Annual financial report at 31 December 2022

PLC S.p.A.
Registered office in Milan - Via Ripamonti, 1/3

Fully paid up Share Capital €27,026,480.35
Tax Code and VAT no. 0534663096

1 GENERAL INFORMATION

1.1 CORPORATE BODIES

BOARD OF DIRECTORS[1]

Francesco Esposito	- Chairman
Diego Percopo (***)	- Chief Executive Officer
Chiara Esposito	- Director
Andrea Sassi (***)	- 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

INDEPENDENT AUDITORS[3]

EY S.p.A.

Via Meravigli, 12

20123 Milan

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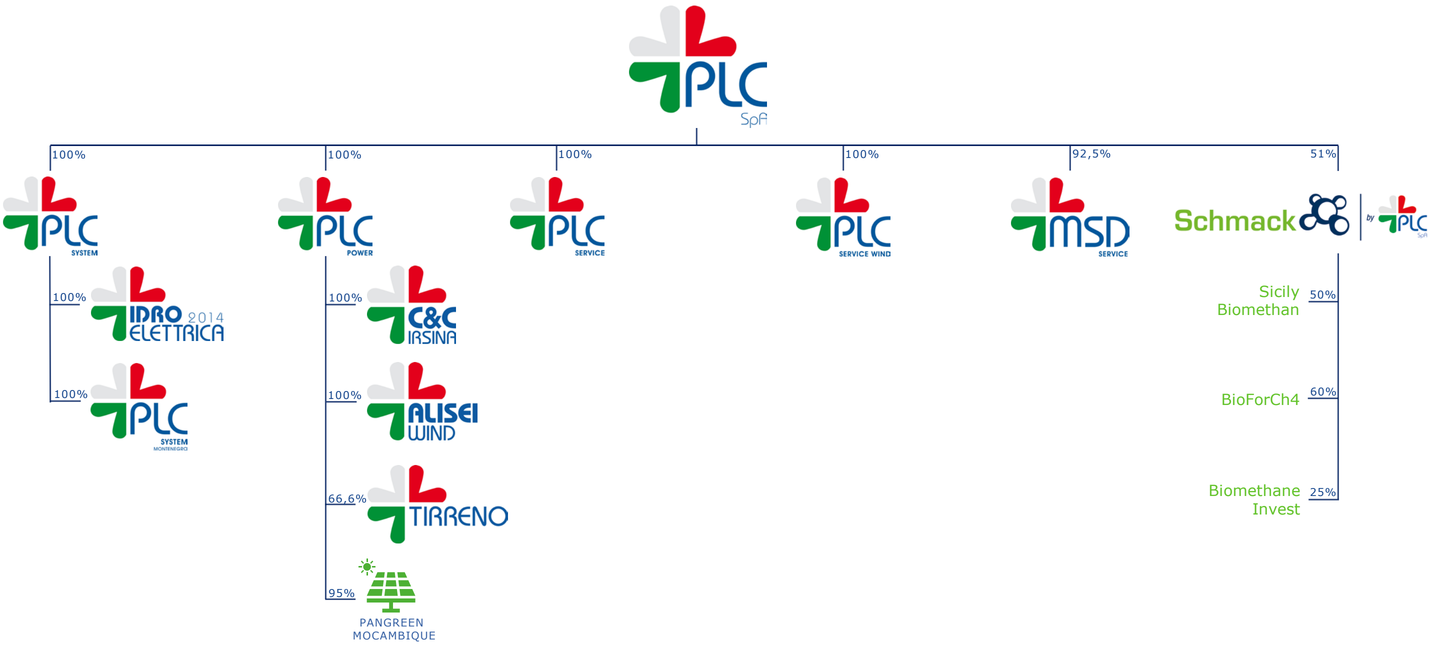
[1] appointed by the Shareholders' Meeting of 30 April 2021
[2] appointed by the Shareholders' Meeting of 30 June 2021
[3] appointed by the Shareholders' Meeting of 23 June 2015

(*) members of the Control, Risks and Sustainability Committee
(**) members of the Appointments, Remuneration and Stock Option Plans Committee
(***) appointed via co-option by the Board of Directors on 23 June 2022

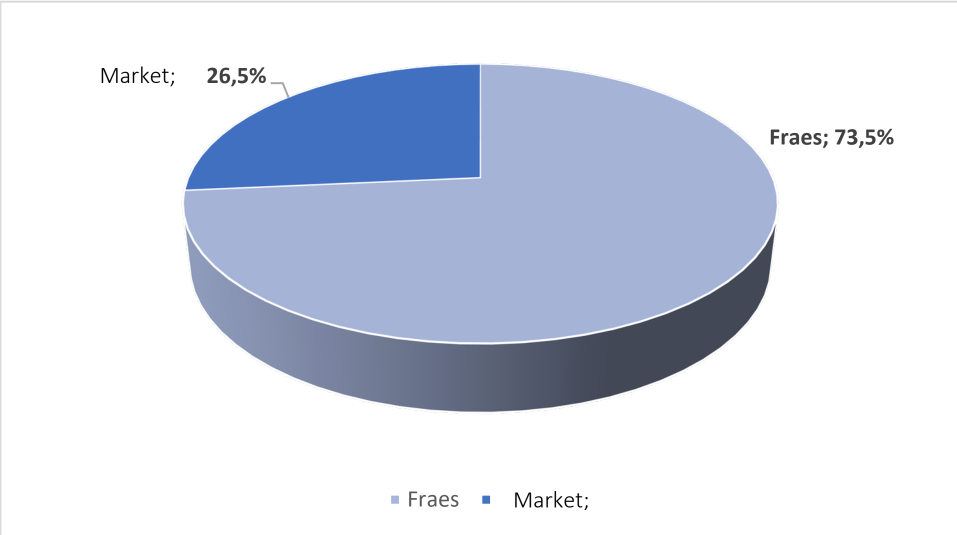
1.2 OWNERSHIP STRUCTURE OF THE PLC GROUP



The companies in the Monsson Perimeter (specifically: Monsson Operation LTD holds the shareholdings in Monsson Operation SRL, Monsson Operation GMBH, Monsson Operation AB; Monsson Operation SRL holds the shareholdings in Wind Power Energy SRL, Monsson Turkey Limited Sirkety, Monsson Energostroy O.O.O. and Monsson Operation Poland SP.ZO.o, as well as two branches in Greece and Russia respectively) have been excluded from the Group's ownership structure as they are treated in accordance with IFRS 5 "Discontinued Operations" at 31 December 2022.

1.3 SHAREHOLDERS

Below is the situation concerning the shareholding of PLC S.p.A. ("**Company**" or "**Parent Company**" or "**Issuer**") on the date of approval of the Annual Financial Report at 31 December 2022[4]. 73.5% is held by FRAES S.r.l. and the remaining 26.5% is floating on the market.



[4] Source: Corporate and Consob data

2 PLC GROUP MANAGEMENT REPORT

2.1 MAIN PLC GROUP OPERATIONS DURING THE YEAR 2022

Approval of new Business Plan 2023-2027

On 22 December 2022, the Board of Directors of PLC S.p.A. approved the PLC Group's 2023-2027 Business Plan, the main elements of which are summarised below:

- Market: PLC operates in the most relevant sectors for energy transition with consequent important development opportunities, linked to the structural growth trend of the reference markets in Italy together with PLC's know-how and competitive positioning, recognised by the main sector stakeholders.
- Strategic objectives: three main objectives, aimed at steering the evolution of the Group: 1) Organic growth based on adjacency development (building on core competencies), 2) Strengthening the operating model and 3) Technical investments, both aimed at strengthening the company's executive capacity.
- EBITDA is expected to grow steadily, driven by an increase in revenues (2027 twice those of 2023) and a significant scale effect of structural costs, with end-of-plan targets in the region of €12-14 million thanks to the contribution of all Business Areas.
- Financial soundness: significant cash generation capable of self-financing growth and investments with a progressively decreasing NFP/EBITDA ratio to less than 2x by 2027.
- Dividend policy: €6 million cumulative dividends are planned over the Plan period.

Exiting the Grey List

Consob, with Order no. 0463799/22 of 27 July 2022, ordered the withdrawal of the obligation to disclose supplementary information pursuant to Article 144, paragraph 5 of Legislative Decree no. 58/98, starting from the next accounting report.

Entry into operation of new ERP system

During the second half of 2022, the new ERP (Enterprise Resource Planning) system, Microsoft Dynamics 365, was released and became operational, replacing the previous system.

The total investment amounted to around €1 million and involved more than a year of work by the internal IT team with significant support from a leading specialised consultancy firm.

In consideration of the Group-wide implementation of the new management, administrative and accounting software, which required significant changes to the procedures and data input methods of the management system, it was deemed advisable to take advantage of the longer term of 180 days for the approval of the annual financial report at 31 December 2022 by the Shareholders' Meeting, consequently providing for the approval of the same report by the Board of Directors by 30 April 2022, based on the TUF (Consolidated Law on Finance) and Article 154-ter, paragraph 1 of Legislative Decree no. 58/98.

Signing of new contracts in the engineering and construction segment

Between the end of the 2022 financial year and the beginning of the 2023 financial year, new contracts were signed with major industry players for a total value of approximately €50 million (limited to the engineering and construction segment only). These contracts will take effect during the 2023 financial year with a residual tail in the first half of 2024. In particular, it seems appropriate to highlight:

- the contract signed on 30 November 2022 with the company Campo Eolico Ariano S.r.l., a company of the Austrian group WEB Windenergie AG, relating to the turnkey construction of the electrical connection works of an 84 MW (20 WTG) wind farm, located in the province of Avellino, for a consideration of approximately €9.9 million;
- the contract signed on 22 December 2022 with the company Ecoenergia Franzese S.r.l., a company of the Whysol Investments group, for the turnkey construction of a Terna switching station and a utility substation serving a 37.8 MWp wind farm located in San Marco dei Cavoti, province of Benevento, for a total consideration of about €10.6 million;
- the award of a contract on 16 March 2023 by Wind Energy Racalmuto S.r.l., a company of the Energia & Servizi Group, relating to the turnkey construction of the grid station, utility substation and high-voltage connections, serving a mixed power generation park, consisting of a wind farm comprising 4 wind turbines with a total capacity of 22 MW, a photovoltaic park with a total capacity of 3.045 MW and a storage park with a capacity of 2 MW, located in Racalmuto, province of Agrigento, for a total consideration of over €11.7 million.

Also of strategic importance in light of the 2023-2027 business plan is the contract signed on 20 December 2022 for the construction of 4 photovoltaic plants in Sicily, with a capacity of 1 MW each, with a leading operator in the photovoltaic sector in Italy and abroad for a total consideration of over €2 million, which marks the relaunch of the PLC Group in the photovoltaic plant construction business.

Process for the sale of the shareholding in Monsson LTD and its subsidiaries launched

In November 2022, a process was initiated to assess the market conditions for the potential sale of the shareholding in Monsson Operation LTD, to which several foreign companies[5] ("the Monsson perimeter") belong and which offer services and solutions for the maintenance, operation and dispatching activities of

[5] Monsson Operation LTD holds the shareholdings in Monsson Operation SRL, Monsson Operation GMBH, Monsson Operation AB; Monsson Operation SRL holds the shareholdings in Wind Power Energy SRL, Monsson Turkey Limited Sirkety, Monsson Energostroy O.O.O. and Monsson Operation Poland SP.ZO.o, as well as two branches in Greece and Russia respectively.

wind power plants, including erection&installation, photovoltaic and electrical connection infrastructure in several central/northern European countries.
The companies of the Monsson foreign scope recorded a negative EBITDA of about €2 million in 2021 and a negative EBITDA of about €2.4 million in 2022. In this regard, it should be noted that the 2023-2027 business plan, with reference to the results of the Monsson perimeter, envisaged a negative contribution of about EUR 262 thousand in 2023, while - over the plan period - the Monsson perimeter would have contributed to the Group's EBITDA marginally, with a percentage of less than 5% of the total EBITDA envisaged in the plan. The Monsson perimeter also bears the risks related to pending litigation in Germany against two perimeter companies, totalling approximately €2.7 million, plus interest and ancillary charges. In this regard, it should be noted that during the dispute settlement hearing held in November 2022, the parties did not reach any settlement agreement.
In preparing the financial statements for the year ended 31 December 2022, the directors, in light of the status of negotiations for the sale described above, and the high probability of the sale, have classified the investment in Monsson Operation LTD in accordance with IFRS 5, "Discontinued Operations". This representation, in accordance with IFRS 5, did not have any obvious effects on the financial statements as the value of the investment was written off.
The sale was successfully completed with the signing of the transaction closing on 5 April 2023.
For further details, see Section 3.2.3.NN of the Notes to the Financial Statements.

Intra-group demergers of PLC System S.r.l. and PLC Service S.r.l.

On 14 July 2022, the deeds of partial demerger of the subsidiaries PLC Service S.r.l. and PLC System S.r.l. were signed in favour of PLC S.p.A.. As a result of the above deeds of demerger, the share representing the entire share capital of PLC Service Wind S.r.l. previously held by PLC Service S.r.l. and the share representing the entire share capital of PLC Power S.r.l. previously held by PLC System S.r.l. were assigned to PLC S.p.A.. The demergers are part of the broader framework of corporate reorganisation aimed at a better and more coherent segregation of the various business segments of the corporate group subject to management and coordination by PLC S.p.A.. Demergers have no effect at the consolidated level.

Idroelettrica 2014 S.r.l. Unipersonale

On 15 September 2022, the hydroelectric plant owned by the subsidiary Idroelettrica 2014 S.r.l. unipersonale, located in the Brotano district in the municipality of Pergola (PU) and San Lorenzo in Campo (PU), suffered extensive damage due to the rainstorm that affected the Marche region, causing the Cesano River to flood. The relevant local authorities were promptly alerted and a claim was opened with the insurance company that covers the plant from damage caused by such external phenomena. Expert appraisal operations are still in progress to quantify the damage caused by the natural phenomenon needed for the subsequent settlement of the compensation due. It is hoped that the power plant will be back in operation by the end of the third quarter of the year; in this regard, it should be noted that the insurance policy provides cover not only for direct damages, but coverage for business interruption of 6 months to cover the loss of production during the plant's downtime.

Information on the impact of the war in Ukraine on the market environment and on the economic, equity and financial results of the PLC Group

The protracted war in Ukraine, which started in February 2022, has led to severe economic consequences in all industries, impacting the global economy. Although the PLC Group does not have significant direct exposure to the affected markets, as already described in the half-yearly financial report for 2022, it was nevertheless heavily impacted by indirect supply chain effects. In particular, the costs of the main raw materials used (steel, cement, copper and aluminium) showed average increases of around 30% compared to 2021. Looking ahead, one cannot exclude possible further negative consequences resulting from the development of the conflict between Russia and Ukraine, with as yet unforeseeable effects on business.

On the other hand, the conflict further increased awareness of the risk of the European bloc's energy dependence on non-European raw materials, accelerating the process of development and construction of new renewable energy plants, through which the European Union aims to achieve energy independence; this represents a further business development opportunity for PLC.

Information on the Impacts of Coronavirus (Covid-19)

Limited risk factors still persist to date, arising from Covid-19 and related to new variants of the virus. Also in 2022, the PLC Group continued to constantly monitor the health emergency due to the continuous evolution of the phenomenon and the possible effects in terms of (i) evolution of the reference regulatory frameworks, (ii) management of relations with customers and partners, (iii) management of active and passive contracts (specific clauses were introduced, where possible, to mitigate the possible negative effects of the pandemic) and (iv) impacts on project execution activities and performance levels. In addition, the PLC Group continued to take the necessary measures to ensure, on the one hand, the health of its employees and, on the one other, business continuity, for example through smart working.

2.2 SIGNIFICANT EVENTS OCCURRING AFTER 31 DECEMBER 2022

Finalisation of the sale of the Monsson perimeter

Following the start of the sale process, which took place during 2022, on 8 March 2023 PLC S.p.A. signed the agreement aimed at the sale of the Monsson perimeter to the Luxembourg-registered company Monsson S.à.r.l, through the transfer of the shareholding held in the company Monsson Operation LTD, an Irish-registered company that directly and indirectly holds the shares of the foreign companies that make up the aforementioned perimeter. The closing of the transaction took place on 5 April 2023.

The transaction constitutes a step in line with the realisation of the 2023-2027 business plan, in which the absolute strategic centrality of the domestic market and the strengthening of the operating model have been defined, to be realised, inter alia, through the simplification of the corporate structure and the divestment of companies considered non-core: the sale allows the consolidation of the PLC Group's growth path through the focus of the Group's activities and resources on the Italian market.

As part of the transaction, the purchaser - in exchange for the payment of a symbolic consideration - assumes on its own account the management and entrepreneurial risk arising from the companies of the Monsson perimeter, also for the activities carried out prior to the sale - with the provision of an express indemnity for the benefit of the Company against any and all claims that may be made by third parties in relation to the companies. In this context, PLC provided a shareholder loan in the amount of €1 million to Monsson Operation LTD, which was waived at closing, together with all other receivables due to the Company from the Monsson perimeter.

In particular, with reference to the 2022 financial year, PLC S.p.A. wrote down the investment in Monsson Operation LTD for €5.34 million and waived financial receivables from the entire Monsson perimeter for a total of €4.7 million.

A further €1.9 million of financial receivables, contributed during 2023, were waived at the closing. In addition, some Italian subsidiaries of the PLC Group waived their respective trade receivables from the Monsson perimeter for a total of approximately €230 thousand.

In particular, through the transaction, the Company also transferred to the purchaser the risk related to pending litigation for a total of approximately €2.7 million plus interest and accessory charges.

On the other hand, at consolidated financial statement level, the sale of the Monsson perimeter resulted in total write-downs of roughly €4.2 million related to the amounts of goodwill and other intangible assets previously recognised in the financial statements.

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, 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 ("Engineering and Construction Segment"), as well as testing, monitoring, installation and routine and extraordinary maintenance of electricity infrastructures, wind turbines and wind farms, biogas and biomethane power stations ("Services Segment").

The market context

The year 2022 was characterised by a particularly unfavourable global scenario, burdened not only by the continuing pandemic, but also by the geopolitical crisis generated by the Russia-Ukraine conflict.

