for the year of Euro 458 thousand mainly refer to:

(i) the rights of use of tangible assets for Euro 146, recognised in application of IFRS 16 and relating to the long-term rental of cars and motor vehicles

(ii) the purchase of hardware devices for Euro 74 thousand

(iii) equipment destined for construction sites by the companies belonging to the Monsson Operation Perimeter for Euro 115 thousand

(iv) extraordinary maintenance performed on the factory owned by the subsidiary PLC Service S.r.l. for Euro 65 thousand

The decreases for the year, equal to Euro 593 thousand, are mainly related to the deconsolidation of fixed assets under construction of the vehicle C&C Tre Energy S.r.l. following its sale.

#### B. GOODWILL

Goodwill at 30 June 2021 amounted to Euro 8,190 thousand, unvaried compared to 31 December 2020.

| GOODWILL (thousands of Euro) | 31.12.2020 | Increases | Decreases | Reclassification | 30.06.2021 |
|---|---|---|---|---|---|
| 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 MSD Service | 40 | - | - | - | 40 |
| **Total** | **8,190** | **-** | **-** | **-** | **8,190** |

*<u>Impairment</u>*

As required by the reference accounting standards, and as highlighted in the most recent recommendations of the national and international Supervisory Authorities[6], as at 30 June 2021 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.

[6] Reference is made to (i) ESMA's Public Statement "European common enforcement priorities for 2020 annual financial reports" issued on 28 October 2020, (ii) warning no. 1/21 "Covid-19 - Call for attention to financial information" issued by Consob on 16 February 2021.

In monitoring the impairment indicators, the PLC Group takes into consideration, among others, the relationship between its market capitalisation and its book equity. At 30 June 2021, the market capitalisation of the Group, equal to Euro 48,980 thousand, is higher than the shareholders' equity of the same date, equal to Euro 26,378 thousand.

Consistent with previous years, 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 information directly visible on the market and its estimate based on alternative valuation techniques is limited and, in some cases, difficult to apply.

The forecast cash flows for the estimate of the recoverable value of the individual CGUs have been updated, with reference to the results of the first half of the year with respect to the provisions of the approved plans and to the forecasts on the performance of the business for the remainder of the year, based on the best information available and expectations at the time of the estimate, also in order to include any impacts deriving from the Covid-19 epidemiological emergency. Cash flows were determined based on an explicit 4-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 optimisation of business performance based on initiatives not yet started or approved.

The value of use at 30 June 2021 was therefore determined by discounting cash flows after tax with a specific discount rate for each business segment and geographical area. The discount rates used at 30 June 2021 have been updated with respect to those used at 31 December 2020 and 30 June 2020.

| Evolution of the discount rates used for the impairment test | 30.06.2021 | 31.12.2020 | 30.06.2020 |
|---|---|---|---|
| Construction Segment - Italy | 6.68% | 6.85% | 7.55% |
| Services Segment - Italy | 7.74% | 7.97% | 7.03% |
| Services Segment - Abroad | 9.48% | 10.47% | 9.09% |
| Second level WACC | 7.55% | 8.04% | 7.96% |

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. INTANGIBLE ASSETS

Intangible assets at 30 June 2021 amounted to Euro 4,485 thousand (Euro 5,168 thousand at 31 December 2020).

| INTANGIBLE ASSETS (thousands of Euro) | Customer list | PROGEO prototype | Development costs | Other intangible fixed assets | Intangible assets in progress | Total |
|---|---|---|---|---|---|---|
| Net value at 31.12.2020 | 2,173 | 1,054 | 539 | 1,340 | 62 | 5,168 |
| Increases | - | - | 312 | 101 | 24 | 437 |
| Decreases | - | - | - | (401) | - | (401) |
| Amortisations and depreciations | (265) | (349) | (73) | (32) | - | (719) |
| Use of accumulated depreciation | - | - | - | - | - | - |
| Other changes and exchange rate difference | - | - | - | - | - | - |
| Net value at 30.06.2021 | 1,908 | 705 | 778 | 1,008 | 86 | 4,485 |

The increases for the year of Euro 437 thousand mainly refer to:

(i) the entry "Development costs” for Euro 312 thousand, Euro 221 thousand relating to the capitalisation of the costs incurred by the subsidiary PLC Service S.r.l. as part of the PON MISE M4.0 project

(ii) investments in software infrastructures by PLC S.p.A. for Euro 101 thousand

The decreases for the year, amounting to Euro 401 thousand, refer entirely to the deconsolidation of the fair value of the authorisation relating to the Casalbore wind farm, following the sale of the vehicle C&C Tre Energy S.r.l.

## D. EQUITY INVESTMENTS IN ASSOCIATES

| EQUITY INVESTMENTS IN ASSOCIATES (thousands of Euro) | % held | 31.12.2020 | Increases | Decreases | Reclassification | 30.06.2021 |
|---|---|---|---|---|---|---|
| Monsson Poland zoo | 26% | - | - | - | - | - |
| Monsson South Africa Ltd | 25% | - | - | - | - | - |
| Sicily Biomethan S.r.l. | 26% | 6 | - | (1) | - | 5 |
| Biomethan Invest S.r.l. | 25% | - | 25 | (3) | - | 22 |
| Total | | 6 | 25 | (4) | - | 27 |

Equity investments in associates at 30 June 2021 amounted to Euro 27 thousand (Euro 6 thousand at 31 December 2020). The changes that occurred during the year refer to (i) the acquisition of the stake in Biomethan Invest S.r.l. by the subsidiary Schmack Biogas S.r.l. and (ii) the recognition of the half-year result.

| EQUITY INVESTMENTS IN ASSOCIATES (thousands of Euro) | REG. OFFICE | Share capital | PN 30.06.2021 | Result 30.06.2021 | % held | Share of shareholders' equity | Carrying amount |
|---|---|---|---|---|---|---|---|
| Monsson Poland zoo | Warsaw (PL) | 1 | (59) | (2) | 26% | (15) | - |
| Monsson South Africa Ltd | Cape Town (ZA) | - | (24) | 11 | 25% | (6) | - |
| Sicily Biomethan S.r.l. | Castelvetrano (IT) | 13 | 13 | 3 | 26% | 3 | 5 |
| Biomethan Invest S.r.l. | Milan | 100 | 78 | (21) | 25% | 20 | 22 |
| Total | | 114 | 8 | (9) | | 1 | 27 |

## E. EQUITY INVESTMENTS IN OTHER COMPANIES

| EQUITY INVESTMENTS IN OTHER COMPANIES (thousands of Euro) | 31.12.2020 | Increases | Decreases | 30.06.2021 |
|---|---|---|---|---|
| Banca Del Sud equity investment | 10 | - | - | 10 |
| Consorzio EnelSi equity investment (*) | - | - | - | - |
| Credit equity investment (*) | - | - | - | - |
| Other equity investments | 2 | - | - | 2 |
| Total | 12 | - | - | 12 |

(*) Equity investments fully written down in previous years

Equity investments in other companies amounted to Euro 12 thousand at 30 June 2021, unchanged compared to 31 December 2020.

| EQUITY INVESTMENTS ALLOWANCE (thousands of Euro) | 31.12.2020 | Increases | Decreases | 30.06.2021 |
|---|---|---|---|---|
| Equity investments allowance | (30) | - | - | (30) |

## F. DEFERRED TAX ASSETS

Deferred tax assets at 30 June 2021 equal Euro 656 thousand (Euro 853 thousand at 31 December 2020).

| DEFERRED TAX ASSETS (thousands of Euro) | 31.12.2020 | Increases | Decreases | 30.06.2021 |
|---|---|---|---|---|
| Deferred tax assets | 853 | - | (197) | 656 |
| Total | 853 | - | (197) | 656 |

The decreases over the period, equal to Euro 197 thousand, are mainly related, to the recognition of the tax burden for the half year as part of the National Tax Consolidation for Euro 150 thousand.

The other 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 RECEIVABLES AND OTHER NON-CURRENT ASSETS

| NON-CURRENT RECEIVABLES (thousands of Euro) | 30.06.2021 | 31.12.2020 |
|---|---|---|
| Non-current receivables from related parties | 209 | 103 |
| Non-current receivables from others | 1,734 | 1,835 |
| Total | 1,943 | 1,938 |

The item “Non-current receivables and other non-current assets”, equal to Euro 1,943 thousand at 30 June 2021 (Euro 1,938 thousand at 31 December 2020) 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.

## H. NON-CURRENT DERIVATIVE INSTRUMENTS

Non-current derivative instruments have a value of Euro 7 thousand at 30 June 2021, (Euro 0 thousand at December 31, 2020). The increase over the previous year relates to the Interest Rate Option Cap (IRO Cap) contract signed by the subsidiary PLC System S.r.l. in relation to the BPER loan, to hedge the interest rate risk.

| NON-CURRENT DERIVATIVE INSTRUMENTS (thousands of Euro) | 30.06.2021 | 31.12.2020 |
|---|---|---|
| Interest rate contracts | 7 | - |
| Total | 7 | - |

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.

## I. INVENTORIES AND CONTRACTUAL ASSETS

| INVENTORIES AND CONTRACTUAL ASSETS (thousands of Euro) | 30.06.2021 | 31.12.2020 |
|---|---|---|
| Raw material inventories | 5,385 | 4,972 |
| Raw material write-down provision | (636) | (633) |
| Raw material inventories | 4,749 | 4,339 |
| CONTRACTUAL ASSETS | 2,950 | 6,045 |
| Total | 7,699 | 10,384 |

### Inventories

Inventories at 31 June 2021 amounted to Euro 4,749 thousand (Euro 4,339 thousand at 31 December 2020). 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 636 thousand.

The movements in the inventory allowance provision are shown below.

| INVENTORY ALLOWANCE (thousands of Euro) | 31.12.2020 | Increases | Decreases | 30.06.2021 |
|---|---|---|---|---|
| Inventory allowance | (633) | (3) | - | (636) |

### Contractual assets

Contractual assets at 30 June 2021 amounted to Euro 2,950 thousand (Euro 6,045 thousand at 31 December 2020). 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.

J. TRADE RECEIVABLES

Trade receivables at 30 June 2021 amounted to Euro 25,509 thousand compared to Euro 22,162 thousand at 31 December 2020. Trade receivables are shown net of the related provision for doubtful accounts, equal to Euro 1,321 thousand, increased through the net effect of the provisions / uses for the period as a result of the definition of some disputed receivables.

| TRADE RECEIVABLES (thousands of Euro) | 30.06.2021 | 31.12.2020 |
|---|---|---|
| Trade receivables from related parties (*) | 115 | 58 |
| Trade receivables from others | 26,715 | 23,383 |
| Bad debt provision from others | (1,321) | (1,279) |
| Trade receivables from others | 25,394 | 22,104 |
| Total | 25,509 | 22,162 |

The movements in the bad debt provision are shown below.

| BAD DEBT PROVISION (thousands of Euro) | 31.12.2020 | Increases | Decreases | 30.06.2021 |
|---|---|---|---|---|
| Bad debt provision | (1,279) | (62) | 20 | (1,321) |

Trade receivables from related parties are illustrated in paragraph 3.2.4.

K. CURRENT FINANCIAL RECEIVABLES

Current financial receivables at 30 June 2021 amounted to Euro 107 thousand, unvaried compared to 31 December 2020.

| CURRENT FINANCIAL RECEIVABLES (thousands of Euro) | 30.06.2021 | 31.12.2020 |
|---|---|---|
| Current financial receivables from related parties | 18 | 5 |
| Current financial receivables from others | 96 | 109 |
| Current financial receivables from others write-down provision | (7) | (7) |
| Current financial receivables from others | 89 | 102 |
| Total | 107 | 107 |

Financial receivables from related parties are illustrated in paragraph 3.2.4.

## L. OTHER RECEIVABLES

Total other receivables at 30 June 2021 amounted to Euro 2,435 thousand (Euro 3,124 thousand at 31 December 2020).

| OTHER CURRENT RECEIVABLES (thousands of Euro) | 30.06.2021 | 31.12.2020 |
|---|---|---|
| Other receivables from related parties | 28 | 11 |
| Augmented Reality project receivables | 154 | 154 |
| Tax receivables | 647 | 1,078 |
| Instalments, deposits and securities | 518 | 757 |
| Prepayments and accrued income | 832 | 802 |
| Other receivables | 256 | 322 |
| Other receivables from others | 2,407 | 3,113 |
| Total | 2,435 | 3,124 |

Tax receivables, equal to Euro 647 thousand at 30 June 2021 (Euro 1,078 thousand at 31 December 2020) mainly relate to VAT credits.

Other receivables from related parties are illustrated in paragraph 3.2.4.

## M. OTHER CURRENT FINANCIAL ASSETS

Other current financial assets amount to Euro 138 thousand at 30 June 2021 (Euro 158 thousand at 31 December 2020) and include securities and funds falling due within the year.

## N. SHAREHOLDERS' EQUITY

The consolidated shareholders’ equity as of 30 June 2021 is equal to Euro 26,378 thousand, of which Euro 2 thousand pertaining to third parties. The changes in shareholders’ equity items are mainly related to (i) the positive comprehensive income for Euro 1,551 thousand and (ii) to other changes in shareholders' equity for Euro 6 thousand. Lastly, it should be noted that the market capitalisation of the PLC share at 30 June 2021, equal to Euro 48,980 thousand, is greater than its consolidated shareholders’ equity on the reference date.