After witnessing a gradual recovery of economic growth in the second half of 2021, in the early months of 2022, factors such as the significant rise in market prices of gas, coal and electricity, the consequent increase in inflation across the entire commodities and materials sector, as well as the tightening of monetary policies with sharply rising interest rates, significantly impacted supply and production chains, leading to a revision of the macroeconomic scenario.

Nonetheless, the renewable energy sector remains a booming market as an essential element in achieving the European bloc's energy transition and energy independence goals. The context of policies and instruments made available to foster the development of innovative renewable technologies, both at European and national level, demonstrate the strategic nature of the sector. Moreover, recent regulatory developments, with reference to both traditional renewables, such as the "Solar Belt", and biogas and biomethane, where the new incentive decree for biomethane fed into the grid on 15 September 2022 with the related approval of the Implementing Rules of 13 January 2023, helps to strengthen the commitment of institutional and private investors in the sector. However, the well-known issues related to the authorisation environment of bureaucratic delays still remain, with a direct impact on the development of new initiatives.

In particular, with the adoption of the "Solar Belt", some areas in the vicinity of industrial, craft trade and commercial zones can be earmarked for the installation of ground-mounted photovoltaic systems through simplified procedures and shorter time-frames.

These simplifications would concern not only the construction of the plant, but also the performance of the works and building of the ancillary infrastructures, the latter being the core business of the subsidiary PLC System S.r.l. as well as strategic for the 2023-2027 business plan.

Also because of the above, the photovoltaic market is expected to grow 3x to 2030.

PLC group

The results of the PLC Group in the 2022 financial year, with revenues of €60,376 thousand, a negative EBITDA of €6,141 thousand and a loss for the year of €15,853, are attributable to the following main reasons:

(i) the negative results of PLC System S.r.l. concentrated on certain job orders mainly related to the construction of wind power plants scheduled for completion in 2023, whose result was negatively affected by: (a) an increase in the cost of raw materials and major supplies, together with a lengthening of procurement times; (b) a lengthening of projects also due to authorisation delays; and (c) unforeseen technical site contingencies.

The resulting increase in costs was passed on, as far as possible, but not in full, to end customers and generated a reduction in job order margins that was heavily concentrated in the year just ended. In fact, the updating of the whole-life cost estimate in 2022, being related to changes in estimates and unforeseeable events generated a restatement of their profitability with a consequent lower recognition of the related revenues and a negative impact on margins in the year 2022;

(ii) write-downs of non-core assets, in line with the strategy of the 2023-2027 business plan, and goodwill related to the Monsson Operation perimeter;

(iii) the performance of the wind turbine assembly and installation (Erection & Installation - E&I) activities conducted by the Monsson perimeter companies. To this end, it should be noted that, with regard to the performance of E&I in the second half of the year, the critical issues already highlighted in the first half of 2022 were exacerbated, which then led to the company divestment described above. The reasons can be traced back to the progressive and continuous loss of profitability of all major job orders, resulting from prolonged stand-by periods of direct personnel due to both the adverse weather conditions in the early months of the year and the management complexities arising from the resignation of some key local managers. In this regard, it is worth mentioning that, in order to limit the aforementioned loss of profitability, in the second half of 2022, an attempt was made to expand the customer base, resulting in the start of some new projects in the last quarter of the year, whose performance was below expectations.

As for the overall variance with respect to the previous year, it must also be considered that the Development Segment had contributed a capital gain of €3,797 thousand from the sale of C&C Tre Energy S.r.l., which was realised in the first half of 2021.

In contrast, the other PLC Group companies generated positive EBITDA. The Services Segment confirmed its growth trend in the Italian O&M sector in 2022, both in traditional renewables and in biogas and biomethane, showing its greater stability with respect to external factors.

The negative economic results did not have a significant effect on the Group's net financial position, which worsened slightly from €(2,795) thousand at 31 December 2021 to €(2,925) thousand at 31 December 2022, while PLC S.p.A. continued to present an adequate degree of capitalisation, with shareholders' equity of €41,121 thousand at 31 December 2022.
The reasons that contributed to the shaping of the negative results for 2022 appear to be of a transitory and exceptional nature, as they do not have any foreseeable consequences on the expected operating results for 2023 and, more generally, on the objectives of the 2023-2027 business plan.

Business outlook

Also for 2023, elements of uncertainty and volatility linked to the macroeconomic environment persist, still characterised by difficulties in the supply of raw materials, but with a trend of progressive price stabilisation.
There are no critical issues regarding the Group's outlook; the renewable energy and electricity infrastructure market is confirmed as an essential driving force in achieving the energy transition and the targets set by the European Union, aimed at pursuing climate objectives and greater energy independence and security. In this sense, the regulatory context is proving to be favourable for the development of renewable energy sources, and thus for the environment in which the company operates.
In light of the above and the expansion phase for both new construction and the provision of services, the Board of Directors, taking into account the job orders acquired and new job orders signed, confirms the economic forecasts for 2023 with expected values in line with the previously communicated 2023 guidance.

Engineering and 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 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 specialized industrial plants as well as, through Special Purpose Vehicles ("SPVs"), the construction of "turnkey" plants for the production of electricity from renewable sources, with the aim of selling, through the sale of SPVs to investors, utilities, or Independent Power Producers according to the **Built, Operate and Transfer (BOT)** model.
The figures for 2022 of the Engineering and Construction Segment were affected, as mentioned above, by a significant increase in whole-life costs recorded on certain job orders of PLC System S.r.l., relating mainly to the construction of wind farms, which, being only partly chargeable back to the final customers, generated a negative economic impact. On the other hand, the other job orders, mainly related to the construction of

substations, show margins in line with expectations. The limited nature of the events that negatively affected the 2022 financial year, together with the transitional nature of the regulatory context (on 16 September 2022, the biogas and biomethane implementing decree was published and the RES 2 Decree is currently being approved) and the signing of contracts, between the end of 2022 and the beginning of 2023, such as to already ensure the achievement of the revenue targets set for the entire 2023 financial year (as well as part of those for the 2024 financial year), point to a gradual recovery of the Engineering and Construction Segment.

Development Segment

The PLC Group, through its subsidiary PLC Power S.r.l. and through special-purpose vehicle, carries out the development of new plants for the production of renewable energy, until authorisations are obtained, to be offered to the market according to the BOT business model, while maintaining, in-house, both the partial or full construction of the plants themselves and the subsequent management through 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 maximizing the value of its skills.

These activities contribute to the constitution of the "pipeline" of new plants, which currently highlights the following projects at various stages of progress in the permitting process as major assets in the wind and photovoltaic sectors:

- two wind power plants, of 16 MW and 30 MW respectively in the Basilicata region;
- a 15 MWp photovoltaic plant in the Sicily region;
- two wind power plants totalling 120 MW in the Campania region.

After 30 June 2022, there is also an important pathway for the development of photovoltaic plants based on the new provisions of DL 17/2022 (Energy Decree Law) concerning the "solar belt" with the short-term goal of rebalancing the pipeline between the two technologies, wind and photovoltaics.

With regard to development in the biogas and biomethane sector, the Group has four 500 Sm3/h anaerobic digestion plants, again at various stages of permitting.

However, the PLC Group remains committed to expanding its project pipeline, paying attention to both greenfield and brownfield initiatives. It should be noted, in fact, that there is an increasing interest on the part of the market in the development of new initiatives in line with the energy transition process, which, with reference to the Italian market alone, according to the agenda of the Ministry of Energy Transition envisages the installation by 2030 of 12 GW of new wind power plants and 41 GW of new photovoltaic plants.

Services Segment

The PLC Group offers a wide range of services in the field of renewable energy sources in the wind, photovoltaic, and biogas and biomethane sectors, as well as high and medium voltage electrical infrastructures serving RES plants, through PLC Service S.r.l., PLC Service Wind S.r.l. and Schmack Biogas S.r.l..

As an Operation & Maintenance (O&M) provider, the PLC Group provides periodic monitoring of the plants to ensure their maximum efficiency and oversees their "full service" or "customised" maintenance, both ordinary and extraordinary as well as predictive; it also deals with the revamping of Biogas, biomethane and photovoltaic plants and of high and medium voltage equipment.

An extensive range of services is offered and differs according to the type of end customer. To guarantee performance levels, the plants are monitored 24 hours a day by special control rooms and the end customer is periodically informed of the performance of the plants through special reports. In particular, at present there is a control room, at the Acerra (NA) site, to oversee the domestic market (which has undergone a significant technological and functional upgrade).

The main logistical 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. In line with the digitisation 4.0 strategy, a dedicated organisational unit has been created that will take the PLC Group into the new area of maintenance through augmented and virtual reality systems.

The Services Segment contributed positively to the consolidated results, even in an unfavourable market environment and despite the persistence of critical issues related to the Monsson Operation perimeter.

The Services Segment therefore confirms the capacity of its recurring component to generate positive results capable of stabilising overall profitability, guaranteeing the objectives set and creating value for the Group, while ensuring adequate capital strengthening.

Forecasts for the year 2023 remain positive, also in light of the divestment of the Monsson perimeter, which will allow a focus on the domestic market without wasting human, technical and financial resources.

Dispatching Services Segment

During 2022, the PLC Group continued its activities in the field of renewable energy dispatching services through its subsidiary MSD Service S.r.l., which currently plays a strategic role in disseminating knowledge within the Group of the new trends in the electricity market, with the aim of developing and expanding the range of services offered.

2.4 ANALYSIS OF THE ECONOMIC, EQUITY AND FINANCIAL RESULTS OF THE GROUP AT 31 DECEMBER 2022

RECLASSIFIED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

RECLASSIFIED COMPREHENSIVE INCOME STATEMENT (figures in thousands of Euros)	01.01.2022 31.12.2022	01.01.2021 31.12.2021
Revenues from core business	59.491	62.323
Other operating revenues	885	5.324
Total revenues	60.376	67.647
Operating costs	(63.400)	(55.992)
Other operating costs	(3.117)	(1.909)
GROSS OPERATING MARGIN (EBITDA)	(6.141)	9.747
EBITDA %	*-10%*	*14%*
Amortisation, depreciation and write-downs	(6.853)	(2.378)
OPERATING RESULT (EBIT)	(12.994)	7.369
Net financial income (charges)	(39)	(313)
Income from (Charges on) equity investments	(20)	(27)
Income taxes	716	(950)
Profit (loss) for the period from continuing operations	(12.337)	6.078
Profit (loss) for the period from discontinued operations	(3.516)	(3.107)
PROFIT (LOSS) FOR THE PERIOD	(15.853)	2.971
Total other components of comprehensive income	994	582
COMPREHENSIVE INCOME STATEMENT	(14.859)	3.553

The consolidated financial results at 31 December 2022, with respect to the comparative period, were significantly impacted by the negative effects of the performance of the Construction Segment, and the non-contribution of the Development Segment to which, in 2021, the capital gain of €3,797 thousand from the sale of C&C Tre Energy S.r.l. contributed. In contrast, the Services Segment confirmed its positive growth trend.

Revenues at 31 December 2022 amounted to a total of €60,376 thousand, while EBITDA was negative for €6,141 thousand.

The breakdown of EBITDA by operating segment is shown below.

RECLASSIFIED COMPREHENSIVE INCOME STATEMENT (figures in thousands of Euros)	Construction	Services	Holding	Trading	01.01.2022 31.12.2022
Revenues from core business	26.023	25.213	-	8.255	59.491
Other operating revenues	570	295	20	-	885
Total revenues	26.593	25.508	20	8.255	60.376
Operating costs	(32.008)	(19.134)	(4.052)	(8.206)	(63.400)
Other operating costs	(1.521)	(1.375)	(218)	(4)	(3.117)
GROSS OPERATING MARGIN (EBITDA)	(6.936)	5.000	(4.250)	45	(6.141)
EBITDA %	*-26%*	*20%*	*n.a.*	*1%*	*-10%*

Figures are shown net of intra-group balances and the Monsson Perimeter

Construction Segment

RECLASSIFIED COMPREHENSIVE INCOME STATEMENT (figures in thousands of Euros)	01.01.2022 31.12.2022	01.01.2021 31.12.2021
Revenues from core business	26.023	37.931
Other operating revenues	570	4.682
Total revenues	26.593	42.613
Operating costs	(32.008)	(33.148)
Other operating costs	(1.521)	(579)
GROSS OPERATING MARGIN (EBITDA)	(6.936)	8.886

Figures are shown net of intra-group balances and the Monsson Perimeter

The Construction Segment in 2022 generated revenues of €26,593 thousand and negative EBITDA of €6,936 thousand.

As noted above, the segment recorded a negative performance attributable to the performance of some job orders that will be completed in the coming months. The positive contribution of Schmack (already noted in 2021) was confirmed.

RECLASSIFIED COMPREHENSIVE INCOME STATEMENT (figures in thousands of Euros)	PLC System S.r.l. (*)	Schmack Biogas S.r.l.	01.01.2022 31.12.2022
Revenues from core business	17.735	8.288	26.023
Other operating revenues	254	316	570
Total revenues	17.989	8.604	26.593
Operating costs	(23.724)	(8.284)	(32.008)
Other operating costs	(1.285)	(236)	(1.521)
GROSS OPERATING MARGIN (EBITDA)	(7.020)	84	(6.936)
EBITDA %	*-39%*	*1%*	*-26%*

(*) together with its subsidiaries

RECLASSIFIED COMPREHENSIVE INCOME STATEMENT (figures in thousands of Euros)	PLC System S.r.l. (*)	Schmack Biogas S.r.l.	01.01.2021 31.12.2021
Revenues from core business	27.883	10.048	37.931
Other operating revenues	4.370	312	4.682
Total revenues	32.253	10.360	42.613
Operating costs	(23.375)	(9.773)	(33.148)
Other operating costs	(420)	(159)	(579)
GROSS OPERATING MARGIN (EBITDA)	8.458	428	8.886
EBITDA %	*26%*	*4%*	*21%*

(*) together with its subsidiaries

As mentioned above, the figures of PLC System S.r.l. are affected by the increase in whole-life costs recorded on some job orders related to the construction of wind farms, as well as by the non-contribution of the Development Segment.

These effects are of a temporary and limited nature; a gradual recovery of the sector is therefore expected as early as the end of 2023, driven by the favourable context of the renewables market.

Services Segment

RECLASSIFIED COMPREHENSIVE INCOME STATEMENT (figures in thousands of Euros)	01.01.2022 31.12.2022	01.01.2021 31.12.2021
Revenues from core business	25.213	20.964
Other operating revenues	295	576
Total revenues	**25.508**	**21.540**
Operating costs	(19.134)	(15.582)
Other operating costs	(1.375)	(1.222)
GROSS OPERATING MARGIN (EBITDA)	5.000	4.737
EBITDA %	*20%*	*22%*

Figures are shown net of intra-group balances and the Monsson Perimeter

In 2022, the Services Segment generated revenues of €25,508 thousand and EBITDA of €5,000 thousand, highlighting a growth trend in terms of profit margins, with revenues up with respect to the comparative period, due to the evolution of the service mix, which saw growth in revamping activities in 2022.

Trading Segment

RECLASSIFIED COMPREHENSIVE INCOME STATEMENT (figures in thousands of Euros)	01.01.2022 31.12.2022	01.01.2021 31.12.2021
Revenues from core business	8.255	3.428
Other operating revenues	-	-
Total revenues	**8.255**	**3.428**
Operating costs	(8.206)	(3.422)
Other operating costs	(4)	(1)
GROSS OPERATING MARGIN (EBITDA)	45	5
EBITDA %	*1%*	*0%*

Figures are shown net of intra-group balances

The Trading Segment includes the dispatching activities performed by the subsidiary MSD Service S.r.l. The increase in revenues and corresponding operating costs compared to the comparative period is related to the increase in energy prices.

Holding Segment

RECLASSIFIED COMPREHENSIVE INCOME STATEMENT (figures in thousands of Euros)	01.01.2022 31.12.2022	01.01.2021 31.12.2021
Revenues from core business	-	-
Other operating revenues	20	66
Total revenues	20	66
Operating costs	(4.052)	(3.840)
Other operating costs	(218)	(107)
GROSS OPERATING MARGIN (EBITDA)	(4.250)	(3.881)

Figures are shown net of intra-group balances

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

In 2022, there was an increase in Operating Costs arising mainly from strategic consulting, in connection with the drafting of the new 2023-2027 Business Plan, and financial and Other Operating Costs due to the waiver of trade receivables from the Monsson Perimeter for €208 thousand.

RECLASSIFIED CONSOLIDATED FINANCIAL POSITION STATEMENT

RECLASSIFIED FINANCIAL POSITION STATEMENT (figures in thousands of Euros)	01.01.2022 31.12.2022	01.01.2021 31.12.2021
Net tangible assets	7.743	8.511
Net intangible assets	8.917	12.530
Equity investments	17	19
Other non-current assets	2.095	2.103
Fixed assets	18.772	23.163
Net working capital	(2.248)	8.020
Assets held for disposal	(80)	-
NET INVESTED CAPITAL	16.444	31.183
Net financial position	(2.925)	(2.795)
NET FINANCIAL POSITION	(2.925)	(2.795)
SHAREHOLDERS' EQUITY	13.519	28.388

The consolidated financial position statement at 31 December 2022 has been reclassified by aggregating assets and liabilities according to the criterion of functionality to the management of the company considered, conventionally broken down into the three basic functions: investment, operation and financing.

Net invested capital at 31 December 2022 amounted to €16,444 thousand compared to €31,183 thousand at 31 December 2021. The decrease of €14,739 thousand was mainly due to the negative change in non-current assets due to the €3,419 thousand impairment of the goodwill of the Monsson Perimeter and the €10,268 thousand reduction in net working capital resulting from a significant decrease in contract assets due to the progressive completion, and simultaneous invoicing and related collection, of job orders already in the portfolio in the previous year.