## O. NET FINANCIAL POSITION

The table of the net financial position prepared according to the new provisions set out in Consob document 5/21 of 29 April 2021 which acknowledges the ESMA guidelines, is shown. The data as at 31 December 2020 have been restated for comparison.

| NET FINANCIAL POSITION (thousands of Euro) | 30.06.2021 | 31.12.2020 |
|---|---|---|
| A. CASH (*) | 13.970 | 10.198 |
| B. CASH EQUIVALENTS | - | - |
| C. OTHER CURRENT FINANCIAL ASSETS | - | - |
| D. LIQUIDITY (A + B + C) | 13.970 | 10.198 |
| E. CURRENT FINANCIAL PAYABLES | (448) | (1.521) |
| Long-term financial payables | (3.397) | (3.126) |
| Financial liabilities IFRS 16 | (383) | (465) |
| F. CURRENT PART OF NON-CURRENT FINANCIAL PAYABLES | (3.780) | (3.591) |
| G. CURRENT FINANCIAL LIABILITIES (E + F) | (4.228) | (5.112) |
| H. NET CURRENT FINANCIAL INDEBTEDNESS (G - D) | 9.742 | 5.086 |
| I. NON-CURRENT FINANCIAL PAYABLES | (10.108) | (9.306) |
| Long-term financial payables | (9.529) | (8.683) |
| Financial liabilities IFRS 16 | (579) | (623) |
| J. DEBT INSTRUMENTS | - | - |
| K. TRADE PAYABLES AND OTHER NON-CURRENT LIABILITIES | - | - |
| L. NON-CURRENT FINANCIAL INDEBTEDNESS (I + J + K) | (10.108) | (9.306) |
| M. NET FINANCIAL POSITION (H + L) | (366) | (4.220) |

(*) of which Euro 0 thousand restricted at 30 June 2021 (Euro 82 thousand at 31 December 2020)

The net financial position of the PLC Group at 30 June 2021 was negative for Euro 366 thousand (positive for Euro 596 thousand net of financial payables recognised in application of IFRS 16) and recorded a positive change of Euro 3,854 thousand. The NFP/EBITDA ratio at 30 June 2021 amounted 0.1% (1.21 at 31 December 2020). The value of the net financial position benefits from the partial collection of the sale price of C&C Tre Energy S.r.l. for Euro 4,559 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 positive trend of the net financial position, which in the last two years has recorded an improvement of more than Euro 7.5 million (net financial position at 31 December 2019 negative for Euro 7,996 thousand), is a sign of the solidity and profitability of the Group's business as well as its cash generation capacity.

*Outstanding loans at 30 June 2021*

The list of existing loans at 30 June 2021 is shown below for the capital share only.

| Loans (thousands of Euro) | Company | Last expiry date | Short -term portion | Long-term portion | Total oustanding loans 30.06.2021 |
|---|---|---|---|---|---|
| BPM loan | PLC S.p.A. | 31/12/2022 | 1.203 | 616 | 1.819 |
| BNL loan | PLC S.p.A. | 22/01/2025 | 1.263 | 3.391 | 4.654 |
| BPM loan (Guarantee MCC 90%) | PLC S.p.A. | 03/07/2024 | 576 | 1.289 | 1.865 |
| Unicredit Factoring advance | PLC System S.r.l. | Cancellation | 92 | - | 92 |
| BPER loan (Guarantee MCC 80%) | PLC System S.r.l. | 02/02/2027 | 190 | 2.164 | 2.354 |
| BNL Contract advance (revolving credit limit) | PLC System S.r.l. | Cancellation | 350 | - | 350 |
| BNL loan | PLC Service S.r.l. | 31/07/2029 | 134 | 1.079 | 1.213 |
| BNL loan (FV ceiling) | PLC Service S.r.l. | 28/06/2027 | 29 | 291 | 320 |
| PON Project subsidised loan | PLC Service S.r.l. | 30/06/2031 | - | 252 | 252 |
| ITALEASE loan | PLC Service S.r.l. | 31/12/2022 | 2 | 3 | 5 |
| Unicredit advance | PLC Service Wind S.r.l. | Cancellation | - | - | - |
| Massimo Rossetto shareholder loan | Schmack Biogas S.r.l. | 31/01/2023 | - | 53 | 52 |
| Nicolò Cariboni shareholder loan | Schmack Biogas S.r.l. | 31/01/2023 | - | 156 | 156 |
| Subsidised loan | Monsson Operation S.r.l. (RO) - Greek Branch | 31/01/2027 | - | 235 | 235 |
| **Total** | | | **3.839** | **9.529** | **13.367** |

The total amount of loans is substantially in line with the figure as at 31 December 2020; in the face of the new disbursements obtained, the amortisation of existing loans was recovered, as a consequence of the expiry of the moratoriums obtained in 2020 pursuant to the Liquidity Decree.

The new disbursements, equal to approx. Euro 1,180 thousand, mainly relate to (i) the consolidation of the exposure with BPER Banca S.p.A. with the disbursement of a new loan for Euro 475 thousand, (ii) the loan taken out with Banca Nazionale del Lavoro S.p.A. for Euro 320 thousand in relation to the investment for the construction of the photovoltaic roof to be installed on the warehouse owned by PLC Service S.r.l. and (iii) the subsidised loan received in relation to the PON Project for Euro 252 thousand.

With reference to hedging the risk deriving from the change in interest rates, we remind that the parent company PLC S.p.A. has also signed a cap strike contract on the existing loan with BNL and that the subsidiary PLC System S.r.l. signed an Interest Rate Option Cap (IRO Cap) contract on the existing loan with BPER (for further details see note H. "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.

## P. PROVISIONS FOR NON-CURRENT RISKS AND CHARGES

On 30 June 2021 the provisions for risks and charges amounted to Euro 1,397 thousand (Euro 178 thousand at 31 December 2020).

| PROVISIONS FOR NON-CURRENT RISKS AND CHARGES (thousands of Euro) | 31.12.2020 | Increases | Decreases | 30.06.2021 |
|---|---|---|---|---|
| Provision for contractual penalties | 50 | - | - | 50 |
| Provision for hedging losses of subsidiaries | 30 | 3 | (8) | 25 |
| Other provisions for risks | 98 | 1.309 | (85) | 1.322 |
| **Total** | **178** | **1.312** | **(93)** | **1.397** |

The increases in the period, equal to Euro 1,312 thousand, are mainly related to the Monsson Operation perimeter. In particular, the subsidiaries Monsson Operation S.r.l. and Monsson Operation Gmbh, following the completion of two E&I projects, received a claim from one of their customers for some activities already carried out, relating to delays and non-conformities of the work with respect to what is contractually provided for.
Following receipt of the claims, in addition to contesting the content of the communication received in full, the subsidiaries in turn made a claim against a subcontractor involved in the activities carried out, which would possibly be equally liable.
The claim's proposal would entail charging the subcontractor a part of what is requested by the customer from the subsidiaries in the claim received.
To date, negotiations are pending for the settlement of the aforementioned claims with the end customer, but a prudent provision of Euro 1,300 thousand has been made.

## Q. EMPLOYEE SEVERANCE INDEMNITY

The provision for employee severance indemnities ("TFR") at 30 June 2021 is equal to Euro 2,545 thousand (Euro 2,592 thousand at 31 December 2020).

| EMPLOYEE SEVERANCE INDEMNITY (thousands of Euro) | 31.12.2020 | Increases (Descreases) | Provisions | Uses | Actuarial gain / loss | 30.06.2021 |
|---|---|---|---|---|---|---|
| Employee severance indemnity | 2.592 | - | 256 | (140) | (163) | 2.545 |

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 2021, the Group had 486 employees, including 18 managers, 199 middle managers and clerical staff and 269 workers. The average number of employees by category in the first half of 2021 and the comparison with the previous year are shown in the table below.

| AVERAGE NUMBER OF EMPLOYEES (in units) | 30.06.2021 | 31.12.2020 |
|---|---|---|
| Managers | 20 | 23 |
| Middle managers and clerical staff | 193 | 169 |
| Workers | 282 | 292 |
| Total | 494 | 483 |

## R. DEFERRED TAX LIABILITIES AND OTHER NON-CURRENT TAXES

| DEFERRED TAX LIABILITIES AND OTHER NON-CURRENT TAXES (thousands of Euro) | 31.12.2020 | Increases | Decreases | 30.06.2021 |
|---|---|---|---|---|
| Deferred tax liabilities and other non-current taxes | 778 | - | (162) | 616 |
| Total | 778 | - | (162) | 616 |

At 30 June 2021 the balance of liabilities for deferred taxes and other non-current liabilities is equal to Euro 616 thousand (Euro 778 thousand at 31 December 2020) and consists of: (i) for Euro 235 from the residual amount of deferred tax liabilities calculated on the fair value of the authorisations relating to the C&C Transaction; in 2021 they decreased by Euro 113 thousand due to the sale of the C&C Tre Energy S.r.l. vehicle; (ii) deferred tax liabilities calculated on the fair value of the customer lists relating to the Monsson Operation Perimeter and Schmack Biogas S.r.l. for Euro 375 thousand, respectively recognised in 2019 and 2020 following the completion of the PPA process envisaged by IFRS 3, and (iii) for Euro 6 thousand from the recognition of temporary differences between the book values and the fiscally recognised values of some financial statement items.

## S. TRADE PAYABLES

Trade payables at 30 June 2021 amounted to Euro 17,506 thousand (Euro 19,787 thousand at 31 December 2020). Trade payables to related parties are illustrated in paragraph 3.2.4.

| TRADE PAYABLES (thousands of Euro) | 30.06.2021 | 31.12.2020 |
|---|---|---|
| Trade payables to related parties | 405 | 373 |
| Trade payables to others | 17,101 | 19,414 |
| Total | 17,506 | 19,787 |

## T. CONTRACTUAL LIABILITIES

Contractual liabilities, equal to Euro 3,182 thousand (Euro 1,032 thousand at 31 December 2020) 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. The increase over the previous year mainly relates to the start of the project for the construction of a biomethane plant in Marsala (TP) by the subsidiary Schmack Biogas S.r.l.

## U. OTHER CURRENT PAYABLES

Other current payables at 30 June 2021 amounted to Euro 7,340 thousand (Euro 7,751 thousand at 31 December 2020).

| OTHER CURRENT PAYABLES (thousands of Euro) | 30.06.2021 | 31.12.2020 |
|---|---|---|
| Other payables to related parties | 6 | 7 |
| **Other payables to related parties** | **6** | **7** |
| Residual debt for the purchase of Schmack Biogas S.r.l. | 706 | 706 |
| Payables to tax authorities | 2,407 | 2,415 |
| Accrued expenses and deferred income | 651 | 903 |
| Earn out C&C transaction | 167 | 773 |
| Payables to social security institutions | 562 | 725 |
| Payables to directors | 157 | 128 |
| Other current payables | 2,684 | 1,914 |
| **Other payables to others** | **7,334** | **7,564** |
| **Total** | **7,340** | **7,571** |

Deferred income, equal to Euro 651 thousand, relate, for Euro 491 thousand to the contribution relating to the Progeo Project which is recognised in the years in which the amortisation of the project is charged (for further information, see the Management Report and note C. "Intangible assets").

Other current payables of Euro 2,684 thousand mainly include (i) Euro 1,786 thousand due to employees for accrued wages, holidays and Working Time Reduction not taken and (ii) advances from suppliers for Euro 768.

## AA. CORE BUSINESS REVENUES

| CORE BUSINESS REVENUES (thousands of Euro) | 30.06.2021 | 30.06.2020 |
|---|---|---|
| **Revenues from related parties** | **96** | **559** |
| Construction Segment revenue | 10.944 | 3.065 |
| Service Segment revenue | 15.323 | 17.929 |
| Trading Segment revenue | 997 | 258 |
| Revenues from other segments | - | - |
| **Revenues from others** | **27.264** | **21.252** |
| **Total** | **27.360** | **21.811** |

Revenues at 30 June 2021 amounted to Euro 27,360 thousand (Euro 21,811 thousand at 30 June 2020).

Revenues relating to the Construction Segment, equal to Euro 10,944 thousand, recorded a significant increase compared to the comparative figure at 30 June 2020 (Euro 3,065 thousand), in line with the forecasts of a strong recovery in investments, driven by the incentive mechanisms of the FER 1 Decree and the Green Deal objectives. The comparative data as at 30 June 2020 were further strongly impacted by the lockdown and the consequent closure of the construction sites.

Revenues relating to the Services Segment amounted to Euro 15,323 thousand net of the related revenues from related parties and recorded a decrease of approximately 15% compared to the comparative period. The decrease is due on the one hand from the different mix of services provided in Italy, favouring those with higher margins, and on the other hand from the slowdown in E&I activities partly due to the lengthening of the procurement process by some customers with consequent postponement of the installation services provided by the Monsson Operation Perimeter, and partly to the completion of the necessary and expected training required to expand the customer portfolio.

For further details, see the management report.

The breakdown of revenues by geographical area compared with the previous year is shown below.

| REVENUES BY GEOGRAPHIC AREA (thousands of Euro) | ITALY | FOREIGN COUNTRIES | TOTALE 30.06.2021 |
|---|---|---|---|
| Construction Segment revenue | 10.944 | - | 10.944 |
| Service Segment revenue | 9.217 | 6.202 | 15.419 |
| Trading Segment revenue | 997 | - | 997 |
| Revenues from other segments | - | - | - |
| Total | 21.158 | 6.202 | 27.360 |
| *% incidence on total revenues* | *77%* | *23%* | *100%* |

| REVENUES BY GEOGRAPHIC AREA (thousands of Euro) | ITALY | FOREIGN COUNTRIES | TOTALE 30.06.2020 |
|---|---|---|---|
| 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

Other revenues amounted to Euro 4,514 thousand at 30 June 2021 (Euro 2,610 thousand at 30 June 2020) and mainly include (i) the capital gain realised on the sale of the vehicle C&C Tre Energy S.r.l. equal to Euro 3,797 thousand; (ii) the contribution relating to the Progeo Project equal to Euro 245 thousand and (iii) the capitalisation of the development costs relating to the PON MISE M4.0 Project for Euro 221 thousand.

| OTHER OPERATING REVENUES (thousands of Euro) | 30.06.2021 | 30.06.2020 |
|---|---|---|
| Other operating revenues from related parties | 13 | - |
| Revenues from BOT (Treasury bill) assets | 3,797 | 1,983 |
| Other revenues | 704 | 627 |
| Other operating revenues from others | 4,501 | 2,610 |
| Total | 4,514 | 2,610 |

## CC. EXPENSES FOR RAW MATERIALS

| EXPENSES FOR RAW MATERIAL (thousands of Euro) | 30.06.2021 | 30.06.2020 |
|---|---|---|
| Purchase of raw materials from related parties | - | - |
| Purchase of raw materials from third parties | 7,170 | 4,263 |
| Total | 7,170 | 4,263 |

Expenses for raw materials at 30 June 2021 amounted to Euro 7,170 thousand (Euro 4,263 thousand at 30 June 2020).