CONSOLIDATED NET FINANCIAL POSITION

CONSOLIDATED NET FINANCIAL POSITION (figures in thousands of Euros)	01.01.2022 31.12.2022	01.01.2021 31.12.2021
Liquidity	8.420	10.729
Current financial debt	(5.030)	(4.666)
Non-current financial debt	(5.139)	(7.516)
Net financial position before IFRS16	**(1.749)**	**(1.453)**
Financial liabilities IFRS 16	(1.176)	(1.342)
NET FINANCIAL POSITION	**(2.925)**	**(2.795)**

The PLC Group's net financial position at 31 December 2022 is negative for €2,925 thousand (negative for €1,749 thousand net of financial payables recognised in application of IFRS 16) and recorded a negative change of €130 thousand compared to 31 December 2021. The total amount of financial indebtedness decreased by €2,013 thousand due to repayments made in accordance with the amortisation schedules, net of new financing disbursed. In the 2022 financial year, the subsidiary PLC Service S.r.l. signed a new loan with Banca Nazionale del Lavoro S.p.A. for €250 thousand, expiring on 31 March 2028, used for the purchase of a property located in Casalbore for the creation of a technical hub; in addition, the subsidiary PLC System S.r.l. stipulated two new loans with: (i) Credem, maturing on 3 April 2024, for €1,500 thousand; (ii) Banca Nazionale del Lavoro S.p.A., maturing on 27 September 2023, for €1,000 thousand.

2.5 ANALYSIS OF THE ECONOMIC, EQUITY AND FINANCIAL RESULTS OF PLC S.P.A. AT 31 DECEMBER 2022

RECLASSIFIED COMPREHENSIVE INCOME STATEMENT

RECLASSIFIED COMPREHENSIVE INCOME STATEMENT (figures in thousands of Euros)	01.01.2022 31.12.2022	01.01.2021 31.12.2021
Revenues from core business	2.422	2.417
Other operating revenues	20	66
Operating costs	(4.054)	(3.851)
Other operating costs	(426)	(108)
GROSS OPERATING MARGIN (EBITDA)	(2.038)	(1.476)
Amortisation, depreciation and write-downs	(10.327)	(81)
OPERATING RESULT (EBIT)	(12.365)	(1.557)
Net financial income (charges)	175	(47)
Income from (Charges on) equity investments	4.768	1.850
Income taxes	303	491
Profit (loss) for the period from continuing operations	(7.119)	737
Profit (loss) for the period from discontinued operations	-	-
PROFIT (LOSS) FOR THE PERIOD	(7.119)	737
Total other components of comprehensive income	64	(17)
COMPREHENSIVE INCOME STATEMENT	(7.055)	720

The parent company PLC S.p.A. operates exclusively as an operating holding company, centrally carrying out the activities relating to the Administration and Finance and Control (AFC), Secretariat, Information Technology (IT), Quality, Safety and Environment (QSE), Personnel (HR) and Legal and Corporate Affairs functions, which are charged back to the other Group companies through the appropriate service contracts.

In 2022, there was an increase in Operating Costs arising mainly from strategic consulting, in connection with the drafting of the new 2023-2027 Business Plan, and Other Operating Costs due to the waiver of trade receivables from the Monsson Perimeter for €208 thousand.

Negative income components include write-downs of €10,144 thousand resulting from the sale of the Monsson Perimeter.

Other positive income components included dividends of €4,768 thousand distributed by the subsidiaries PLC System for €3,257 thousand, PLC Service S.r.l. for €1,450 thousand, and Schmack for €61 thousand.

RECLASSIFIED FINANCIAL POSITION STATEMENT

RECLASSIFIED FINANCIAL POSITION STATEMENT (figures in thousands of Euros)	01.01.2022 31.12.2022	01.01.2021 31.12.2021
Net tangible assets	148	194
Net intangible assets	1.110	196
Equity investments	44.593	49.933
Other non-current assets	954	5.285
Fixed assets	**46.805**	**55.608**
Net working capital	(1.056)	1.047
Non-current assets/liabilities held for disposal	-	-
NET INVESTED CAPITAL	**45.749**	**56.655**
Net financial position	(4.628)	(8.479)
Net financial position relating to non-current assets and liabilities held for disposal	-	-
NET FINANCIAL POSITION	**(4.628)**	**(8.479)**
SHAREHOLDERS' EQUITY	**41.121**	**48.176**

The financial position statement of PLC S.p.A. at 31 December 2022 has been reclassified by aggregating assets and liabilities according to the criteria of functionality to the management of the company considered, conventionally broken down into the three basic functions: investment, operation and financing. The financial position statement at 31 December 2022 shows a decrease in Net Invested Capital for a total of €10,906 thousand, essentially due to the write-down of investments and waivers of receivables arising from the sale of the Monsson Perimeter and the reduction in receivables for intra-group services following the related collections.

NET FINANCIAL POSITION

NET FINANCIAL POSITION (figures in thousands of Euros)	01.01.2022 31.12.2022	01.01.2021 31.12.2021
Liquidity	421	605
Current financial debt	(3.025)	(5.267)
Non-current financial debt	(1.995)	(3.793)
Net financial position before IFRS 16 effects	**(4.600)**	**(8.455)**
IFRS 16 effects - Financial payables	(28)	(24)
NET FINANCIAL POSITION	**(4.628)**	**(8.479)**

The net financial position of PLC S.p.A. at 31 December 2022 was negative for €4,628 thousand (negative for €4,600 thousand net of financial payables recognised in application of IFRS 16) and recorded a positive change of €3,851 thousand, due to the reduction in financial debt, also realised through the collection of dividends paid by the subsidiaries.

2.6 RECONCILIATION BETWEEN THE RESULT AND THE SHAREHOLDERS' EQUITY OF THE PARENT COMPANY PLC S.P.A. AND THE CORRESPONDING GROUP VALUES

Figures in thousands of Euros	Shareholders' equity 31.12.2022	Result 31.12.2022
PLC S.p.A.	41.121	(7.055)
Difference between the carrying amounts of equity investments and the corresponding portions of shareholders' equity	(31.755)	(7.288)
Effects of the reverse merger transaction	4.711	0
Effects of the Monsson operation	(956)	(956)
Effects of the C&C transaction	606	0
Effects of the Schmack Biogas transaction	200	(90)
Other	(407)	(464)
PLC group	13.519	(15.853)

2.7 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 as part of "Industry 4.0".

The New Projects organisational unit's objective is to guide the PLC Group through the industrial revolution process that will substantially change the way everyone works, project the company towards an internalised management of specialised know-how, enhance the value of expert personnel and train technicians in the use of technologies in line with Industry 4.0, in order to quickly react 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 enable the realisation 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 related to "full service" contracts.

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

During 2018, PLC Service S.r.l. initiated, in collaboration with an external partner, a research and development programme in the area of "Industry 4.0", with the aim of implementing innovative technological solutions in the O&M services of renewable energy (RES) plants, the company's core business.

This path towards optimising the services offered to customers is based on the use of Information and Communication Technologies (ICT), with a special focus on the use of Augmented Reality (AR), Artificial Intelligence (AI) and the Industrial Internet of Things (IIoT).

The project, admitted for subsidies under concession decree no. 0002655 of 15 July 2020, received subsidised financing in the amount of €404 thousand and a non-repayable contribution of €790 thousand, against a total project cost of €2,018 thousand.

The project ended on 31 August 2022, with the completion of the research activities related to:

- current scenario analysis - type of systems, Control Rooms, failure cases and intervention procedures;
- future scenario definition - identification of the "core" model integrated with IOT, AI, AR technology;
- definition of requirements (functional and otherwise) in AR/IOT/AI;
- AR platform customisation for planned applications;
- experimenting, scouting and selecting innovative technologies;

as well as the following development activities:

- implementation of development platforms and AR hardware for "pilot" plants;
- implementation of IoT solutions to be integrated into the system for "pilot" plants;
- testing of development platforms for the AI model;
- field tests on the use of AR devices for video-assisted calling;
- development of technical tutorials in VR (virtual reality) mode.

Other projects in development

Against this backdrop, the New Projects unit 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 financing, such as the "Bonus Formazione 4.0" and subsidised measures such as tax credits for investments in Southern Italy.

In particular, the following additions should be noted:

- ongoing implementation of a Control Centre, i.e. a highly competent technology centre where specialised know-how to support all functions of the PLC Group will be centralised. When fully operational, activities

related to advanced monitoring systems, "service and operation" engineering, technical assistance in AR and R&D on potential future scenarios will be managed;
- realisation, by July 2023, of a new evolved Control Room (SCADA 4.0) for the optimised management of remote control plants and resources;
- preliminary analysis of the project aimed at the creation of a training centre (PLC Academy); a technical training centre that will project the company towards an internalised management of specialised know-how, enhance the value of expert personnel and train technicians in the use of technologies in line with Industry 4.0. In a second phase, the possibility of providing specialised training courses to third-party customers will also be considered;
- support the "new ERP" project for the introduction of a new Field Service (Work Force Management) module, which will enable organisational performance to be improved strategically by including human resource management, performance and training management, data collection, budgeting and forecasting, planning and analysis;

It is believed that these closely interlinked projects can contribute significantly to the development of the Services Segment, reflecting the company's vision to position itself in the market as an Independent Service Provider (ISP).

On the whole, the research costs incurred in 2022 amounted to €835 thousand, fully capitalised.

2.8 BRANCH OFFICES

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

2.9 CORPORATE GOVERNANCE

In 2022, the Company completed the process of adhering to the Corporate Governance Code, effective from 1 January 2021, in order to align its corporate governance model with the principles and recommendations of the Corporate Governance Code.

For the description of the main characteristics of the Corporate Governance System adopted by PLC S.p.A. pursuant to art. 123-bis of the Consolidated Law on Finance, see Annex 2 "Report on corporate governance and ownership structures".

2.10 TREASURY SHARES

At 31 December 2022, PLC S.p.A. did not hold any of its treasury shares, nor did it buy or sell them during the year.

2.11 TRANSACTIONS WITH RELATED PARTIES AND INTRA-GROUP 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 were carried out, outside the normal management of the company, or as such to prejudice the economic, equity and financial situation of the Group. Transactions with related parties are carried out on an arm's length basis.

The Procedure for Related Party Transactions, drafted also in order to adjust it to the provisions of Consob Regulation no. 17221 of 12 March 2010, as last amended by Consob Resolution no. 21624 of 2020, was approved by the Board of Directors on 28 June 2021 and is available to the public on the Company's website www.plc-spa.com.

In relation to the requirements of IAS 24 (revised) on "Related party disclosures" and the additional information required by Consob Communication no. 6064293 of 28 July 2006, reference should be made to paragraph 3.2.4.

2.12 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 renewable energy production sector 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 location and installation of renewable energy generation plants and (ii) incentive systems. The PLC Group is therefore exposed to the risks deriving from changes in the reference legal and regulatory context which could have a possible detrimental effect, including significant, 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 Legal reference 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 Convention on Climate Change, for the first time, the European Union developed an energy strategy targeted at promoting 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 targets to increase the share of energy produced from renewable sources, to reduce energy consumption by increasing energy efficiency and to reduce net greenhouse gas emissions, initiating what is now the process of "phasing out" of traditional forms of electricity.

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

In December 2019, the increasing awareness of the enormous threat posed by climate change and environmental degradation prompted 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;
- introducing cleaner, cheaper and healthier forms of private and public transport;
- decarbonising the energy sector;
- 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.

In 2022, the conflict between Russia and Ukraine further increased awareness of the risk of the European bloc's energy dependence on non-European raw materials, accelerating the process of research and development of renewable and sustainable sources, through which the European Union aims to achieve energy independence.

Significant regulatory and institutional updates during the year

- *European Union - REpowerEU Packages*

Following the outbreak of the war in Ukraine, in March 2022 the European Commission proposed the "REpowerEU" plan to make Europe independent from Russian fossil fuels well before 2030. The main measures and actions proposed for renewable energy include raising European targets in 2030 from 40% to 45%, a photovoltaic installation target of 320GW by 2025 and almost 600GW by 2030.

European guidelines are also envisaged to shorten and simplify authorisation procedures for both renewable energy plants and grid infrastructures within low environmental risk "go-to areas" with halved authorisation times.

- *European Commission - New Guidelines on State Aid for Energy and Environment*

In December 2021, the European Commission approved new guidelines on State aid for energy and the environment (CEEAG), which will apply to all economic support decisions taken by Member States as of January 2022. However, it is necessary to adjust the adopted support instruments to the new guidelines - where materially applicable - by 2023.

- *Italy - D.L. implementing the PNRR (National Recovery and Resilience Plan) and conversion law no. 233/2021*

In December 2021, Law no. 233/2021 converting Decree Law no. 152/2021 for the implementation of the PNRR was published. The main provision foresees the possibility of participation in future GSE auctions for complete reconstruction (i.e. repowering) projects together with greenfield projects, within the same quota.

- *Italy - Legislative Decree no. 199 of 8 November 2021*

Legislative Decree no. 199/2021 lays down provisions on energy from renewable sources, consistent with the European objectives of decarbonisation of the energy system by 2030 and full decarbonisation by 2050. For these purposes, the decree defines the instruments, mechanisms, incentives and the institutional, financial and legal framework necessary to achieve the targets for increasing the share of energy from renewable sources by 2030, in implementation of Directive (EU) 2018/2001 and in compliance with the criteria set out in Law no. 53 of 22 April 2021, as well as the provisions necessary for the implementation of the measures of the PNRR (National Recovery and Resilience Plan) in accordance with the PNIEC (National Integrated Energy and Climate Plan). As regards the main provisions, the possibility of support for electricity production from renewable sources is confirmed, which, for plants with a capacity of more than 1MW, is realised through descending auctions, aimed at the award of two-way contracts for difference and planned for at least five years. For the quotas not awarded through the tenders under M.D. 4/7/2019 (RES M.D. 1), further auction sessions are planned beyond 2021, until the available capacity is taken up. "Suitable areas" for the installation of renewable energy plants are introduced, understood as areas with "high potential" for renewable energy, identified by the regions through regional laws on the basis of implementation criteria defined by the government. Areas where repowering projects are qualified as "non-substantial" according to Decree Law Simplifications 2021 are considered eligible. In these areas, the authorisation simplification of renewable energy projects is implemented, including the mandatory but non-binding expression of Superintendencies and the Ministry of Culture for the environmental impact assessment.

- *Italy - Biogas and Biomethane Decree*

The Decree of the Ministry of Ecological Transition (MITE) no. 240 of 15 September 2022, published in the Official Gazette no. 251 of 26 October 2022 ("Biomethane Decree") was issued to implement the relevant articles of the aforementioned Legislative Decree no. 199/2021, transposing the RED II Directive.

The purpose of the Decree is to support the production of biomethane fed into the natural gas grid and produced, in compliance with the sustainability requirements of Directive 2018/2001/EU, by newly built plants fuelled by agricultural matrices and organic waste, or by plants for the production of electricity from agricultural biogas undergoing revamping.

In particular, through the allocation of incentives (capital grants and feed-in tariffs) totalling €1.7 billion under the PNRR to support biomethane production, the Biomethane Decree: (i) will support the conversion and streamlining of existing agricultural biogas plants towards the total or partial production of biomethane for both the heating and cooling industrial and residential sector; or (ii) will encourage the construction of new power plants for biomethane production; or (iii) will seek to improve efficiency in terms of heat utilisation and reduction of emissions from existing small-scale agricultural plants for which no revamping measures are available.

The measure opens up the possibility of using biomethane for uses other than transport, but the application rules of the measures will have to be regulated through a further decree of the Ministry of the Environment and Energy Security, based on a proposal by the GSE.

The ultimate goal will be to: (i) minimise the effects of rising raw material costs; (ii) support the development of the biomethane market; (iii) realise investments within the strict time-frames imposed by the National Recovery and Resilience Plan, also in light of the current difficulties in procuring materials and components.

- *Italy - RES 2 Decree*

On 13 September 2022, the text of RES 2 Decree was forwarded to the State-Regions-Local Authorities Unified Conference for the expression of an opinion, but to date the final publication is still pending. The RES 2 Decree, where adopted, provides for the granting of incentives aimed at increasing the energy production from renewable sources (such as geothermal, thermodynamic solar and biogas to complement more mature technologies such as wind and solar) as well as the achievement of decarbonisation targets for 2030; its implementation will allow for the incentivisation of a total of 4590 megawatts of plants through the participation in competitive public procedures, announced by the GSE in the period from 2023 to 2026.

The incentive framework in Italy

The incentive for electricity production from renewable sources is composed of several mechanisms that apply depending on (i) the date of commissioning of the plant, (ii) the type of renewable source and (iii) the power of the plant.

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

- feed-in tariffs (former Green Certificates) for renewable plants with the exception of solar energy;
- the Conto Energia (Energy Account) for solar photovoltaic systems;
- the incentive under RES 1 Decree for both onshore photovoltaic and wind power plants;
- CICs - Certificates of Release for Consumption.

- *Feed-in tariffs (former Green Certificates)*

As provided for in the Ministerial Decree of 6 July 2012, the Green Certificates mechanism was replaced in 2016 by a new form of incentive that guarantees, on the net production of energy, the payment of a tariff by the GSE in addition to the revenues from the development of energy. For the allocation of the incentive, auction mechanisms have been defined for the construction of RES plants with a capacity of more than 5MW and registration mechanisms for plants with a capacity of less than 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 2022 amounts to €125.06/MWh).

- *Conto Energia (Energy Account) for photovoltaic plants*

The Conto Energia represents the main incentive instrument for photovoltaic systems in force in Italy from 2005 to 2013 through five different programmes, each overcoming, adjusting or redefining the previous one. The Fifth Conto Energia ended on 6 July 2012 without the issuance of a new incentive scheme on the energy produced, but was replaced by tax relief on the cost of the plant.

- *Incentives under RES 1 Decree (Ministerial Decree of 4 July 2019)*

The Ministerial Decree of 4 July 2019 - known as RES 1 Decree - is the instrument that supports the energy production from renewable sources in order to reach the European 2030 targets defined in the PNIEC (National Integrated Energy and Climate Plan).

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 renewable energy plant, divided into 7 four-monthly tenders 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 to a price level determined as a result of auction or registry procedures. In addition to these quantities, there are further quotas for plants of less than one MW, bringing the total power that can be incentivised under the decree to 8,000 MW with an estimated investment of more than €8 billion. The Italian government is currently evaluating the extension to 2026 of the incentive mechanism provided for in RES 1 Decree.