## DD. EXPENSES FOR SERVICES

The breakdown of expenses for services totalling Euro 9,059 thousand (Euro 8,770 thousand at 30 June 2020) is shown below.

| EXPENSES FOR SERVICES (thousands of Euro) | 30.06.2021 | 30.06.2020 |
|---|---|---|
| Expenses for services to related parties | 291 | 444 |
| Expenses for services to related parties | 291 | 444 |
| Administrative and tax consultancy | 168 | 157 |
| Legal and notarial consultancy | 176 | 240 |
| Technical and professional consulting | 241 | 236 |
| Control bodies remuneration | 102 | 85 |
| Independent Auditors fees | 81 | 76 |
| Maintenance and utilities | 359 | 262 |
| Insurance | 232 | 231 |
| Rentals and other costs on third-party assets | 711 | 1,346 |
| Leases payable and charges | 161 | 88 |
| Services and other goods | 6,537 | 5,605 |
| Expenses for services from others | 8,768 | 8,326 |
| Total | 9,059 | 8,770 |

"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 decrease over the previous year is mainly due to the slowdown in E&I activities. 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 2021 is equal to Euro 9,874 thousand (Euro 9,328 thousand at 30 June 2020).

## FF. OTHER OPERATING COSTS

| OTHER OPERATING COSTS (thousands of Euro) | 30.06.2021 | 30.06.2020 |
|---|---|---|
| Other operating Costs from related parties | - | - |
| Indirect taxes and fees | 82 | 118 |
| Bad debt and inventory | 70 | 62 |
| Other provisions | 1,286 | (12) |
| Other operating expenses | 887 | 846 |
| Other operating Costs from others | 2,325 | 1,014 |
| Total | 2,325 | 1,014 |

The other operating costs, as at 30 June 2021, amounted to Euro 2,325 thousand (Euro 1,014 thousand at 30 June 2020); the increase compared to the reference period is essentially attributable to the provision made by the subsidiaries Monsson Operation S.r.l. and Monsson Operation with reference to the claim made by a client following the completion of two E&I projects.

The "Other operating costs" 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.

## GG. AMORTISATIONS AND DEPRECIATIONS

| AMORTISATIONS AND DEPRECIATIONS (thousands of Euro) | 30.06.2021 | 30.06.2020 |
|---|---|---|
| Depreciation of tangible assets | 662 | 720 |
| Amortisation of intangible assets | 719 | 621 |
| Total | 1,381 | 1,341 |

Amortisations and depreciations for the period amounted to Euro 1,381 thousand (Euro 1,341 thousand at 30 June 2020).

The amortisation of intangible assets mainly includes: (i) the amortisation of customer lists recorded with reference to the Monsson Operation Perimeter and Schmack Biogas S.r.l. following the completion of the PPA provided for by IFRS 3, respectively equal to Euro 201 thousand and Euro 64 thousand and (ii) the amortisation of the prototype relating to the Progeo Project for Euro 349 thousand.

## HH. FINANCIAL INCOME

Financial income at 30 June 2021 amounted to Euro 156 thousand (Euro 95 thousand at 30 June 2020).

## II. FINANCIAL EXPENSES

Financial expenses at 30 June 2021 amounted to Euro 448 thousand (Euro 598 thousand at 30 June 2020).

## JJ. SHARE OF PROFIT (LOSS) FROM EQUITY INVESTMENTS

The share of the profit (loss) from equity investments in associates is negative for Euro 1 thousand (negative for Euro 11 thousand at 30 June 2020).

| SHARE OF PROFIT (LOSS) FROM EQUITY INVESTMENTS (thousands of Euro) | 30.06.2021 | 30.06.2020 |
|---|---|---|
| MSD Service S.r.l. (*) | - | (108) |
| Monsson South Africa Ltd. | 6 | - |
| Monsson Poland SP.ZO.o | (1) | (2) |
| Sicily Biomethan S.r.l. | (1) | (1) |
| Biomethan Invest S.r.l. | (3) | - |
| Total | 1 | (111) |

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

## KK. INCOME TAXES

| INCOME TAXES (thousands of Euro) | 30.06.2021 | 30.06.2020 |
|---|---|---|
| Current income taxes | (489) | (31) |
| Deferred income taxes | 44 | 363 |
| Taxes relating to previous years | 4 | 16 |
| Total | (441) | 348 |

The balance of the tax item, negative for Euro 441 thousand at 30 June 2021 (positive for Euro 348 thousand at 30 June 2020) consists of: (i) from the negative balance of current taxes for Euro 489 thousand, of which Euro 150 thousand recognised under the National Tax Consolidation regime; (ii) from the positive net balance of deferred tax assets and liabilities for Euro 44 thousand, and (iii) from the positive balance of taxes relating to previous years for Euro 4 thousand.

## LL. COMPONENTS OF COMPREHENSIVE INCOME

The components of comprehensive income that cannot be reclassified to the income statement relate to the effect of the actuarial calculation on the severance indemnity under IAS 19 and are equal to Euro 163 thousand net of the related tax effect of Euro 46 thousand.

The components of the statement of comprehensive income that can be reclassified to the income statement relate to exchange differences from the conversion of financial statements in currencies other than the Euro.

## MM. 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 Banca Nazionale del Lavoro S.p.A. 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 Banca Nazionale del Lavoro S.p.A. to guarantee the loan granted of Euro 2,500 thousand;

*PLC SYSTEM S.r.l.*

- bank sureties issued by Unicredit in favour of domestic customers for Euro 120 thousand;
- bank sureties issued by Banca Nazionale del Lavoro S.p.A. in favour of domestic customers for a total of Euro 1,098 thousand.
- bank sureties issued by Sace, Generali and Reale Mutua in favour of domestic customers for Euro 3,582 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 overdraft 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;
- comfort letter issued by PLC S.p.A. in favour of Unicredit S.p.A. for Euro 156 thousand;
- corporate guarantee issued by PLC S.p.A. in favour of C&C Lucania S.r.l. for Euro 82 thousand;
- corporate guarantee issued by PLC S.p.A. in favour of Siemens Gamesa Renewable Energy Italy S.p.A for Euro 114 thousand.

*PLC SERVICE S.r.l.*

- bank sureties issued by Unicredit S.p.A. in favour of domestic customers for Euro 75 thousand;
- bank surety issued by Unicredit S.p.A. in favour of the Ministry of Economic Development as part of the PON MISE M4.0 project for Euro 252 thousand
- bank surety issued by Banca Nazionale del Lavoro S.p.A. in favour of domestic customers for a total of Euro 22 thousand.
- insurance sureties issued by Atradius, Sace and Coface in favour of national customers for Euro 245 thousand;
- surety issued by Esposito F. and Scognamiglio A. on behalf of PLC Service S.r.l. in favour of Unicredit for Euro 46 thousand;
- first mortgage on the property located in Acerra - Pantano district, for Euro 2,886 thousand to guarantee the loan granted by Banca Nazionale del Lavoro S.p.A.
- comfort letter issued by PLC S.p.A. in favour of Unicredit S.p.A. for Euro 442 thousand;

*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 S.p.A. 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 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 1,690 thousand;
- bank sureties issued by Sparkasse - Cassa di Risparmio di Bolzano S.p.A. in favour of national suppliers for Euro 9 thousand.
- insurance guarantee issued by Axa Assicurazioni S.p.A. in favour of Ago Renewables S.p.A. for Euro 1,415 thousand with the co-obligation of PLC S.p.A.
- no. 3 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 3,369 thousand.