The establishment, by the "Draghi" government, of the new Ministry of Ecological Transition (MiTE), which then became the Ministry of the Environment and Energy Security, is a clear sign of the Italian government's desire to accelerate the process of profound and radical transformation of the energy production fabric increasingly in favour of renewable sources and biofuels. In this regard, a proposal has been made to extend the RES auctions to 2030 and the subsidies for biomethane (CICs) to 2028, garnering due attention and consensus from all political parties and the public.

- *CICs - Certificates of Release for Consumption*

The Certificates of Release for Consumption are the incentive instrument for advanced biomethane production plants that come into operation by 31 December 2022. The incentive scheme provides for (i) the recognition of the fixed value of €375 for each CIC recognised for 10 years; thereafter, one is only entitled to the issuance of 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 spot market for natural gas or, alternatively, the sale made independently.

Overview of the regulatory and incentive framework in Europe

In Europe, the development of RES has been 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 allowed them to make abundant margins in the following years. In most countries, including Romania, these incentives have been completely cancelled and in some cases not replaced by equally effective alternatives, leading to 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 instrument of corporate PPAs, are driving a particularly visible recovery.

Auctions remain the main development factor for the wind energy market; those planned in European countries for wind energy technology and according to a "technology-neutral" approach envisage public

tenders for the installation of 55.8 GW between 2020 and 2023; assuming an award factor of 66%, this would imply an increase of about 24% in installed wind power capacity compared to 2019. Since these figures only refer to officially announced auctions, the number is likely to grow in the future. The update of the National Integrated Energy and Climate Plans (PNIEC) will probably lead to the announcement of further auctions.
In 2019, a large part of the auctions was in the UK and to a lesser extent in Poland, Germany, France, Greece and the Netherlands; from 2021, major auctions are also planned in Germany, France and the Netherlands.
Photovoltaics is also the subject of auctions in many European countries, although the competitiveness of the segment has shown different trends as a result of distinct price dynamics, different market, regulatory and authorisation frameworks, and dissimilar attitudes on the part of operators. In particular, in Denmark, Germany, the Netherlands and Spain, photovoltaics proved to be successful in technology-neutral auctions.

* * *

It should be noted that from the 2020 financial year, the PLC Group, even though it is 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, publishes the Consolidated Sustainability Report, 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, has decided 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. The Consolidated Sustainability Report at 31 December 2021 will be published on the website in the "Investor Relations/Sustainability" section.

Financial Risks

The PLC Group is exposed to the following financial risks: (i) liquidity risk stemming from the possibility of not being able to source the necessary funds to meet its obligations (ii) credit risk arising from the possibility of default by a counterparty, (iii) exchange rate risk arising from the performance of its business also in foreign markets, and (iv) interest rate risk arising from financial exposure. The management of financial risks is an integral part of the management of the activities of the Group 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.
In view of the war in Ukraine that started in February 2022, management is monitoring possible critical issues and impacts with regard to financial risks.
At this stage, the PLC Group is not exposed to an increase in financial risks as a result of the conflict, also in view of the insignificant exposure in the markets concerned.
However, given the continuation of a longer-term situation of uncertainty, a potential worsening of financial stress scenarios cannot be ruled out, resulting from a further rise in interest rates, a deterioration of liquidity in general, delays in payments from customers, and the slowdown of operational activities on projects with delays in the related invoicing to customers.
For further information on financial risks required by IFRS 7, see paragraph 3.2.5. with reference to the consolidated financial statements and paragraph 4.2.4 with reference to the separate financial statements.

Legal risks

Litigation in which the company is the plaintiff

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 a dispute in which it is the plaintiff, as it had to step in as contractor to resolve the resulting issues, bearing the related cost so as not to create more damage for the clients. Following the occurrence of the above-mentioned problems, the respective client companies filed a separate claim with the insurance company, each on its own account, and the insurance company opened two independent files under the "erection all risk" policy; however, the insurance company denied coverage for the claims for both positions.
Disagreeing with the insurance company's position, PLC System S.r.l., as the insured party, resorted to arbitration, which was subsequently concluded with the rejection of all claims.
Subsequently, PLC System S.r.l. considered whether to initiate ordinary civil proceedings against the insurance company, challenging the arbitration award. On the side-lines of this litigation, PLC System S.r.l. also considered taking action against the construction manager, for which negotiations are ongoing to evaluate a possible amicable settlement of the pending dispute.

Litigation filed against the company

There are no disputes pending that are worthy of mention due to their subject matter or value.

It should be noted that, under the terms of the Monsson Perimeter transfer agreement, the Purchaser assumed any obligations arising from the activities carried out by the former subsidiaries belonging to the aforementioned Monsson Perimeter, explicitly indemnifying the PLC Group from any claims made by third parties.

2.13 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 year, the Group did not receive any grants from public administrations.

2.13.1 ANY FAILURE TO COMPLY WITH COVENANTS, NEGATIVE PLEDGES AND ANY OTHER CLAUSE OF THE GROUP'S INDEBTEDNESS THAT RESTRICTS THE USE OF FINANCIAL RESOURCES

As of today there are no cases of non-compliance with financial covenants or negative pledges.
The following are the loan agreements that provide for the observance of financial covenants.

PLC Service S.r.l. - BNL Loan Agreement

The loan signed on 31 July 2018 by the subsidiary PLC Service S.r.l. with BNL requires compliance with two financial covenants subject to verification annually starting from 31 December 2018 and for the entire duration of the loan (i.e. 10 years); failure to comply with both covenants may result in forfeiture. 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. At 31 December 2022, the covenant on the ratio of financial indebtedness to EBITDA was not met (negative EBITDA), whereas the covenant on the ratio of financial indebtedness to shareholders' equity was met.

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

The loan signed on 22 January 2019 by the parent company PLC S.p.A. with BNL requires compliance with two financial covenants subject to verification annually starting from 31 December 2018 and for the entire duration of the loan (i.e. 22 January 2024); the simultaneous failure to meet the financial covenants constitutes a Material Event under 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. At 31 December 2022, the covenant on the ratio of financial indebtedness to EBITDA was not met (negative EBITDA), whereas the covenant on the ratio of financial indebtedness to shareholders' equity was met.

There are no clauses concerning the Group's indebtedness that entail limits on the use of financial resources.

2.14 GLOSSARY

Financial Terms

Cash Generating Unit (CGU) corresponds, in the context of performing the impairment test, to the smallest identifiable group of assets that generates cash inflows and/or outflows, deriving from the continuous use of assets, largely independent of the cash inflows and/or outflows generated by other assets or groups of assets.

EBIT (Earnings Before Interest and Taxes) indicates the operating result.

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

Headroom (Impairment Loss) means the positive (or negative) excess of the recoverable amount of a CGU over its carrying amount.

International Financial Reporting Standards (IFRS) means the international accounting standards issued by the International Accounting Standards Board (IASB) and adopted by the European Commission. They include International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) and the Standing Interpretations Committee (SIC) adopted by the IASB. The name International Financial Reporting Standards (IFRS) was adopted by the IASB for standards issued after May 2003. Previously issued standards have retained the name IAS.

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

Guidance indicates the forecast data, with particular reference to those included in the 2021-2024 Business Plan approved by the Board of Directors on 31 March 2021 and disclosed to the market.

Operating Activities

Build-Operate-Transfer (BOT) means the contractual form whereby the owner (PLC Group) receives the assignment from a lender (utilities, IPPs and/or investment funds) of a contract to finance, design, construct, and operate a power generation plant that will be transferred to the lender.

Balance of Plant (BOP) means the executive and construction design, supply of components and/or equipment and their accessories, constituting all elements 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 operator and/or "Aggregator" of the UVA "Enabled Virtual Units" holding these aggregations. Aggregators are entitled to offer in MSDs (Dispatching Services Markets) and are responsible for communicating with Terna and executing dispatching orders received following market sessions.

RES 1 Decree means the Ministerial Decree 04/07/2019 signed by the Ministry of Economic Development and the Ministry of the Environment, which aims to support the energy production from renewable sources in order to achieve the European 2030 targets defined in the National Integrated Energy and Climate Plan (PNIEC).

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) refers to the typical contract in the Construction Segment for the construction of plants in which the service provider performs the engineering, material procurement and construction activities. A "turnkey contract" is when the plant is delivered ready for start-up or already started up.

RES means renewable energy sources

Energy Services Manager (GSE, *Gestore Servizi Energetici*) is a company whose sole shareholder is the Ministry of Economy and Finance and whose mission is to promote sustainable development and the rational use of energy.

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

Levelised Cost Of Energy (LCOE) means the levelled cost of energy and is an index of the competitiveness of different power generation technologies, diversified by type of energy source and average plant lifetime.

European Green Deal means the set of legislative and non-legislative initiatives undertaken by the European Commission with the overall goal of achieving climate neutrality in Europe by 2050.

Operation and Maintenance (O&M) means the operation and maintenance activities during the life of an energy production plant in order to maintain its full functionality and maximum profitability.

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

Shelter means a metal enclosure container intended for housing medium and low voltage electrical and electronic equipment installed in electrical substations.

Virtual Unit Enabled Mixed (UVAM) means an aggregation of peripheral production, consumption and storage units that supply the grid with reserve power.

3 CONSOLIDATED FINANCIAL STATEMENTS

3.1 CONSOLIDATED FINANCIAL STATEMENTS

3.1.1 FINANCIAL POSITION STATEMENT

FINANCIAL POSITION STATEMENT (figures in thousands of Euros)	Notes	01.01.2022 31.12.2022	*of which from related parties*	01.01.2021 31.12.2021	*of which from related parties*
Non-current assets					
Tangible assets	A	7.743	-	8.511	-
Goodwill	B	4.752	-	8.190	-
Intangible assets	C	4.165	-	4.340	-
Equity investments accounted for using the equity method	D	6	-	7	-
Equity investments in other companies	E	11	-	12	-
Deferred tax assets	F	332	-	188	-
Receivables and other non-current assets	G	1.637	*211*	1.899	*176*
Other non-current financial assets		-	-	-	-
Non-current derivative instruments	H	127	-	17	-
Total non-current assets		**18.773**		**23.164**	
Current assets					
Inventories	I	4.444	-	4.508	-
Contract assets	I	5.054	-	16.028	-
Trade receivables	J	20.245	*4*	20.263	*20*
Financial receivables	K	102	*9*	120	*26*
Other receivables	L	3.547	-	3.865	*3*
Cash and cash equivalents	N	8.420	-	10.729	-
Other current financial assets		-	-	-	-
Current derivative instruments		-	-	-	-
Total current assets		**41.812**		**55.513**	
Non-current assets held for sale / disposal	NN	4.016	-	-	-
TOTAL ASSETS		**64.601**		**78.677**	

FINANCIAL POSITION STATEMENT (figures in thousands of Euros)	Notes	01.01.2022 31.12.2022	*of which from related parties*	01.01.2021 31.12.2021	*of which from related parties*
Share capital and reserves		28.368	-	24.826	-
Profit (loss) for the period attributable to the Group		(14.841)	-	3.553	-
Group shareholders' equity		**13.527**		**28.379**	
Minority interests in shareholders' equity		(8)	-	9	-
TOTAL SHAREHOLDERS' EQUITY	M	**13.519**		**28.388**	
Non-current liabilities					
Non-current financial liabilities	N	6.101	*206*	8.474	*212*
Provisions for non-current risks and charges	O	1.017	-	988	-
Employee severance indemnity	P	2.506	-	2.828	-
Deferred tax liabilities and other non-current taxes	Q	359	-	607	-
Payables and other non-current liabilities		-	-	-	-
Non-current derivative instruments		-	-	-	-
Total non-current liabilities		**9.983**		**12.897**	
Current liabilities					
Current financial liabilities	N	5.245	-	5.050	-
Provisions for current risks and charges		-	-	-	-
Trade payables	R	20.960	*19*	24.615	*150*
Contract liabilities	S	5.475	-	1.217	-
Other payables	T	5.323	-	6.510	-
Current derivative instruments		-	-	-	-
Total current liabilities		**37.003**		**37.392**	-
					-
Non-current liabilities held for sale / disposal	NN	4.096	-	-	-
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**64.601**		**78.677**	

3.1.2 INCOME STATEMENT

INCOME STATEMENT (figures in thousands of Euros)	Notes	01.01.2022 31.12.2022	*of which from related parties*	01.01.2021 31.12.2021	*of which from related parties*
Revenues from core business	AA	59.491	-	62.323	0
Other operating revenues	BB	885	-	5.324	(1)
Costs for raw materials	CC	(16.845)	-	(23.062)	-
Service costs	DD	(32.090)	(19)	(18.966)	(243)
Personnel costs	EE	(14.465)	-	(13.964)	-
Other operating costs	FF	(3.117)	-	(1.909)	-
GROSS OPERATING MARGIN (EBITDA)		(6.141)		9.747	(243)
Amortisation and depreciation	GG	(2.188)	-	(2.378)	-
Revaluations (write-downs)	HH	(4.665)	-	-	-
OPERATING RESULT (EBIT)		(12.994)		7.369	(243)
Financial income	II	295	15	119	7
Financial charges	JJ	(334)	(6)	(432)	(6)
Income from (Charges on) equity investments				-	-
Dividends		-	-	-	-
Share of the result of equity investments in shareholders' equity	KK	(20)	-	(27)	-
Gains (losses) on equity investments		-	-	0	-
Income taxes	LL	716	-	(950)	-
Profit (loss) for the period from continuing operations		(12.337)		6.078	(242)
Profit (loss) for the period from discontinued operations	NN	(3.516)	-	(3.107)	-
PROFIT (LOSS) FOR THE PERIOD		(15.853)		2.971	(242)
pertaining to the Group		(15.836)	-	2.970	-
attributable to minority interests		(17)	-	1	-
Weighted average number of ordinary shares in the period		25.960.575	-	25.960.575	-
Earnings per share (in Euro)		(0,611)	-	0,11	-
Diluted earnings per share (in Euro)		(0,61)	-	0,11	-
Earnings per share of discontinued operations (in euros)		-	-	-	-

3.1.3 COMPREHENSIVE INCOME STATEMENT

COMPREHENSIVE INCOME STATEMENT (figures in thousands of Euros)	Notes	01.01.2022 31.12.2022	01.01.2021 31.12.2021
PROFIT (LOSS) FOR THE PERIOD		(15.853)	2.971
Other components of comprehensive income			
Components that cannot be reclassified to the income statement		633	39
Tax effect of non-reclassifiable components		(177)	(11)
Total components that cannot be reclassified to the income statement		456	28
Components reclassifiable to the income statement		538	554
Tax effect on reclassifiable components		-	-
Total components reclassifiable to the income statement		538	554
Total other components of comprehensive income	MM	994	582
COMPREHENSIVE INCOME STATEMENT		(14.859)	3.553
pertaining to the Group		(14.841)	3.553
attributable to minority interests		(18)	-

3.1.4 CASH FLOW STATEMENT

CASH FLOW STATEMENT (figures in thousands of Euros)	01.01.2022 31.12.2022	01.01.2021 31.12.2021
Comprehensive income/(loss) from continuing operations	(11.343)	3.553
Comprehensive income/(loss) from discontinued operations	(3.516)	-
Comprehensive income / (loss)	(14.859)	3.553
(Capital Gain)/Loss from assets sold		(3.856)
Fair Value Adjustment	-	-
Amortisation, depreciation and impairment of fixed assets	2.188	2.796
Write-downs (Revaluations) of financial assets	(110)	-
Write-downs (Revaluations) of fixed assets	4.665	-
Associates' share of comprehensive income	-	-
Charges (Net financial income)	39	940
Dividends	-	-
Other non-monetary items included in the income statement	1.026	-
Net changes in working capital		
Contract assets	10.974	(9.983)
Inventories	(50)	(169)
Trade receivables and other receivables	(2.038)	1.167
Trade payables and other payables	2.457	3.407
Change in other provisions and deferred tax assets and liabilities	353	457
Gross Cash Flow	4.644	(1.688)
Interest paid	(324)	(296)
Interest received	63	37
Income taxes (paid) received	(437)	(157)
Income taxes	(716)	1.241
CASH FLOW FROM OPERATING ACTIVITIES [A]	3.230	(863)
(Investments) in tangible and intangible fixed assets	(3.869)	(2.543)
Divestment of tangible and intangible fixed assets	426	953
(Acquisitions) net of cash acquired	-	-
Divestments net of cash transferred		3.797
(Investments) in other companies and financial assets	-	-
Divestments in other companies and financial assets	-	217
Dividends received	-	-
CASH FLOW FROM INVESTING ACTIVITIES [B]	(3.443)	2.424
Increase/(Reduction) of Share Capital net of ancillary charges	-	-
Other changes in shareholders' equity	(10)	6
Obtainment of loans, financing and other financial liabilities	4.437	1.949
(Repayments) of loans, financing and other financial liabilities	(5.943)	(2.985)
Repayments of loans, financing and other financial assets	-	-
(Disbursement) of loans, financing and other financial assets	-	-
Dividends paid	-	-
CASH FLOW FROM FINANCING ACTIVITIES [C]	(1.516)	(1.030)
NET CHANGE IN CASH AND CASH EQUIVALENTS [A+B+C]	(1.729)	531
Cash and cash equivalents at the beginning of the period	10.729	10.198
Cash and cash equivalents for discontinued operations	(580)	
Cash and cash equivalents at the end of the period	8.420	10.729

3.1.5 STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

CHANGES IN SHAREHOLDERS' EQUITY (figures in thousands of Euros)	Share capital	Statutory reserve	Share premium reserve	Other reserves	Translation reserve	Profit (loss) carried forward	OCI reserve	Profit (loss) for the year	Shareholders' equity (Group share)	Shareholders' equity (minority interests)	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 net income/(loss)	-	-	-	-	-	(3)	-	3	-	-	-
Other changes in shareholders' equity	-	-	-	-	-	(7)	-	-	(7)	9	2
Profit (loss) at 31.12.2021	-	-	-	-	-	-	-	2.970	2.970	1	2.971
Other components of comprehensive income (loss)	-	-	-	-	554	-	29	-	583	(1)	582
Profit (loss) for the period	-	-	-	-	*554*	-	*29*	*2.970*	***3.553***	-	***3.553***
SHAREHOLDERS' EQUITY AT 31.12.2021	27.026	5.405	12.484	-21.434	984	1.134	-190	2.970	28.379	9	28.388
Allocation of 2021 net income/(loss)	-	-	-	-	-	2.970	-	(2.970)	-	-	-
Other changes in shareholders' equity	-	-	-			(10)			(10)	-	(10)
Profit (loss) at 31.12.2022	-	-	-					(15.836)	(15.836)	(17)	(15.853)
Other components of comprehensive income (loss)	-	-	-		538		456		994		994
Profit (loss) for the period	-	-	-	-	*538*	-	*456*	*(15.836)*	***(14.842)***	*(17)*	***(14.859)***
SHAREHOLDERS' EQUITY AT 31.12.2022	27.026	5.405	12.484	(21.434)	1.522	4.094	266	(15.836)	13.527	(8)	13.519

For comments on the individual items, reference should be made to note M. "Shareholders' equity" in the Notes to the consolidated financial statements.