*MSD SERVICE S.r.l.*

- 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 surety issued by Banca Nazionale del Lavoro S.p.A. in favour of foreign customers for a total of Euro 361 thousand.

*WIND POWER ENERGY S.r.l.*

- bank guarantee issued by Banca Nazionale del Lavoro S.p.A. in favour of foreign customers for a total of Euro 66 thousand.

## NN. 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.

| STATEMENT OF FINANCIAL POSITION (thousands of Euro) | Construction | Services | Holding | Trading | Other | 30.06.2021 |
|---|---|---|---|---|---|---|
| **Non-current assets** | | | | | | |
| Tangible assets | 3,474 | 4,456 | 192 | - | - | 8,122 |
| Goodwill | 20 | 3,420 | 4,710 | 40 | - | 8,190 |
| Other intangible assets | 1,661 | 2,722 | 102 | - | - | 4,485 |
| Equity investments in associates | - | 27 | - | - | - | 27 |
| Equity investments in other companies | 11 | 1 | - | - | - | 12 |
| Deferred tax assets | 38 | 69 | 549 | - | - | 656 |
| Non current receivables and other non-current assets | 1,286 | 657 | - | - | - | 1,943 |
| Other non-current financial assets | - | - | - | - | - | - |
| Non-current derivative instruments | 7 | - | - | - | - | 7 |
| **Total non-current assets** | **6,497** | **11,352** | **5,553** | **40** | **-** | **23,442** |
| **Current assets** | | | | | | |
| Inventories | 2,030 | 2,719 | - | - | - | 4,749 |
| Contractual assets | 2,950 | - | - | - | - | 2,950 |
| Trade receivables | 8,130 | 17,058 | - | 321 | - | 25,509 |
| Financial receivables | 85 | 9 | 13 | - | - | 107 |
| Other receivables | 1,000 | 1,138 | 269 | 28 | - | 2,435 |
| Cash and cash equivalents | 7,603 | 4,971 | 1,371 | 25 | - | 13,970 |
| Other current financial assets | 138 | - | - | - | - | 138 |
| Current derivative instruments | - | - | - | - | - | - |
| **Total current assets** | **21,936** | **25,895** | **1,653** | **374** | **-** | **49,858** |
| **Assets held for sale / disposal** | - | - | - | - | - | - |
| **TOTAL ASSETS** | **28,433** | **37,247** | **7,206** | **414** | **-** | **73,300** |
| STATEMENT OF FINANCIAL POSITION (thousands of Euro) | Construction | Services | Holding | Trading | Other | 30.06.2021 |
| **TOTAL SHAREHOLDERS' EQUITY** | **13,320** | **16,106** | **(3,296)** | **248** | **-** | **26,378** |
| **Non-current liabilities** | | | | | | |
| Non-current financial liabilities | 2,182 | 2,616 | 5,310 | - | - | 10,108 |
| Provisions for non-current risks and charges | - | 1,397 | - | - | - | 1,397 |
| Employee severance indemnity | 548 | 1,554 | 443 | - | - | 2,545 |
| Deferred tax liabilities and other non-current taxes | 235 | 379 | 2 | - | - | 616 |
| Non-current payables and other non-current liabilities | - | - | - | - | - | - |
| Non-current derivative instruments | - | - | - | - | - | - |
| **Total non-current liabilities** | **2,965** | **5,946** | **5,755** | **-** | **-** | **14,666** |
| **Current liabilities** | | | | | | |
| Current financial liabilities | 665 | 501 | 3,062 | - | - | 4,228 |
| Provision for current risks and charges | - | - | - | - | - | - |
| Trade payables | 8,083 | 8,695 | 562 | 166 | - | 17,506 |
| Contractual liabilities | 1,983 | 1,199 | - | - | - | 3,182 |
| Other current payables | 1,417 | 4,800 | 1,123 | - | - | 7,340 |
| Current derivative instruments | - | - | - | - | - | - |
| **Total current liabilities** | **12,148** | **15,195** | **4,747** | **166** | **-** | **32,256** |
| **Liabilities held for sale / disposal** | - | - | - | - | - | - |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | **28,433** | **37,247** | **7,206** | **414** | **-** | **73,300** |

| 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 and other non-current assets | 1,592 | 422 | 1 | - | - | 2,015 |
| Other non-current financial assets | - | - | - | - | - | - |
| Non-current derivative instruments | - | - | 1 | - | - | 1 |
| **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 |
| Current derivative instruments | - | - | - | - | - | - |
| **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 |
|---|---|---|---|---|---|---|
| **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 |
| Non-current payables and other non-current liabilities | - | - | - | - | - | - |
| Non-current derivative instruments | - | - | - | - | - | - |
| **Total non-current liabilities** | 1,252 | 3,895 | 6,012 | - | - | 11,159 |
| **Current liabilities** | | | | | | |
| Current financial liabilities | 2,370 | 727 | 1,565 | - | - | 4,662 |
| Provision for current risks and charges | - | - | - | - | - | - |
| Trade payables | 4,171 | 5,843 | 704 | 862 | - | 11,580 |
| Contractual liabilities | 1,043 | 1,639 | - | - | - | 2,682 |
| Other current payables | 2,797 | 4,330 | 1,116 | - | - | 8,243 |
| Current derivative instruments | - | - | - | - | - | - |
| **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 | 31.12.2020 |
|---|---|---|---|---|---|---|
| Non-current assets | | | | | | |
| Tangible assets | 4,060 | 4,660 | 169 | - | - | 8,889 |
| Goodwill | 20 | 3,420 | 4,710 | 40 | - | 8,190 |
| Other intangible assets | 2,393 | 2,748 | 27 | - | - | 5,168 |
| Equity investments in associates | - | 6 | - | - | - | 6 |
| Equity investments in other companies | 11 | 1 | - | - | - | 12 |
| Deferred tax assets | 54 | 98 | 701 | - | - | 853 |
| Non current receivables and other non-current assets | 1,371 | 567 | - | - | - | 1,938 |
| Other non-current financial assets | - | - | - | - | - | - |
| Non-current derivative instruments | - | - | - | - | - | - |
| Total non-current assets | 7,909 | 11,500 | 5,607 | 40 | - | 25,056 |
| Current assets | | | | | | |
| Inventories | 1,778 | 2,561 | - | - | - | 4,339 |
| Contractual assets | 6,045 | - | - | - | - | 6,045 |
| Trade receivables | 6,712 | 14,311 | 1 | 1,138 | - | 22,162 |
| Financial receivables | 85 | 9 | 13 | - | - | 107 |
| Other receivables | 1,439 | 1,568 | 94 | 23 | - | 3,124 |
| Cash and cash equivalents | 3,398 | 5,677 | 1,110 | 13 | - | 10,198 |
| Other current financial assets | 158 | - | - | - | - | 158 |
| Current derivative instruments | - | - | - | - | - | - |
| Total current assets | 19,615 | 24,126 | 1,218 | 1,174 | - | 46,133 |
| Assets held for sale / disposal | - | - | - | - | - | - |
| TOTAL ASSETS | 27,524 | 35,626 | 6,825 | 1,214 | - | 71,189 |
| STATEMENT OF FINANCIAL POSITION (thousands of Euro) | Construction | Services | Holding | Trading | Other | 31.12.2020 |
| TOTAL SHAREHOLDERS' EQUITY | 12,499 | 16,851 | (4,525) | 8 | - | 24,833 |
| Non-current liabilities | | | | | | |
| Non-current financial liabilities | 472 | 2,022 | 6,812 | - | - | 9,306 |
| Provisions for non-current risks and charges | - | 178 | - | - | - | 178 |
| Employee severance indemnity | 642 | 1,592 | 358 | - | - | 2,592 |
| Deferred tax liabilities and other non-current taxes | 347 | 431 | - | - | - | 778 |
| Non-current payables and other non-current liabilities | - | - | - | - | - | - |
| Non-current derivative instruments | - | - | - | - | - | - |
| Total non-current liabilities | 1,461 | 4,223 | 7,170 | - | - | 12,854 |
| Current liabilities | | | | | | |
| Current financial liabilities | 2,001 | 517 | 2,594 | - | - | 5,112 |
| Provision for current risks and charges | - | - | - | - | - | - |
| Trade payables | 8,163 | 9,917 | 504 | 1,203 | - | 19,787 |
| Contractual liabilities | 1,032 | - | - | - | - | 1,032 |
| Other current payables | 2,368 | 4,118 | 1,082 | 3 | - | 7,571 |
| Current derivative instruments | - | - | - | - | - | - |
| Total current liabilities | 13,564 | 14,552 | 4,180 | 1,206 | - | 33,502 |
| Liabilities held for sale / disposal | - | - | - | - | - | - |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | 27,524 | 35,626 | 6,825 | 1,214 | - | 71,189 |