3.2 MAIN PLC GROUP OPERATIONS DURING THE YEAR 2022

Approval of new Business Plan 2023-2027

On 22 December 2022, the Board of Directors of PLC S.p.A. approved the PLC Group's 2023-2027 Business Plan, the main elements of which are summarised below:

- Market: PLC operates in the most relevant sectors for energy transition with consequent important development opportunities, linked to the structural growth trend of the reference markets in Italy together with PLC's know-how and competitive positioning, recognised by the main sector stakeholders.
- Strategic objectives: three main objectives, aimed at steering the evolution of the Group: 1) Organic growth based on adjacency development (building on core competencies), 2) Strengthening the operating model and 3) Technical investments, both aimed at strengthening the company's executive capacity.
- EBITDA is expected to grow steadily, driven by an increase in revenues (2027 twice those of 2023) and a significant scale effect of structural costs, with end-of-plan targets in the region of €12-14 million thanks to the contribution of all Business Areas.
- Financial soundness: significant cash generation capable of self-financing growth and investments with a progressively decreasing NFP/EBITDA ratio to less than 2x by 2027.
- Dividend policy: €6 million cumulative dividends are planned over the Plan period.

Exiting the Grey List

Consob, with Order no. 0463799/22 of 27 July 2022, ordered the withdrawal of the obligation to disclose supplementary information pursuant to Article 144, paragraph 5 of Legislative Decree no. 58/98, starting from the next accounting report.

Entry into operation of new ERP system

During the second half of 2022, the new ERP (Enterprise Resource Planning) system, Microsoft Dynamics 365, was released and became operational, replacing the previous system.

The total investment amounted to around €1 million and involved more than a year of work by the internal IT team with significant support from a leading specialised consultancy firm.

In consideration of the Group-wide implementation of the new management, administrative and accounting software, which required significant changes to the procedures and data input methods of the management system, it was deemed advisable to take advantage of the longer term of 180 days for the approval of the annual financial report at 31 December 2022 by the Shareholders' Meeting, consequently providing for the approval of the same report by the Board of Directors by 30 April 2022, based on the TUF (Consolidated Law on Finance) and Article 154-ter, paragraph 1 of Legislative Decree no. 58/98.

Signing of new contracts in the engineering and construction segment

Between the end of the 2022 financial year and the beginning of the 2023 financial year, new contracts were signed with major industry players for a total value of approximately €50 million (limited to the engineering and construction segment only). These contracts will take effect during the 2023 financial year with a residual tail in the first half of 2024. In particular, it seems appropriate to highlight:

- the contract signed on 30 November 2022 with the company Campo Eolico Ariano S.r.l., a company of the Austrian group WEB Windenergie AG, relating to the turnkey construction of the electrical connection works of an 84 MW (20 WTG) wind farm, located in the province of Avellino, for a consideration of approximately €9.9 million;
- the contract signed on 22 December 2022 with the company Ecoenergia Franzese S.r.l., a company of the Whysol Investments group, for the turnkey construction of a Terna switching station and a utility substation serving a 37.8 MWp wind farm located in San Marco dei Cavoti, province of Benevento, for a total consideration of about €10.6 million;
- the award of a contract on 16 March 2023 by Wind Energy Racalmuto S.r.l., a company of the Energia & Servizi Group, relating to the turnkey construction of the grid station, utility substation and high-voltage connections, serving a mixed power generation park, consisting of a wind farm comprising 4 wind turbines with a total capacity of 22 MW, a photovoltaic park with a total capacity of 3.045 MW and a storage park with a capacity of 2 MW, located in Racalmuto, province of Agrigento, for a total consideration of over €11.7 million.

Also of strategic importance in light of the 2023-2027 business plan is the contract signed on 20 December 2022 for the construction of 4 photovoltaic plants in Sicily, with a capacity of 1 MW each, with a leading operator in the photovoltaic sector in Italy and abroad for a total consideration of over €2 million, which marks the relaunch of the PLC Group in the photovoltaic plant construction business.

Process for the sale of the shareholding in Monsson LTD and its subsidiaries launched

In November 2022, a process was initiated to assess the market conditions for the potential sale of the shareholding in Monsson Operation LTD, to which several foreign companies[6] ("the Monsson perimeter") belong and which offer services and solutions for the maintenance, operation and dispatching activities of wind power plants, including erection&installation, photovoltaic and electrical connection infrastructure in several central/northern European countries.

The companies of the Monsson foreign scope recorded a negative EBITDA of about €2 million in 2021 and a negative EBITDA of about €2.4 million in 2022. In this regard, it should be noted that the 2023-2027 business plan, with reference to the results of the Monsson perimeter, envisaged a negative contribution of about EUR 262 thousand in 2023, while - over the plan period - the Monsson perimeter would have contributed to the Group's EBITDA marginally, with a percentage of less than 5% of the total EBITDA envisaged in the plan. The Monsson perimeter also bears the risks related to pending litigation in Germany against two perimeter companies, totalling approximately €2.7 million, plus interest and ancillary charges. In this regard, it should be noted that during the dispute settlement hearing held in November 2022, the parties did not reach any settlement agreement.

In preparing the financial statements for the year ended 31 December 2022, the directors, in light of the status of negotiations for the sale described above, and the high probability of the sale, have classified the "Monsson Perimeter" in accordance with IFRS 5, "Discontinued Operations". The financial statements at 31 December 2021 were also restated in accordance with the same accounting standard.

The sale was successfully completed with the signing of the transaction closing on 5 April 2023.

For further details, see Section 3.2.3.NN of the Notes to the Financial Statements.

Intra-group demergers of PLC System S.r.l. and PLC Service S.r.l.

On 14 July 2022, the deeds of partial demerger of the subsidiaries PLC Service S.r.l. and PLC System S.r.l. were signed in favour of PLC S.p.A.. As a result of the above deeds of demerger, the share representing the entire share capital of PLC Service Wind S.r.l. previously held by PLC Service S.r.l. and the share representing the entire share capital of PLC Power S.r.l. previously held by PLC System S.r.l. were assigned to PLC S.p.A.. The demergers are part of the broader framework of corporate reorganisation aimed at a better and more

[6] Monsson Operation LTD holds the shareholdings in Monsson Operation SRL, Monsson Operation GMBH, Monsson Operation AB; Monsson Operation SRL holds the shareholdings in Wind Power Energy SRL, Monsson Turkey Limited Sirkety, Monsson Energostroy O.O.O. and Monsson Operation Poland SP.ZO.o, as well as two branches in Greece and Russia respectively.

coherent segregation of the various business segments of the corporate group subject to management and coordination by PLC S.p.A.. Demergers have no effect at the consolidated level.

Idroelettrica 2014 S.r.l. Unipersonale

On 15 September 2022, the hydroelectric plant owned by the subsidiary Idroelettrica 2014 S.r.l. unipersonale, located in the Brotano district in the municipality of Pergola (PU) and San Lorenzo in Campo (PU), suffered extensive damage due to the rainstorm that affected the Marche region, causing the Cesano River to flood. The relevant local authorities were promptly alerted and a claim was opened with the insurance company that covers the plant from damage caused by such external phenomena. Expert appraisal operations are still in progress to quantify the damage caused by the natural phenomenon needed for the subsequent settlement of the compensation due. It is hoped that the power plant will be back in operation by the end of the third quarter of the year; in this regard, it should be noted that the insurance policy provides cover not only for direct damages, but coverage for business interruption of 6 months to cover the loss of production during the plant's downtime.

Information on the impact of the war in Ukraine on the market environment and on the economic, equity and financial results of the PLC Group

The protracted war in Ukraine, which started in February 2022, has led to severe economic consequences in all industries, impacting the global economy. Although the PLC Group does not have significant direct exposure to the affected markets, as already described in the half-yearly financial report for 2022, it was nevertheless heavily impacted by indirect supply chain effects. In particular, the costs of the main raw materials used (steel, cement, copper and aluminium) showed average increases of around 30% compared to 2021. Looking ahead, one cannot exclude possible further negative consequences resulting from the development of the conflict between Russia and Ukraine, with as yet unforeseeable effects on business.

On the other hand, the conflict further increased awareness of the risk of the European bloc's energy dependence on non-European raw materials, accelerating the process of development and construction of new renewable energy plants, through which the European Union aims to achieve energy independence; this represents a further business development opportunity for PLC.

Information on the Impacts of Coronavirus (Covid-19)

Limited risk factors still persist to date, arising from Covid-19 and related to new variants of the virus. Also in 2022, the PLC Group continued to constantly monitor the health emergency due to the continuous evolution of the phenomenon and the possible effects in terms of (i) evolution of the reference regulatory frameworks, (ii) management of relations with customers and partners, (iii) management of active and passive contracts (specific clauses were introduced, where possible, to mitigate the possible negative effects of the pandemic) and (iv) impacts on project execution activities and performance levels. In addition, the PLC Group continued to take the necessary measures to ensure, on the one hand, the health of its employees and, on the one other, business continuity, for example through smart working.

3.3 SIGNIFICANT EVENTS OCCURRING AFTER 31 DECEMBER 2022

Finalisation of the sale of the Monsson perimeter

Following the start of the sale process, which took place during 2022, on 8 March 2023 PLC S.p.A. signed the agreement aimed at the sale of the Monsson perimeter to the Luxembourg-registered company Monsson S.à.r.l, through the transfer of the shareholding held in the company Monsson Operation LTD, an Irish-registered company that directly and indirectly holds the shares of the foreign companies that make up the aforementioned perimeter. The closing of the transaction took place on 5 April 2023.

The transaction constitutes a step in line with the realisation of the 2023-2027 business plan, in which the absolute strategic centrality of the domestic market and the strengthening of the operating model have been defined, to be realised, inter alia, through the simplification of the corporate structure and the divestment of companies considered non-core: the sale allows the consolidation of the PLC Group's growth path through the focus of the Group's activities and resources on the Italian market.

As part of the transaction, the purchaser - in exchange for the payment of a symbolic consideration - assumes on its own account the management and entrepreneurial risk arising from the companies of the Monsson perimeter, also for the activities carried out prior to the sale - with the provision of an express indemnity for the benefit of the Company against any and all claims that may be made by third parties in relation to the companies. In this context, PLC provided a shareholder loan in the amount of €1 million to Monsson Operation LTD, which was waived at closing, together with all other receivables due to the Company from the Monsson perimeter.

In particular, with reference to the 2022 financial year, PLC S.p.A. wrote down the investment in Monsson Operation LTD for €5.34 million and waived financial receivables from the entire Monsson perimeter for a total of €4.7 million.
A further €1.9 million of financial receivables, contributed during 2023, were waived at the closing. In addition, some Italian subsidiaries of the PLC Group waived their respective trade receivables from the Monsson perimeter for a total of approximately €230 thousand.
In particular, through the transaction, the Company also transferred to the purchaser the risk related to pending litigation for a total of approximately €2.7 million plus interest and accessory charges.
On the other hand, at consolidated financial statement level, the sale of the Monsson perimeter resulted in total write-downs of roughly €4.5 million related to the amounts of goodwill and other intangible assets previously recognised in the financial statements.

3.4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the PLC Group have been prepared in accordance with the international accounting standards (International Financial Reporting Standards - hereinafter "IFRS" or "International Accounting Standards") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union pursuant to Regulation no. 1606/2002, as well as the provisions issued pursuant to Article 9 of Italian Legislative Decree no. 38/2005. These standards are supplemented by the interpretative documents issued by the International Financial Reporting Interpretations Committee ("IFRIC"), which were also endorsed by the European Union at 31 December 2022.
The English version of the consolidated financial statements constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815.
The consolidated financial statements at 31 December 2022 were authorised for publication by the Board of Directors on 28 April 2023.

FINANCIAL STATEMENT FORMATS ADOPTED

The PLC Group presents the comprehensive income statement in two separate statements (i) the statement of profit and loss for the period and (ii) the statement of the other components of the comprehensive income statement using a classification of the individual components based on their nature.
With reference to the financial position statement, assets and liabilities are distinguished into either current and non-current, as permitted by IAS 1.

The statement of changes in shareholders' equity has been defined in accordance with IAS 1 by means of a statement that reconciles, for each item of shareholders' equity, the opening and closing balances.
The cash flow statement shows the cash flows during the year classified as cash flows from operating, investing and financing activities; cash flows from operating activities are represented using the indirect method, as required by IAS 7.
It should be noted that in the financial position statement and in the comprehensive income statement, transactions with related parties, where significant, have been shown under specific items. With reference to positive and/or negative income items relating to non-recurring transactions, information is provided separately. In preparing these financial statements, the Directors assumed that the going concern assumption was met and, therefore, prepared the financial statements using the standards and criteria applicable to operating companies.
The financial statements and the notes to the financial statements are presented in Euro thousands, unless indicated otherwise; as a result, in some tables, the total amounts may differ slightly from the sum of the amounts composing them due to the effect of rounding.

Going concern assumption

In view of the significant loss incurred during the year, the directors carefully considered the appropriateness of the going concern assumption in preparing the consolidated financial statements.
From an economic point of view, the final loss was significantly impacted by the write-down of goodwill and other intangible assets related to the Monsson CGU, for a total amount of €4,157 thousand, carried out to align the carrying amount to the CGU's disposal value (fair value less costs to sell), write-downs that are not of a monetary nature.
The PLC Group's economic forecasts, included in the 2023-2027 Business Plan approved on 22 December 2022, predict a return to economic equilibrium as early as the 2023 financial year.
From a financial point of view, the PLC Group has adequate cash and credit lines to enable it to meet its financial commitments for a future period of at least 12 months from the date of approval of these financial statements.
From an equity perspective, it should be noted that the Parent Company's equity balance, despite the actual loss, is adequate for the performance of its business activities.
In light of the above, the Directors assumed that the going concern assumption was met and, therefore, prepared the financial statements using the standards and criteria applicable to operating companies.

CONSOLIDATION PRINCIPLES

The consolidated financial statements include the financial statements of PLC and of the companies over which it has the right to exercise control. The definition of control is not based solely on the concept of legal ownership. Control exists when the Group has simultaneously (i) power over the entity in question, (ii) exposure or rights to variable returns deriving from the relationship with the entity in question and (iii) the ability to exercise its power over the entity in question to affect the amount of its returns. Subsidiaries are consolidated on a line-by-line basis from the date on which control is acquired until such time as control ceases to exist. The financial statements of the subsidiaries have been suitably adjusted to make them consistent with the accounting standards and valuation criteria adopted by the parent company.

Investments in joint ventures and associates over which significant influence is exercised, but which cannot be qualified as joint operations, are valued using the equity method, whereby the carrying amount of the investments is adjusted to reflect the investor's share of the profit or loss and the dividends distributed by the investee company.

Following the application of the equity method, it is assessed whether it is necessary to recognise a further loss in value of the investment in the joint venture or associate, or whether there is objective evidence that the investment has suffered a permanent loss in value. If this is the case, the amount of the loss, calculated as the difference between the recoverable amount of the joint venture or associate and its carrying amount, is recognised in profit or loss.

When an investment ceases to be a joint venture or in the event of a loss of significant influence, the use of the equity method is suspended from that date; from that moment the investment is accounted for as an investment in other entities in accordance with IFRS 9.

The main consolidation criteria adopted are indicated below:

- subsidiaries are consolidated on a line-by-line basis, according to which:
    i. the assets, liabilities, costs and revenues of the subsidiaries are assumed on a line-by-line basis in their total amount, attributing to minority shareholders, in specific items of the financial position statement and income statement, their share of shareholders' equity and of the result for the year;
    ii. the carrying amount of the individual equity investments is eliminated against the corresponding portion of shareholders' equity including the fair value adjustments, at the date of acquisition, of the related assets and liabilities; any residual difference to emerge is allocated to goodwill, if positive, and is charged to the income statement if negative;

iii. the equity and economic relations between the fully consolidated companies, including dividends distributed within the Group, are cancelled. Unrealised intra-group losses are considered when the transaction provides evidence of impairment of the transferred asset.

In the event that a sales programme is undertaken that involves the loss of control of a subsidiary, the assets and liabilities of that subsidiary are classified as held for sale.

Foreign currency transactions

All transactions are accounted for in the functional currency in which each Group company operates. Transactions carried out in currencies other than the functional currency of Group companies are converted into that currency on the basis of the exchange rate at the date of the transaction. Monetary assets and liabilities (defined as assets or liabilities held for collection or payment, the amount of which is fixed or determinable - IAS 21) are translated at the exchange rate of the reporting date; exchange differences are charged to the income statement. Non-monetary assets and liabilities, which are measured at historical cost in foreign currencies, are translated at the historical exchange rate at the date of the transaction. Non-monetary assets and liabilities, which are measured at fair value in a foreign currency, are translated at the exchange rate in force on the date the fair value was determined.

Translation of financial statements in foreign currencies

The financial statements of companies with a functional currency other than the presentation currency of the consolidated financial statements (Euro) and which do not operate in countries with hyper-inflationary economies, are converted as follows:

a) assets and liabilities, including goodwill and fair value adjustments arising from the consolidation process, are translated at the exchange rates at the reporting date;

b) revenues and costs are translated at the average exchange rate for the period, which is considered the exchange rate that approximates that recorded on the dates of the individual transactions;

c) monetary assets and liabilities are translated at the exchange rate at the reporting date;

d) non-monetary assets and liabilities, which are measured at historical cost in foreign currencies, are translated at the historical exchange rate at the date of the transaction;

e) exchange differences arising from the translation process shall be allocated to a specific equity reserve.

The following table shows the exchange rates used:

Currency	Country	Exchange rate at 31.12.2022	Average exchange rate Jan-Dec 2022
RON	Romania	4,9495	4,9313
RUB	Russia	77,8998	73,6568
SEK	Sweden	11,1218	10,6296
TRY	Turkey	19,9649	17,4088
ZAR	South Africa	18,0986	17,2086
MZN	Mozambique	68,2500	67,3700
PLN	Poland	4,6808	4,6861

BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method.

The consideration transferred in a business combination is determined at the date in which the control is acquired and is equal to the fair value of the assets transferred, liabilities incurred or assumed, as well as any equity instruments issued by the purchaser. Costs directly attributable to the transaction are recognised in the income statement at the time they are incurred. At the date of control acquisition, the shareholders' equity of investee companies is determined by attributing to the individual items of the financial position statement assets and liabilities their fair value, unless the IFRS provisions establish a different measurement method. Any residual difference with respect to the purchase cost, if positive, is recorded under the asset item "Goodwill"; if negative, it is recorded in the income statement.

In the event that control is not acquired in full and where there are no agreed options for the purchase of minority interests, the minority interest in shareholders' equity is determined on the basis of the portion assigned to the current values attributed to the assets and liabilities at the date control is acquired, excluding any goodwill attributable to them (the partial goodwill method).

On the other hand, if the agreements signed provide for options relating to the purchase of minority interests (put&call), a specific valuation is carried out of the instrument assigned to the respective parties and consequently the liability in favour of the sellers holding the options (put option) is recognised, with the subsequent adjustment of the value of the minority interests' share of the reserve and of goodwill.

If control is acquired in subsequent stages, the purchase cost is determined by adding the fair value of the equity investment previously held in the acquired company and the amount paid for the additional shareholding. The difference between the fair value of the investment previously held and its carrying amount is recognised in the income statement. In addition, when control is acquired, any amounts previously recorded in the other components of comprehensive income are charged to the income statement, or to another item of shareholders' equity, if there is no provision for their transfer to the income statement. Goodwill is initially recognised at cost, which is the difference between the consideration transferred by the purchaser and the identifiable net assets acquired and liabilities assumed by the Group. If the fair value of the net assets acquired exceeds the total consideration paid, the Group again checks whether it has correctly identified all the assets acquired and liabilities assumed, and reviews the procedures used to determine the amounts to be recorded at the acquisition date. If the new valuation still reveals a fair value of the net assets acquired that is higher than the consideration, the difference (profit) is recognised in the income statement.

After initial recognition, goodwill is subject to an impairment test with reference to the cash generating units ("CGUs") or groups of CGUs to which it is allocated and monitored by the directors.

Any impairment of goodwill must be recognised if the recoverable amount of all the operating assets and liabilities relating to the CGU or group of CGUs to which the goodwill has been allocated is lower than its carrying amount.

Recoverable amount is the higher of (1) the fair value of the CGU (i.e. market value), less costs to sell, and (2) its value in use, or the present value of expected cash flows that are presumed will arise from the continuing use of an asset and from its disposal at the end of its useful life.

The impairment test is carried out on an annual basis or, if there are indications that the value of the asset may have been impaired, more frequently.

TANGIBLE ASSETS

Tangible assets are recorded at the historical cost of purchase, production or transfer, including the directly attributable accessory charges necessary to make the assets available for use, net of the related accumulated depreciation and any accumulated impairment losses.

Maintenance and repair costs are charged to the income statement of the year in which they are incurred if of an ordinary nature, or capitalised if they increase the value or the economic duration of the asset.

Depreciation is calculated on the basis of rates considered suitable for distributing the value of assets over their respective useful lives, understood as an estimate of the period in which the asset will be used by the company; the recoverability of their carrying amount is verified by adopting the criteria indicated in the Section "Impairment of tangible and intangible assets". Land, whether free of construction or attached to buildings, is not depreciated.

Tangible assets are derecognised from the financial position statement at the time of disposal or when they are permanently withdrawn from use and, consequently, no future economic benefits are expected from their sale or use. Gains and losses arising on the disinvestment or disposal of tangible assets are determined as the difference between the net disposal consideration and the carrying amount of the asset.

The depreciation rates applied are shown below:

Buildings	3%
Plant and machinery	10%
Industrial and commercial equipment	25%
Light constructions	10%
Furniture and fittings	12%
Computers/Software and electronic machines	20%
Vehicles	20%
Cars	25%

INTANGIBLE ASSETS

Intangible assets acquired or produced internally are recognised as assets, in accordance with the provisions of IAS 38 - Intangible Assets, when it is probable that the use of the asset will generate future economic benefits and when the cost of the asset can be determined reliably. These assets with a finite useful life are valued at cost if acquired separately, while those acquired through business combinations are capitalised at fair value at the acquisition date. These assets are systematically amortised over their estimated useful life; the recoverability of their carrying amount is verified by adopting the criteria indicated in the Paragraph "*Impairment of tangible and intangible assets*".

Other intangible assets include:

<u>Research and development costs</u>

Research costs are charged to the income statement at the time they are incurred.

Development costs incurred in relation to a given project are capitalised only when the Group can demonstrate (i) the technical feasibility of completing the intangible asset so as to make it available for use or sale, (ii) its intention to complete the asset for use or sale, (iii) the manner in which it will generate probable future economic benefits, (iv) the availability of technical, financial or other resources to complete the development and (v) its ability to reliably measure the cost attributable to the asset during its development.

Subsequent to initial recognition, development costs are measured at cost less any accumulated amortisation or loss. Capitalised development costs are amortised over the period in which the related project is expected to generate revenue for the Group. The carrying amount of development costs, when the asset is not yet in use, is reviewed annually for any impairment losses or, more frequently, when there is evidence of a possible loss in value during the period.

Software

The software licenses purchased are recorded on the basis of the costs incurred for the purchase and commissioning of the specific software, net of amortisation and accumulated impairment losses. These costs are amortised on a straight-line basis over their estimated useful life of five years.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

In the presence of specific indicators of impairment, and at least annually with reference to intangible assets with an indefinite life, tangible and intangible assets are subject to impairment testing.

This impairment test consists in estimating the recoverable amount of the asset by comparing it with the related net carrying amount recorded in the financial statements. The recoverable amount of an asset is the higher of its fair value, less costs to sells, and its value in use. The value in use is determined by discounting the expected cash flows deriving from the use of the asset and its sale at the end of its useful life net of taxes and, if necessary, assessing the other supporting elements with reference to the final data and the expected profit margin. Discounting is carried out at a pre-tax rate that takes into account the implicit risk of the business sector and geographical area. If the recoverable amount is lower than the carrying amount, the latter is reduced to the recoverable amount. This reduction constitutes an impairment loss which is charged to the income statement. If the reasons for the write-downs effected previously no longer apply, with the exception of goodwill, the assets are revalued, within the limits of the write-downs made, and the adjustment is charged to the income statement.

LEASES AND RIGHT OF USE

Lease, rental and hire contracts are recognised in accordance with the accounting standard IFRS 16, which defines the principles for the recognition, calculation, presentation and reporting of leases and requires the lessees to account for these contracts, whether operational and financial based on a model similar to the financial model previously provided for by IAS 17 for finance lease contracts. The standard provides for two exemptions for the recognition by lessees - leases relating to "low value" assets and short-term leases expiring within 12 months or less.

At the start date of the lease contract, a liability is recorded against the lease payments (lease liability) equal to the current value of the payments taking into account an average debt ratio and an asset of equal value, which represents the right to use the underlying asset for the duration of the contract (the right to use the asset). The interest on the lease liability and the amortisation of the right to use the asset over the contractual term are ascribed to the income statement.

If a re-measurement of the lease liability becomes necessary (e.g. changes in the terms of the contract, changes in future payments or of a rate used to determine payments), the amount of the re-measurement is recorded as an adjustment to the right of use of the asset.

With reference to the contracts for which the Group is the Lessor (and not the lessee), the recording method remains substantially unchanged with respect to the previous accounting in accordance with IAS 17 and therefore distinguishing between operating and finance leases.

EQUITY INVESTMENTS IN ASSOCIATES

An associate is a company over which the Group exercises significant influence. Significant influence means the power to participate in determining the financial and operating policies of the investee without having control or joint control of the investee. The considerations reached to determine significant influence are similar to those necessary to determine control.

The Group's investments in associates are valued using the equity method. Under the equity method, an investment in an associate is initially recognised at cost. The carrying amount of the investment is increased or decreased to reflect the investor's share of the profits and losses of the investee after the acquisition date. Any goodwill relating to the associate is included in the carrying amount of the investment and is not subject to a separate impairment test.

The income statement reflects the Group's share of the associate's profit for the year. Any change in the other components of comprehensive income relating to these investee companies is presented as part of the Group's comprehensive income statement. In addition, if an associate recognises a change that is directly attributable to equity, the Group recognises its share, where applicable, in the statement of changes in shareholders' equity.

The Group's aggregate share of the result for the year of associates is recognised in the consolidated income statement for the year immediately after the operating result and represents the result after taxes and the

shares due to the other shareholders of the associate, as well as any dividends distributed and any losses in value ascertained.
The financial statements of associates prepared for consolidation purposes are presented at the same date as the Group's financial statements and suitably adjusted to bring them into line with Group accounting standards.
Following the application of the equity method, the Group assesses whether it is necessary to recognise impairment of its equity investment in associates. At each balance sheet date, the Group assesses whether there is objective evidence that investments in associates have suffered impairment. In this case, the Group calculates the amount of the loss as the difference between the recoverable amount of the associate and the carrying amount of the same in its consolidated financial statements, recording this difference in the income statement under the item "share of the result of associates".
Upon the loss of significant influence over an associate, the Group values and recognises the residual investment at fair value. When the significant influence ceases to exist, the difference between the carrying amount of the investment and its residual fair value is recognised in the income statement.

EQUITY INVESTMENTS IN OTHER COMPANIES

Equity investments in other companies are equity investments other than those in subsidiaries, joint ventures and associates and, following the introduction of IFRS 9, fall within the category of "financial assets measured at fair value through profit or loss". After initial recognition at cost, these financial assets are measured at fair value; valuation gains or losses are recognised in an income statement item. If the fair value cannot be reasonably determined, and therefore in the case of unlisted equity investments and equity investments for which the fair value is not reliable and cannot be determined, these financial assets are valued at cost adjusted for impairment losses. Classification as a current or non-current asset depends on the strategic choices made regarding the duration of ownership of the asset and the actual marketability of the same; current assets include those expected to be realised within 12 months of the reporting date.
Impairment losses are valued on the basis of (i) the significance of the impairment in absolute terms (severity) calculated on the basis of thresholds determined for the type of financial instrument and (ii) the length of the period of loss (durability) generally estimated at 24 months.

DERIVATIVES

A derivative contract is a financial instrument: (i) whose value changes as a result of a variable such as, for example, interest rate, price of a security or asset, foreign currency exchange rate, index of prices or rates, credit rating, (ii) which requires a zero or limited initial net investment, (iii) which is settled at a future date. Derivatives are financial assets and liabilities recognised at fair value.

Derivatives qualifying as hedging instruments

The qualification of a derivative instrument as a hedging instrument requires:

- verification of the existence of an economic relationship between the hedged item and the hedging instrument;
- verification that the effect of credit risk does not prevail over the changes in value resulting from the above economic relationship;
- verification of the hedging relationship between the hedged item and the hedging instrument used by the Group;

When derivative instruments possess the characteristics to be accounted for as hedges, the following accounting treatments are applied:

- if the derivatives hedge the risk of changes in the fair value of the instruments being hedged (fair value hedge), the derivatives are recognised at fair value and the effects are charged to the income statement; consistently, the instruments being hedged are adjusted to reflect the changes in fair value associated with the risk being hedged;
- if the derivatives hedge the risk of changes in the cash flows of the instruments being hedged (cash flow hedge), the changes in the fair value of the derivatives are recorded in the shareholders' equity reserve relating to "the other components of the comprehensive income statement" and subsequently charged to the income statement in line with the economic effects produced by the hedged transaction.

Derivatives not qualifying as hedging instruments

Changes in the fair value of derivative instruments that do not qualify as hedges, including any ineffective components of hedging derivatives, are recognised in the income statement.

FINANCIAL ASSETS

Depending on the characteristics of the instrument and the business model adopted for their management, financial assets are classified in the following categories: (i) financial assets measured at amortised cost, (ii) financial assets measured at fair value through other comprehensive income and (iii) financial assets through profit or loss.

They are initially recognised at fair value. Trade receivables without a significant financial component are initially recognised at the transaction price.

Subsequent to initial recognition, financial assets that generate contractual cash flows representing exclusively principal and interest payments are measured at amortised cost if held for the purpose of collecting contractual cash flows. The application of the amortised cost method involves the recognition in the income statement of interest income determined on the basis of the effective interest rate of the exchange differences and of any write-downs.

Differently, financial assets representing debt instruments whose business model provides for the possibility of both collecting contractual cash flows and realising capital gains on disposalare measured at fair value and the effects are recognised in the "Other Comprehensive Income" ("OCI") reserve. In this case: (i) interest income, calculated using the effective interest rate, exchange rate differences and write-downs are booked in the income statement; (ii) changes in the fair value of the instrument are booked to shareholders' equity, under OCI. The cumulative amount of changes in fair value, recognised in the shareholders' equity reserve which includes the other components of comprehensive income, is reversed to the income statement upon derecognition of the instrument.

A financial asset representing a debt instrument that is not measured at amortised cost or at fair value with the effects recognised in the OCI is measured at fair value through profit or loss; this category includes financial assets held for trading. Interest income earned on financial assets held for trading is included in the overall fair value measurement of the instrument and is recognised as financial income or charges.

WRITE-DOWN OF FINANCIAL ASSETS

The recoverability of financial assets representing debt instruments not measured at fair value through profit or loss is measured on the basis of the so-called "expected credit loss model". In particular, expected losses are generally determined on the basis of the product of: (i) the exposure to the counterparty net of the relevant mitigating factors; (ii) the probability that the counterparty will not meet its payment obligation; (iii) the estimate, in percentage terms, of the amount of credit that will not be recovered in the event of default.

The management model adopted by the Company provides for a simplified approach for trade receivables, as they do not contain a significant financial component. This approach requires the valuation of the provision to cover losses for an amount equal to the expected losses over the entire life of the credit. The bad debt provision allocated after an analysis of individual past due receivables, which in fact already includes a prospective view of the project, is accompanied by an assessment of the customer's creditworthiness. Trade receivables and other receivables are shown in the financial position statement net of the related bad debt provision. Write-downs of these receivables are recorded in the income statement net of any reversals of impairment losses.

INVENTORIES

Inventories are valued at the lower of purchase or production cost and net realisable value; the latter value is represented by the amount that the company expects to obtain from their sale in the normal course of business. The cost configuration adopted is FIFO (first in first out), while the market value, taking into account the nature of inventories, represented mainly by materials to be used in construction or strategic spare parts, is the replacement cost, or if lower than the net realisable value.

CONTRACT ASSETS AND LIABILITIES

Contract assets and liabilities for contract work in progress relating to long-term contracts are valued on the basis of the contractual considerations, defined with reasonable certainty with the clients, in relation to the state of progress of the work. In view of the nature of the contracts and the type of work, progress is determined by using an input-based method, on the basis of the percentage that emerges from the ratio of costs incurred to total costs estimated by contract (cost-to-cost method). In order to take into account the economic effects deriving from the application of this method, with respect to the considerations recognised as revenues from core business, positive differences between the considerations accrued in relation to the progress status of the work and the revenues accounted for are booked under contract assets for work in progress, while negative differences are recognised under contract liabilities. The valuation of contract assets and liabilities for work in progress takes into account all costs directly attributable to the job order, as well as contractual risks and revision clauses when objectively determinable. Claims for additional fees deriving from changes to the contractually envisaged works are considered as the total amount of fees when their object and/or price are on the whole approved by the customer; similarly, the other claims deriving, for example, from higher charges incurred for causes attributable to the customer, are considered in the overall amount of the fees only when the object and/or the price are on the whole approved by the counterparty. The portions of work in foreign currency not yet accepted by the customer are entered at the exchange rate at the end of the financial year. Contractual advances received from customers, if in a currency other than the functional currency, are recorded at the exchange rate of the day on which they are paid.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, demand deposits and financial assetsoriginally due within 90 days, readily convertible into cash and subject to an insignificant risk of change in value.

NON-CURRENT ASSETS HELD FOR SALE / DISPOSAL

Non-current assets held for sale and disposal groups are classified as available for sale when their carrying amount will be recovered mainly through a sale transaction rather than through its continuous use; in particular, the non-current assets must be available for immediate sale in their current condition and the sale must be highly probable within 12 months of their classification, without prejudice to further considerations in the event of delayed execution of the sale or in the event of an extension of the time-frame associated with the disposal plan.

Non-current assets held for sale are measured at the lower of carrying amount and fair value less costs to sell unless they are assets for which the valuation provisions of IFRS 5 are not applicable and are instead governed by other IFRS (deferred tax assets; assets deriving from employee benefits; financial assets falling within the scope of IFRS 9; non-current assets measured at fair value in accordance with IAS 40; non-current assets measured in accordance with IAS 41; contractual rights deriving from insurance contracts).

In the income statement, non-current assets held for sale and disposal groups that meet the requirements for being classified as discontinued operations are presented under a single item that includes both gains and losses on disposal and the related tax effect. The comparative period is consequently re-stated as required by IFRS 5.

With regard to the equity and financial position, non-current assets held for sale and disposal groups are shown separately from other assets and liabilities in the financial position statement. As required by the relevant accounting standard, the comparative year is not restated or reclassified.