| RECLASSIFIED STATEMENT OF COMPREHENSIVE INCOME (thousands of Euro) | Construction | Services | Holding | Trading | Other | 01.01.2021 30.06.2021 |
|---|---|---|---|---|---|---|
| Core business revenues | 10,944 | 15,419 | - | 997 | - | 27,360 |
| Other operating revenues | 4,129 | 385 | - | - | - | 4,514 |
| Total revenues | 15,073 | 15,804 | - | 997 | - | 31,874 |
| Operating costs | (10,578) | (12,899) | (1,644) | (982) | - | (26,103) |
| Other operating expenses | (263) | (2,026) | (36) | - | - | (2,325) |
| GROSS OPERATING MARGIN (EBITDA) | 4,232 | 879 | (1,680) | 15 | - | 3,446 |
| *EBITDA %* | *28%* | *6%* | *n.a.* | *2%* | | *11%* |
| Depreciations, amortisations and impairment losses | (538) | (543) | (300) | - | - | (1,381) |
| OPERATING RESULT (EBIT) | 3,694 | 336 | (1,980) | 15 | - | 2,065 |
| Net financial income (expenses) | (8) | (177) | (106) | (1) | - | (292) |
| Profit (loss) from equity investments | - | 1 | - | - | - | 1 |
| Income taxes | (49) | (546) | 154 | - | - | (441) |
| Profit (loss) for the period from continuing operations | 3,637 | (386) | (1,932) | 14 | - | 1,333 |
| Profit (loss) for the period from discontinued operations | - | - | - | - | - | - |
| PROFIT (LOSS) FOR THE PERIOD | 3,637 | (386) | (1,932) | 14 | - | 1,333 |
| Total other components of comprehensive income | 21 | 92 | 105 | - | - | 218 |
| TOTAL COMPREHENSIVE INCOME | 3,658 | (294) | (1,827) | 14 | - | 1,551 |

| 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 expenses | (234) | (735) | (45) | - | - | (1,014) |
| GROSS OPERATING MARGIN (EBITDA) | 577 | 1,933 | (1,418) | 44 | - | 1,136 |
| *EBITDA %* | 10% | 10% | n.a. | 15% | | 5% |
| 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) for the period from continuing operations | 356 | 582 | (1,284) | (67) | - | (413) |
| Profit (loss) for the period from discontinued operations | - | - | - | - | - | - |
| PROFIT (LOSS) FOR THE PERIOD | 356 | 582 | (1,284) | (67) | - | (413) |
| Total other components of comprehensive income | 15 | (6) | 11 | | - | 20 |
| TOTAL COMPREHENSIVE INCOME | 371 | 576 | (1,273) | (67) | - | (393) |

### 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 summarising the economic and financial relations of the Group with related parties are shown below.

*Revenues and costs from related parties*

| REVENUES AND COSTS FROM RELATED PARTIES (thousands of Euro) | Revenues | | | Costs | | | |
|---|---|---|---|---|---|---|---|
| | Revenues | Research and development | Financial income | Raw materials | Services | Personnel and others | Financial expenses |
| 2ALL Ross S.r.l. | 14 | - | - | - | 23 | - | - |
| Antonio Carrano | - | - | - | - | 9 | - | - |
| Eco Power Wind S.r.l. | 34 | - | - | - | - | - | - |
| First Airborne Ltd. | 6 | - | - | - | - | - | - |
| Massimo Rossetto | - | - | - | - | - | - | 1 |
| Monsson Logistic S.r.l. | 39 | - | - | - | 136 | - | - |
| Monsson South Africa PTY LTD | 16 | - | - | - | - | - | - |
| Nicolò Cariboni | - | - | - | - | - | - | 2 |
| Nelke S.r.l. | - | - | - | - | 113 | - | - |
| RWEA - Romanian Wind Energy Association | - | - | - | - | 10 | - | - |
| **Total** | **109** | **-** | **-** | **-** | **291** | **-** | **3** |
| *% impact on the balance sheet item* | *0%* | *n.a.* | *n.a.* | *n.a.* | *3%* | *n.a.* | *1%* |

*Receivables from and payables to related parties*

| RECEIVABLES FROM AND PAYABLES TO RELATED PARTIES (thousands of Euro) | Receivables | | | Payables | | |
|---|---|---|---|---|---|---|
| | Trade receivables | Financial receivables | Other receivables | Trade payables | Financial payables | Other current payables |
| 2ALL Ross S.r.l. | 26 | - | - | 17 | - | - |
| Bistraw Production S.r.l. | 5 | - | - | - | - | - |
| Biomethan Invest S.r.l. | - | 88 | - | - | - | - |
| BZEE - Bildungszentren Erneuerbare Energien e.V. | - | - | - | - | - | - |
| Carrano Antonio | - | 13 | - | 28 | - | - |
| Eco Power Wind S.r.l. | 15 | - | - | - | - | - |
| First Airborne Ltd. | 6 | - | - | - | - | - |
| Idea S.r.l. | - | 5 | - | - | - | - |
| Massimo Rossetto | - | - | - | - | 52 | - |
| Monsson Logistic S.r.l. | 46 | - | - | 228 | - | - |
| Monsson Poland SP.ZO.o. | - | 62 | - | - | - | - |
| Monsson South Africa PTY LTD | 17 | 40 | 21 | - | - | - |
| Nicolò Cariboni | - | - | - | - | 157 | - |
| Nelke S.r.l. | - | - | - | 113 | - | - |
| RWEA - Romanian Wind Energy Association | - | - | - | 19 | - | - |
| Sicily Biomethan S.r.l. | - | 19 | - | - | - | - |
| Tolga Ozkarakas | - | - | 7 | - | - | 6 |
| **Total** | ***115*** | ***227*** | ***28*** | ***405*** | ***209*** | ***6*** |
| *% impact on the balance sheet item* | *0%* | *72%* | *1%* | *2%* | *1%* | *0%* |

*　　*　　*

Relations with related parties of the Parent Company PLC S.p.A shown below as at 30 June 2021 as per Consob request no. 0294634 of 6 August 2018.

*Revenues and costs from related parties*

| REVENUES AND COSTS FROM RELATED PARTIES (thousands of Euro) | Revenues | | | Costs | | | |
|---|---|---|---|---|---|---|---|
| | Revenues | Research and development | Financial income | Raw materials | Services | Personnel and other expenses | Financial expenses |
| MSD Service S.r.l. | 3 | - | - | - | - | - | - |
| Schmack Biogas S.r.l. | 21 | - | 18 | - | - | - | - |
| PLC Service S.r.l. | 366 | - | 2 | - | - | - | - |
| PLC Service Wind S.r.l. | 109 | - | - | - | - | - | - |
| PLC System S.r.l. | 622 | - | 16 | - | 1 | - | - |
| Idroelettrica 2014 S.r.l. | 2 | - | - | - | - | - | - |
| PLC Power S.r.l. | 2 | - | 13 | - | - | - | - |
| C&C Irsina S.r.l. | 2 | - | - | - | - | - | - |
| Alisei Wind S.r.l. | 2 | - | - | - | - | - | - |
| Tirreno S.r.l. | 2 | - | - | - | - | - | - |
| Monsson Operation LTD | 6 | - | 74 | - | - | - | - |
| Monsson Operation S.r.l. | 72 | - | - | - | - | - | - |
| ***Total subsidiaries*** | **1,209** | **-** | **123** | **-** | **1** | **-** | **-** |
| Fraes S.r.l. (formerly PLC Group S.p.A) | - | - | - | - | - | - | - |
| Nelke S.r.l. | - | - | - | - | 113 | - | - |
| ***Total other related parties*** | **-** | **-** | **-** | **-** | **113** | **-** | **-** |
| **Total** | **1,209** | **-** | **123** | **-** | **114** | **-** | **-** |
| *% impact on the balance sheet item* | *100%* | *n.a.* | *100%* | *n.a.* | *22%* | *n.a.* | *n.a.* |

*Receivables from and payables to related parties*

| RECEIVABLES FROM AND PAYABLES TO RELATED PARTIES (thousands of Euro) | Receivables | | | Payables | | |
|---|---|---|---|---|---|---|
| | Trade | Financial | Others | Trade | Financial | Others |
| MSD Service S.r.l. | 12 | 225 | 8 | - | - | - |
| Schmack Biogas S.r.l. | 94 | 800 | - | - | - | - |
| PLC Service S.r.l. | 2 | - | 1,467 | - | - | - |
| PLC Service Wind S.r.l. | 378 | - | - | - | - | 14 |
| PLC System S.r.l. | 16 | - | - | 1 | - | 638 |
| Idroelettrica 2014 S.r.l. | 26 | - | - | - | - | - |
| PLC Power S.r.l. | 13 | - | - | - | - | 7 |
| C&C Irsina S.r.l. | 26 | - | - | - | - | - |
| Alisei Wind S.r.l. | 23 | - | - | - | - | - |
| Tirreno S.r.l. | 17 | - | - | - | - | - |
| Monsson Operation LTD | 32 | 3,402 | - | - | - | - |
| Monsson Operation S.r.l. | 132 | 200 | - | - | - | - |
| ***Total subsidiaries*** | **771** | **4,627** | **1,475** | **1** | **-** | **659** |
| Fraes S.r.l. (formerly PLC Group S.p.A) | - | - | - | - | - | - |
| Nelke S.r.l. | - | - | - | 113 | - | - |
| ***Total other related parties*** | **-** | **-** | **-** | **113** | **-** | **-** |
| **Total** | **771** | **4,627** | **1,475** | **114** | **-** | **659** |
| *% impact on the balance sheet item* | *100%* | *100%* | *85%* | *20%* | *n.a.* | *54%* |

### 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 adopted | | | | 30.06.2021 | 31.12.2020 |
|---|---|---|---|---|---|---|
| | Fair value | Fair Value Hierarchy | Measurement at cost | Amortised cost | Carrying amount | Carrying amount |
| Loans and receivables | - | - | - | 316 | 316 | 210 |
| Cash and cash equivalents | 13,970 | Level 1 | - | - | 13,970 | 10,198 |
| Trade receivables | - | - | - | 25,509 | 25,509 | 22,162 |
| Other current receivables | - | - | - | 2,435 | 2,435 | 3,124 |
| Other non-current receivables | 1 | Level 1 | - | 1,734 | 1,735 | 1,836 |
| Equity investments in other companies measured at fair value | - | - | - | - | - | - |
| Equity investments in other companies measured at cost | - | - | 12 | - | 12 | 12 |
| Other financial assets | - | - | - | 138 | 138 | 158 |
| TOTAL FINANCIAL ASSETS | 13,971 | - | 12 | 30,132 | 44,115 | 37,700 |
| Trade payables | - | - | - | 20,688 | 20,688 | 20,819 |
| Other current payables | - | - | - | 7,340 | 7,340 | 7,571 |
| Current financial payables | - | - | - | 4,228 | 4,228 | 5,112 |
| Non-current financial payables | - | - | - | 10,108 | 10,108 | 9,306 |
| TOTAL FINANCIAL LIABILITIES | - | - | - | 42,364 | 42,364 | 42,808 |

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.

At present, the PLC Group has not been exposed to an increase in financial risk due to the Covid-19 pandemic, even if, given the persistence of a longer-term situation of uncertainty, a worsening of financial stress scenarios, deriving from a deterioration of liquidity in general, delays in payments from customers, and a slowdown in operating activities on projects with delays in the relative invoicing to customers cannot be excluded.

*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 2021, 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 2021, 77% of the Group’s business was carried out on the Italian market and the remaining 23% 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 2021 there are (i) a cap strike contract on the loan agreement in place with BNL and (ii) an Interest Rate Option Cap (IRO Cap) contract on the loan in place with BPER Banca S.p.A.

*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 2021.

In this regard, no significant aspects emerged to report.

We also certify that:

the condensed half-yearly financial statements as at 30 June 2021:

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

Milan, 30 September 2021

| 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)

EY S.p.A.
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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 income statement, the comprehensive income statement, the statement of changes in shareholders' equity, the cash flow statement and the related explanatory notes of PLC S.p.A. and its subsidiaries (the "PLC Group") as of 30 June 2021. 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, 2021 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 30, 2021

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*

EY S.p.A.
Sede Legale: Via Lombardia, 31 - 00187 Roma
Capitale Sociale Euro 2.525.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. 250904
P.IVA 00891231003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

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