EMPLOYEE SEVERANCE INDEMNITY

The Employee Severance Indemnity (TFR), which is mandatory for Italian companies pursuant to Article 2120 of the Italian Civil Code, has the nature of deferred remuneration and is related to the duration of the working life of employees and the remuneration received during the period of service provided. In application of IAS 19, the employee severance indemnity calculated in this way assumes the nature of a "defined benefit plan" and the related obligation to be recorded in the financial statements (employee severance indemnity provision) is determined by means of an actuarial calculation, using the Projected Unit Credit Method. Following the amendment to IAS 19 "Employee Benefits", effective from 1 January 2013, the Group recognises actuarial gains and losses immediately in the Statement of other comprehensive income so that the entire net amount of defined benefit provisions (net of plan assets) is recognised in the Consolidated financial position statement. The amendment also provides that changes between one year and the next in the defined benefit plan and plan assets must be subdivided into three components: the cost components linked to the service provided in the year must be recognised in the income statement as "service costs"; net financial charges calculated by applying the appropriate discount rate to the balance of the defined benefit plan net of assets at the beginning of the year must be recognised in the income statement as such; actuarial gains and losses arising from the remeasurement of liabilities and assets must be recognised in the Statement of other comprehensive income.

As of 1 January 2007, the Finance Act and the related implementing decrees introduced significant changes to the rules governing employee severance indemnity, including the choice made by employees as to the allocation of their accrued employee severance indemnity (to supplementary pension funds or to the "Treasury Fund" managed by INPS - Italian National Social Security Institute)). Consequently, the obligation to INPS, as well as the contributions to supplementary pension schemes, assume the nature of "Defined contribution plans" according to IAS 19, while the quotas recorded in the Employee Severance Indemnity provision retain, according to IAS 19, the nature of "Defined benefit plans".

PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are allocated in the presence of a current obligation (legal or implicit), deriving from a past event, for which it is probable that fulfilment of the obligation will be on a payment basis and its amount can be reliably estimated. Provisions are recorded at the value representing the best estimate of the amount that the Group would pay to extinguish the obligation or to transfer it to third parties at the end of the period. If the discounting effect is significant, provisions are determined by discounting expected future cash flows at a pre-tax discount rate that reflects, where appropriate, the specific risks of the liabilities. When discounting is carried out, the increase in the provision, due to the passage of time, is recognised as a financial charge.

Changes in estimates are reflected in the income statement for the period in which the change occurred.

FINANCIAL LIABILITIES

Financial liabilities other than derivatives are initially recognised at the fair value of the consideration received, net of directly attributable transaction costs, and are subsequently measured using the amortised cost method.

SHAREHOLDERS' EQUITY

Costs for capital transactions

Ancillary charges for capital increase transactions are entered in the shareholders' equity in a specific reserve net of the deferred tax effect.

REVENUES

Revenues are recognised to the extent that it is probable that the economic benefits will be realised and the amount can be reliably determined. Revenues from the sale of goods and services are measured at the fair value of the consideration received or due, taking into account any discounts and premiums. With regard to the sale of goods and services, the revenue is recognised when the company has transferred to the purchaser the significant risks and benefits associated with ownership of the goods or performance of the service.

REVENUES FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is recognised based on the following five steps: (i) identification of the contract with the customer; (ii) identification of the performance obligations, represented by the contractual promises to transfer goods and/or services to a customer; (iii) determination of the transaction price; (iv) allocation of the transaction price to the performance obligations identified on the basis of the "stand alone" selling price of each good or service; (v) recognition of revenue when the related performance obligation is met, i.e. when the promised good or service is transferred to the customer; the transfer is considered completed when the customer obtains control of the good or service, which can take place continuously over a diluted and prolonged period of time (over time), as in the case of contractual assets for contract work in progress, or at a specific time (at a point in time).

The agreed considerations, if expressed in a foreign currency, are calculated by taking into account the exchange rate effect as previously reported; the same method is applied for costs expressed in a foreign currency.

Provisions for revenues relating to services partially rendered are recognised for the consideration accrued, provided that it is possible to reliably determine the stage of completion and there are no significant uncertainties as to the amount and existence of the revenue; otherwise, they are recognised within the limits of the recoverable costs incurred.

The Group concluded that it acts as a "principle" for most revenue-generating agreements as it usually controls goods and services before they are transferred to the customer.

The Group has carried out an analysis of the requirements of IFRS 15 with reference to the 5 steps identified above and, on the basis of the characteristics of its contracts, has concluded that it complies with the conditions for the accounting of revenues ("over time"). In fact, the performance of services with reference to both the BOT business, EPC and maintenance, improves the value of the activity as the service is performed and in particular with reference to maintenance services, the benefit of the same occurs while it is performed. Moreover, the activity carried out by the Group with reference to the BOT and EPC business is carried out according to specific regulatory requirements and on the basis of specific authorisations obtained in advance that do not allow an alternative use of the asset. Lastly, it should be pointed out that, under the agreements signed, the Group is entitled to payment of the service rendered up to the date in question.

COSTS

Costs for the purchase of goods and services are recognised in the income statement on an accruals basis. Operating lease instalments are charged to the income statement over the term of the contract. Personnel costs include the amount of wages and salaries paid, provisions for pension funds and holidays accrued but not taken, and social security and welfare costs in application of the contracts and current legislation. The costs of participation in tenders are fully recognised in the income statement for the year in which they are incurred.

INTEREST AND FINANCIAL CHARGES

For all financial instruments measured at amortised cost and interest-bearing financial assets, interest income and expense is recognised on a time basis using the effective interest method. Borrowing costs directly attributable to the acquisition, establishment or production of qualifying assets are capitalised, as required by IAS 23.

TAXES

Current income taxes are determined on the basis of the estimated taxable income for the year. The related payable, net of advances paid and withholdings, is recorded in the financial position statement under the item "Other payables". The tax rates and regulations used to calculate current taxes are those in force or issued at the reporting date.

Deferred taxes are calculated by applying the tax rates expected to be applied in the year in which the assets will be realised or the liabilities settled to the temporary differences existing between the carrying amount attributed to an asset or a liability and the corresponding values recognised for tax purposes (the so-called liability method), considering the rates in force or already issued at the date of the financial statements.

The item "Deferred taxes" includes any deferred tax liabilities on temporary differences, the taxation of which is deferred to future years in accordance with current tax laws.

"Deferred tax assets" include any taxes which, although pertaining to future years, refer to the current year and are recognised when there is a likelihood that future taxable income will be sufficient to absorb their recovery.

The allocation of deferred tax assets on tax losses accrued is recorded if there is a probability of obtaining in the future taxable income of an amount as such to be able to absorb the tax losses that can be carried forward. The economic contra-entry to the provision for deferred or prepaid taxes is included in the item "Taxes".

The parent company PLC S.p.A. together with its subsidiaries PLC System S.r.l., PLC Service S.r.l., PLC Service Wind S.r.l. and PLC Power S.r.l. has participated in the "national tax consolidation" for the three-year period 2019-2021, pursuant to articles 117 et seq. of the consolidated tax act (TUIR), which allows transfer of the total net income or tax loss of the individual participating companies to the parent company which will establish a single taxable income of the PLC Group or a single tax loss that can be carried forward, as an algebraic sum of income and/or losses, and, therefore, will record a single tax debt or credit for the tax authorities.

Costs, revenues and assets are recognised net of value added tax (VAT) except where this tax, applied to the purchase of goods or services, is non-deductible, in which case it is recognised as part of the purchase cost of the asset or part of the cost item recognised in the income statement. The net amount of indirect sales taxes that can be recovered or paid to the tax authorities is included in other receivables or payables depending on the whether the balance is positive or negative.

DETERMINATION OF THE FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial instruments listed on an active market is based on market prices at the reporting date. The fair value of financial instruments that are not listed on an active market is determined using valuation techniques, based on a series of methods and assumptions linked to market conditions at the reporting date.

EXCHANGE DIFFERENCES

Revenues and costs relating to transactions in foreign currencies are recorded at the current exchange rate on the day on which the transaction is completed. Monetary assets and liabilities denominated in foreign currency are translated into Euros using the exchange rate prevailing at the end of the period and the effect is recognised in the comprehensive income statement. Non-monetary assets and liabilities denominated in foreign currency are translated at the exchange rate at which they were initially recognised and valued at cost.

EARNINGS PER SHARE

Basic earnings per share is determined as the ratio between the Group's share of net income for the period attributable to shares and the weighted average number of shares outstanding during the year. For the purposes of calculating diluted earnings per share, the weighted average number of shares outstanding is modified by assuming the conversion of all potential shares with a diluting effect.

USE OF ESTIMATES

The preparation of the financial statements and related notes, in accordance with international accounting standards, requires the use of discretionary valuations and accounting estimates that have an effect on the values of assets and liabilities in the financial statements and on the information relating to contingent assets and liabilities at the date of the financial statements. The final results may differ from the estimates made, which are based on data that reflect the current status of the information available. Estimates are used to measure goodwill, to record provisions for risks on receivables, to determine amortisation and depreciation, to determine write-downs of equity investments or assets, to calculate taxes and other provisions for risks and charges. Estimates and assumptions are reviewed periodically and the effects of each change are immediately reflected in the income statement.

The main estimates used in the preparation of the financial statements affected by the use of assumptions that could entail a significant risk of resulting in significant adjustments to the carrying amounts of assets and liabilities within the next financial year are as follows:

Impairment of non-current assets

An impairment loss occurs when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. The calculation of value in use is based on a cash flow discounting model.

The cash flows are derived from the information obtained from the prospective data in the Business Plans prepared. The recoverable amount depends significantly on the discount rate used in the cash flow discounting model, as well as on expected future cash flows and the growth rate used.

The Group has adopted a procedure with which it monitors at least annually all items subject to impairment testing or that identify indicators of impairment.

Valuation of financial instruments

Financial instruments are measured in accordance with the reference principle at fair value, taking into account both the realisable value, where already available, and the value in use. The determination of fair value is a process that is heavily influenced both by estimates and assumptions, which for them include a component of randomness. The Group has a review process for all the items subject to randomness in the evaluation with which it aims to reduce the degree of uncertainty about the results obtained.

Recognition of revenues from contract work in progress

Revenues relating to contract work in progress and the related margins, once the compliance with the requirements of IFRS 15 for "over time" accounting has been verified, are recognised on the basis of the stage of completion of the job orders according to the percentage of completion method, on the basis of the ratio between the costs incurred and the total costs expected to complete the job order.

The processes and methods used to recognise revenues and value contract work in progress are based on assumptions that are sometimes complex and, by their very nature, involve recourse to the judgement of the directors, particularly with regard to the identification of performance obligations, the forecasting of costs to complete each project, including the estimate of contractual risks and penalties, where applicable, and the evaluation of contractual amendments planned or in the process of being negotiated.
The Group has adopted a process of periodic review of the estimates made for job orders so as to mitigate the risks deriving from the uncertainties underlying the estimates themselves.

ADOPTION OF APPROVED ACCOUNTING STANDARDS AND INTERPRETATIONS, EFFECTIVE FROM 1 JANUARY 2022

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 2022. 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 and IFRS 7 - Interest Rate Benchmark Reform Phase 1

The IASB published the Interest Rate Benchmark Reform document amending the hedge accounting provisions of IFRS 9 and IAS 39. The amendments (i) identify useful financial information to be provided during the period of uncertainty arising from the phase-out of interest rate benchmarks such as the interbank offered rates (IBOS), (ii) modify certain specific hedge accounting requirements aimed at mitigating the potential effects caused by the reform of IBOR, (iii) require additional disclosures on hedging relationships that are directly affected by these uncertainties.

The amendments, approved by European Commission Regulation no. 2019/2104 of 29 November 2019, are applicable from 1 January 2022. The application had no impact on the Financial Report at 31 December 2022.

Annual cycle of improvements to IFRS 2018 - 2020

On 14 May 2020, the IASB issued "Annual Improvements to IFRS 2018-2020" containing amendments to IAS 16 "Property, Plant and Equipment", IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", IFRS 3 "Business Combinations", IFRS 1 "First-time Adoption of IFRS", IFRS 9 "Financial Instruments" and IAS 41 "Agriculture". The amendments, approved by European Commission Regulation no. 2021/1080 of 21 June 2021, are applicable from 1 January 2022. The application had no impact on the Financial Report at 31 December 2022.

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

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 that define the accounting treatment of insurance contracts issued and reinsurance contracts held. The standard, and subsequent amendments, were approved by European Commission Regulation no. 2021/2036 of 19 November 2021. The Regulation grants companies the option not to apply the obligation of paragraph 22 of the standard (i.e. grouping into annual groups) to contracts characterised by intergenerational mutualisation and congruity of cash flows. Companies shall apply the provisions as from 1 January 2023. The standard is not applicable to the Group.

Amendments to IAS 1 - Classification of Current and Non-Current Liabilities

The IASB has published amendments to IAS 1 with the aim of clarifying the classification of certain liabilities into current and non-current. The purpose of the amendments is to promote consistent application in classification by providing guidance in determining whether a financial or non-financial liability with an uncertain settlement date should be classified as a current or non-current liability. The amendments also include clarifications regarding the classification of debt that could be liquidated by conversion into equity. The changes will enter into force on 1 January 2024.

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

On 12 February 2020, the IASB published amendments to IAS 1 "Presentation of Financial Statements", IFRS Practice Statements 2 "Making Significance Judgements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" with the aim of improving the disclosure of accounting treatments used (disclosure on accounting policies) so as to provide more useful information to investors and other primary users of financial statements as well as to help companies distinguish changes in accounting estimates from changes in accounting treatments used. The amendments to IAS 1 and IAS 8, endorsed by European Commission Regulation no. 2022/357 of 2 March 2022, will enter into force on 1 January 2023.

Amendments to IAS 12 - Income Taxes

On 7 May 2021, the IASB published amendments to IAS 12 to clarify how deferred taxes should be accounted for on certain transactions that can generate assets and liabilities of equal amounts, such as leases and decommissioning obligations. The amendments apply from 1 January 2023, but early application is permitted.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

On 22 September 2022, the IASB issued an amendment to this standard that specifies the requirements that a seller-lessee uses to measure the lease liability arising from a sale and leaseback transaction to ensure that the seller-lessee does not recognise any amount of gain or loss that relates to the right of use it retains. The amendment is intended to improve the requirements for sale and leaseback transactions in IFRS 16 but does not change the accounting for leases that are not related to sale and leaseback transactions. The amendment will be effective for financial years beginning on 1 January 2024; early application is permitted.

3.4.1 CONSOLIDATION SCOPE

Name	Registered Office	Date of closure of the financial year	Currency	Share capital	Result 2022	Shareholders' equity 31.12.2022	% held		Through
							Direct	Indirect	
PLC S.p.A.	Milan (IT)	31.12	EUR	27.026.480	(7.119.062)	41.120.959			
Subsidiaries consolidated on a line-by-line basis									
PLC System S.r.l.	Acerra - NA (IT)	31.12	EUR	10.000.000	(3.855.171)	8.185.599	100%		
PLC South Africa Ltd	Johannesburg - South Africa (ZA	31.12	ZAR	11.407.352	(24.871)	1.392.048		99%	PLC System S.r.l.
Idroelettrica 2014	Acerra - NA (IT)	31.12	EUR	10.000	(700.832)	207.291		100%	PLC System S.r.l.
Montenegro D.o.o.	Podgorica - Montenegro (ME)	31.12	EUR	2.000	(14.032)	42.092		100%	PLC System S.r.l.
PLC Power S.r.l.	Acerra - NA (IT)	31.12	EUR	100.000	(328.413)	1.603.694	100%		
C&C Irsina S.r.l.	Acerra - NA (IT)	31.12	EUR	100.000	(10.518)	158.307		100%	PLC Power S.r.l.
Alisei Wind S.r.l.	Acerra - NA (IT)	31.12	EUR	130.000	(12.773)	81.240		100%	PLC Power S.r.l.
Tirreno S.r.l.	Porto Empedocle - AG (IT)	31.12	EUR	10.000	(123.806)	(112.140)		66,6%	PLC Power S.r.l.
Pangreen Moçambique LDA	Maputo (MZ)	31.12	MZN	20.000	(622.214)	(5.923.220)		95%	PLC Power S.r.l.
PLC Service S.r.l.	Acerra - NA (IT)	31.12	EUR	100.000	1.490.148	2.332.375	100%		
PLC Service Wind S.r.l.	Acerra - NA (IT)	31.12	EUR	100.000	20.669	293.289	100%		
MSD Service S.r.l.	Acerra - NA (IT)	31.12	EUR	10.000	26.144	(21.851)	92,5%		
Schmack Biogas S.r.l.	Bolzano (IT)	31.12	EUR	204.081	419.770	2.151.088	51%		
BioForCH4 S.r.l.	Canino - VT (IT)	31.12	EUR	10.000	(8.198)	4.113		60%	Schmack Biogas S.r.l.
Associates consolidated using the equity method									
Sicily Biomethan S.r.l.	Castelvetrano - TP (IT)	31.12	EUR	13.000	(1.074)	11.633		50%	Schmack Biogas S.r.l.
Biomethane Invest S.r.l.	Milan (IT)	31.12	EUR	100.000	(45.466)	10.145		25%	Schmack Biogas S.r.l.
Associates reclassified as AFS									
Monsson Operation Ltd	Dublin (IE)	31.12	EUR	100	(78.456)	(566.430)	100%		
Monsson Operation Gmbh	Hamburg (DE)	31.12	EUR	135.000	(595.361)	(481.522)		100%	Monsson Operation Ltd
Monsson Operation S.r.l.	Costanta (RO)	31.12	RON	3.308.000	(21.132.831)	(21.132.715)		100%	Monsson Operation Ltd
Monsson Energy AB	Stockholm (SE)	31.12	SEK	50.000	382.472	1.843.105		95%	Monsson Operation Ltd
Monsson Turkey Limited Sirket	Istanbul (TR)	31.12	TRY	10.025	(1.213.670)	578.333		100%	Monsson Operation S.r.l.
Wind Power Energy Srl	Costanta (RO)	31.12	RON	1.000	719.628	3.653.633		100%	Monsson Operation S.r.l.
Monsson Energostroy LLC	Tyumen (RU)	31.12	RUB	10.000	(9.275)	1.159.165		100%	Monsson Operation S.r.l.
Monsson Poland SP.ZO.o	Warsaw (PL)	31.12	PLN	5.000	(52.664)	(343.846)		50%	Monsson Operation S.r.l.

The scope of consolidation, net of the classification of the Monsson Perimeter as an asset held for sale, at 31 December 2022 is unchanged from 31 December 2021.

3.4.2 NOTES ON THE CONSOLIDATED RESULTS AT 31 DECEMBER 2022

A. TANGIBLE ASSETS

The balance of tangible assets at 31 December 2022 was €7,743 thousand (€8,511 thousand at 31 December 2021).

TANGIBLE ASSETS (figures in thousands of Euros)	Land and buildings	RES plants	General and Specific Plants	Equipment	Office machines and other assets	Assets under construction	Rights to use tangible assets	Total
Net value at 31.12.2021	2.928	1.734	558	311	577	1.124	1.279	8.511
Increases	291	-	319	1.140	(473)	111	209	1.597
Decreases	(15)	-	(759)	-	72	-	(312)	(1.014)
Depreciation and write-downs	(104)	(521)	(32)	(201)	(103)	-	(390)	(1.351)
Other changes and exchange rate differences from translation	-	-	43	-	(43)	-	-	-
Net value at 31.12.2022	3.100	1.213	129	1.250	30	1.235	786	7.743

The increases for the year, amounting to €1,597 thousand, mainly refer to (i) the purchase of a building for the creation of a technical hub located in Casalbore for €250 thousand, (ii) the purchase of machinery and equipment for troubleshooting activities for €378 thousand and (iii) the reclassification of the photovoltaic system installed on the roof of the warehouse owned by the subsidiary PLC Service S.r.l. from the item "fixed assets under construction" to the item "plant and equipment" following the completion and commissioning of the same for €308 thousand and (iv) for €209 thousand to rights of use.

The depreciation of the item RES plants includes the write-down of the hydroelectric plant held by the company Idroelettrica 2014 Unipersonale S.r.l., a subsidiary of PLC System S.r.l., for €426 thousand, caused by the storm of 15 September 2022 and the consequent flooding of the Cesano river in the Marche region, which caused considerable damage to the plant. An impairment test was then performed on the recoverability of the plant's carrying amount, which led to the write-down appointed.

B. GOODWILL

Goodwill at 31 December 2022 amounted to €4,752 thousand (€8,190 thousand at 31 December 2021). The decrease was mainly due to the impairment of goodwill related to the Monsson perimeter, following the sale.

GOODWILL (figures in thousands of Euros)	01.01.2021 31.12.2021	Increases	Decreases	Reclassifications	01.01.2022 31.12.2022
Acquisition of Monsson Operation Perimeter	3.420	-	(3.420)	-	-
Reverse merger operation	4.710	-	-	-	4.710
Idroelettrica acquisition	2	-	-	-	2
Pangreen acquisition	18	-	(18)	-	-
MSD Service acquisition	40	-	-	-	40
Total	8.190	-	(3.438)	-	4.752

Impairment

As required by the relevant accounting standards, at 31 December 2022, the directors analysed the presence or absence of impairment indicators and, in consideration of the loss for the period as well as the uncertainties arising from the current macroeconomic and geopolitical context, performed impairment tests on all of the Group's CGUs. When monitoring impairment indicators, the PLC Group considers, among others, the ratio of its market capitalisation to its reported equity. At 31 December 2022, the market capitalisation of the Group, equal to €41,537 thousand, is higher than the shareholders' equity of the same date, equal to €13,571 thousand.

With regard to the Monsson CGU, the recoverability of the CGU's carrying amount was verified by comparing the net carrying amount with the relevant recoverable amount, which was determined based on fair value less costs to sell, in consideration of the CGU's disposal.

The recoverability of the carrying amounts of the other CGUs was instead verified by comparing the net carrying amount of each CGU with its relative recoverable amount, which is determined on the basis of value in use, obtained by discounting the future cash flows generated by each CGU at the weighted average cost of capital (WACC) specific to each business segment in which the individual CGU operates. In fact, given the nature of the PLC Group's assets, the fair value of CGUs cannot be determined from information directly observable in the market, and its estimation based on alternative valuation techniques is limited and in some cases difficult to apply.

The cash flows used to estimate the recoverable amount of the individual CGUs were determined starting from the data of the 2023-2027 Business Plan approved by the Board of Directors, considering a 3-year time horizon for impairment purposes, and taking into account, in line with the requirements of ESMA's Public Statements of 13 May 2022 and 28 October 2022 and CONSOB's Warning Notice no. 3/22 of 19 May 2022, the discontinuity factors connected to the current geopolitical and energy context. They were determined on the basis of the best available information and expectations at the time of the estimate. These forecasts take into account management's future expectations in relation to the respective business segments, as well as actual results.

Cash flows are calculated on the basis of a terminal value determined using the perpetuity method by applying a long-term growth rate "g" of 0% to the terminal cash flow.

A second-level test was also performed in order to take into account the allocation of the Holding CGU (characterised by costs only, if intercompany revenues for service contracts are excluded) to the operating CGUs for net invested capital and prospective flows.

These estimates, consistent with IAS 36, do not consider any inflows or outflows arising from (i) a future restructuring that has not yet been approved or for which the entity has not yet committed or (ii) the improvement or optimisation of business performance based on initiatives that have not yet been started or approved for which there is still no commitment to third parties to increase production capacity with respect to the current capacity.

The value in use at 31 December 2022 was therefore determined by discounting the after-tax cash flows using a specific discount rate for each business segment and geographical area. The discount rates used on 31 December 2022 were updated from those used on 31 December 2021 and 30 June 2022. The assumptions made take into account the level of interest rates over the past six months.

Evolution of discount rates used for the impairment test	31.12.2022	31.12.2021
Construction Segment - Italy	9,73%	7,37%
Services Segment - Italy	10,01%	7,50%
Level 2 WACC	9,83%	8,39%

The results of the impairment tests were also subject to a sensitivity analysis by applying +/- 1% and 2% changes to both the discount rate (WACC) and the long-term growth rate "g".

The impairment tests and sensitivity analysis on the CGUs (with the exception of that described above regarding the Monsson CGU) revealed a surplus of recoverable amount (headroom) over the carrying amount.

C. INTANGIBLE ASSETS

The balance of intangible assets at 31 December 2022 was €4,165 thousand (€4,340 thousand at 31 December 2021).

INTANGIBLE ASSETS (figures in thousands of Euros)	Customer lists	PROGEO prototype	Development costs	Other intangible assets	Intangible assets in progress	Total
Net value at 31.12.2021	**1.645**	**349**	**1.096**	**1.083**	**167**	**4.340**
Increases	-	-	610	1.024	196	1.830
Decreases	-	-	-	(5)	-	(5)
Amortisation and write-downs	(1.265)	(349)	(263)	(123)	-	(2.000)
Use of accumulated amortisation	-	-	-	-	-	-
Other changes and exchange rate differences from translation	-	-	-	-	-	-
Net value at 31.12.2022	**380**	**-**	**1.443**	**1.979**	**363**	**4.165**

The increases for the year, amounting to €1,830 thousand, refer: (i) for €1,010 thousand to investments in software related to the implementation of the new management software at Group level, (ii) for €610 thousand to development costs, of which €328 thousand are related to the PON MISE M4.0 project developed by PLC Service S.r.l. and for €135 thousand to costs incurred in connection with the development of two wind farms by the subsidiary PLC Power S.r.l., with a capacity of about 54 MW and 66 MW, respectively, to be constructed in the Campania Region.

Customer list amortisation includes the ordinary amortisation of the Schmack customer list in the amount of €127 thousand, the ordinary amortisation of the Monsson customer list in the amount of €402 thousand, and the write-down of the same for the residual amount (amounting to €737 thousand).

The write-down became necessary upon the sale of the Monsson CGU, in order to align its carrying amount with its fair value.

D. EQUITY INVESTMENTS VALUED WITH THE EQUITY METHOD

EQUITY INVESTMENTS VALUED WITH THE EQUITY METHOD (figures in thousands of Euros)	% held	01.01.2021 31.12.2021	Increases	Decreases	Reclassifications	01.01.2022 31.12.2022
Monsson Poland SP ZO.o.	26%	-	-	-	-	-
Sicily Biomethan S.r.l.	26%	7			-	7
Biomethane Invest S.r.l.	25%	-			-	-
Total		7	-	-	-	7

The balance of investments valued with the equity method at 31 December 2022 was €7 thousand, unchanged with respect to 31 December 2021.

E. EQUITY INVESTMENTS IN OTHER COMPANIES

EQUITY INVESTMENTS IN OTHER COMPANIES (figures in thousands of Euros)	01.01.2021 31.12.2021	Increases	Decreases	01.01.2022 31.12.2022
Equity investment in Banca del Sud	10	-	-	10
Equity investment in Consorzio EnelSi (*)	-	-	-	-
Equity investment in Credit (*)	-	-	-	-
Other equity investments	2	-	(1)	1
Total	12	-	(1)	11

(*) Investments fully written down in previous years

Equity investments in other companies amounted to €11 thousand at 31 December 2022, almost unchanged compared to 31 December 2021.

F. DEFERRED TAX ASSETS

Deferred tax assets at 31 December 2022 amounted to €332 thousand (€188 thousand at 31 December 2021).

DEFERRED TAX ASSETS (figures in thousands of Euros)	01.01.2021 31.12.2021	Increases	Decreases	01.01.2022 31.12.2022
Deferred tax assets	188	264	(120)	332
Total	188	264	(120)	332

Increases and decreases are related to temporary differences between the carrying amounts and the values recognised for tax purposes of certain items in the financial statements, mainly related to the provision for risks, the discounting to present value of the employee severance indemnity in accordance with IAS 19, and the tax effect recognised on certain consolidation entries.

For more details, please refer to the note in the commentary on the item "Taxes" in the income statement.

G. RECEIVABLES AND OTHER NON-CURRENT ASSETS

NON-CURRENT RECEIVABLES (figures in thousands of Euros)	01.01.2022 31.12.2022	01.01.2021 31.12.2021
Non-current receivables from related parties	211	176
Non-current receivables from others	1.426	1.723
Total	1.637	1.899

The item "Receivables and other non-current assets", amounting to €1,637 thousand at 31 December 2022 (€1,899 thousand at 31 December 2021) mainly includes the portion of trade receivables due after one year as a result of interest-bearing repayment plans signed with certain customers.

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

H. NON-CURRENT DERIVATIVE INSTRUMENTS

Non-current derivative instruments had a positive fair value of €127 thousand at 31 December 2022 (€17 thousand at 31 December 2021).

NON-CURRENT DERIVATIVE INSTRUMENTS (figures in thousands of Euros)	01.01.2022 31.12.2022	01.01.2021 31.12.2021
Interest Rate Contracts	127	17
Total	127	17

It should be noted that with regard to derivative contracts, the PLC Group had active interest rate hedging contracts at 31 December 2022. The Group has opted for fair value measurement with changes recognised in the income statement; the increase recorded relates entirely to the positive change in fair value in the reporting period.

I. INVENTORIES AND CONTRACT ASSETS

INVENTORIES AND CONTRACT ASSETS (figures in thousands of Euros)	01.01.2022 31.12.2022	01.01.2021 31.12.2021
Inventories of raw materials	5.099	5.184
Inventory write-down provision	(655)	(676)
Inventories of raw materials	**4.444**	**4.508**
Contract assets	**5.054**	**16.028**
Total	**9.498**	**20.536**

<u>Inventories</u>

At 31 December 2022, inventories came to €4,444 thousand (€4,508 thousand at 31 December 2021). Inventories, which include raw materials for the EPC business and spare parts mainly for the O&M business, are shown net of an inventory write-down provision of €655 thousand.

The changes in the inventory write-down provision are shown below.

INVENTORY WRITE-DOWN PROVISION (figures in thousands of Euros)	01.01.2021 31.12.2021	Increases	Decreases	01.01.2022 31.12.2022
Inventory write-down provision	(676)	(1)	22	(655)

<u>Contract assets</u>

Contract assets at 31 December 2022 amounted to €5,054 thousand (€16,028 thousand at 31 December 2021). The item Contract assets originates from the time difference between the operating progress of the projects and the achievement of the contractual progress statuses that allow invoicing. The decrease compared to the previous year is due to the progressive completion, and simultaneous invoicing and collection, of job orders already in the portfolio during the previous year.

J. TRADE RECEIVABLES

Trade receivables at 31 December 2022 amounted to €20,245 thousand compared to €20,264 thousand at 31 December 2021. Trade receivables are shown net of the related bad debt provision, amounting to €1,049 thousand, which decreased as a result of the favourable settlement of certain disputed credit positions.

TRADE RECEIVABLES (figures in thousands of Euros)	01.01.2022 31.12.2022	01.01.2021 31.12.2021
Trade receivables from related parties	4	20
Trade receivables from others	21.290	21.585
Bad debt provision for receivables from others	(1.049)	(1.341)
Trade receivables from others	20.241	20.244
Total	20.245	20.264

The movements in the bad debt provision for trade receivables are shown below.

BAD DEBT PROVISION (figures in thousands of Euros)	01.01.2021 31.12.2021	Increases	Decreases	01.01.2022 31.12.2022
Bad debt provision	(1.341)	(124)	416	(1.049)

Trade receivables from related parties are illustrated in paragraph 3.2.4.

K. CURRENT FINANCIAL RECEIVABLES

Current financial receivables at 31 December 2022 amounted to €102 thousand (€120 thousand at 31 December 2021), and mainly include the receivable from Panmed Italia S.r.l. for €80 thousand for a loan to support photovoltaic development activities.

CURRENT FINANCIAL RECEIVABLES (figures in thousands of Euros)	01.01.2022 31.12.2022	01.01.2021 31.12.2021
Current financial receivables from related parties	9	26
Current financial receivables from others	93	101
Bad debt provision - current financial receivables from others	-	(7)
Current financial receivables from others	93	94
Total	102	120

The movements in the bad debt provision for financial receivables are shown below.

BAD DEBT PROVISION (figures in thousands of Euros)	01.01.2021 31.12.2021	Increases	Decreases	01.01.2022 31.12.2022
Bad debt provision	(7)	-	7	-

Financial receivables from related parties are illustrated in paragraph 3.2.4.

L. OTHER RECEIVABLES

The total balance of other receivables at 31 December 2022 was €3,547 thousand (€3,865 thousand at 31 December 2021).

OTHER CURRENT RECEIVABLES (figures in thousands of Euros)	01.01.2022 31.12.2022	01.01.2021 31.12.2021
Other receivables from related parties	-	3
Receivables - Augmented Reality project	266	277
Tax receivables	1.526	1.538
Advances, deposits and security deposits	1.166	787
Accrued income and prepaid expenses	423	815
Other receivables	165	445
Other receivables from others	3.547	3.862
Total	3.547	3.865

Compared to the previous year, there was an increase in the item "advances, deposits and security deposits" due to the dynamics in the supply chain resulting from the increase in the cost of raw materials; suppliers of raw materials require larger advances, sometimes already at the time the order is signed, in order to lock in purchase prices.

Tax receivables of €1,526 thousand at 31 December 2022 (€1,538 thousand at 31 December 2021) mainly relate to VAT credits.

The decrease in accrued income and prepaid expenses is attributable for €397 thousand to the treatment of the Monsson Perimeter in accordance with IFRS 5.

Other receivables, amounting to €165 thousand at 31 December 2022, include €25 thousand in receivables from employees; €20 thousand in receivables from GSE for the photovoltaic plant owned by PLC Service; €78 thousand from C&C Energy.

Other receivables from related parties are illustrated in paragraph 3.2.4.

M. SHAREHOLDERS' EQUITY

The consolidated shareholders' equity at 31 December 2022 is equal to €13,519 thousand, of which €8 thousand pertaining to minority interests. Changes in shareholders' equity items related to (i) the overall negative result for the period of €15,853 thousand and (ii) other changes in shareholders' equity of €994 thousand attributable for €538 thousand to exchange rate differences on foreign subsidiaries' financial statements translated into euro and for €456 thousand to other components reclassifiable to the Income Statement (OCI reserve for discounting of employee severance indemnity). Finally, it should be noted that the stock market capitalisation of the PLC share at 31 December 2022, equal to €41,537 thousand, is higher than its consolidated shareholders' equity as at the reference date.

N. NET FINANCIAL POSITION

NET FINANCIAL POSITION (figures in thousands of Euros)	01.01.2022 31.12.2022	01.01.2021 31.12.2021
A. CASH AND CASH EQUIVALENTS	8.420	10.729
B. CASH AND CASH EQUIVALENTS	-	-
C. OTHER CURRENT FINANCIAL ASSETS	-	-
D. LIQUIDITY (A + B + C)	8.420	10.729
E. CURRENT FINANCIAL DEBT	(3)	(2.151)
Long-term financial liabilities	(5.027)	(2.515)
Financial liabilities IFRS 16	(412)	(384)
F. CURRENT PART OF NON-CURRENT FINANCIAL DEBT	(5.439)	(2.899)
G. CURRENT FINANCIAL DEBT (E + F)	(5.442)	(5.050)
H. NET CURRENT FINANCIAL DEBT (G - D)	2.978	5.679
Long-term financial liabilities	(5.139)	(7.516)
Financial liabilities IFRS 16	(764)	(958)
I. NON-CURRENT FINANCIAL DEBT	(5.903)	(8.474)
J. DEBT INSTRUMENTS	-	-
K. TRADE PAYABLES AND OTHER NON-CURRENT LIABILITIES	-	-
L. NON-CURRENT FINANCIAL DEBT (I + J + K)	(5.903)	(8.474)
M. NET FINANCIAL POSITION (H + L)	(2.925)	(2.795)

The net financial position of the PLC Group at 31 December 2022 was negative for €2,925 thousand, marking a negative change of €130 thousand compared to 31 December 2021.

The total amount of financial indebtedness decreased by €2,013 thousand due to repayments made in accordance with the amortisation schedules, net of new financing disbursed.

The increase in current financial indebtedness resulted from a higher utilisation of advance lines than in the previous year.

In 2022, the subsidiary PLC Service S.r.l. signed a new loan with Banca Nazionale del Lavoro S.p.A. for €250 thousand, expiring on 31 March 2028, used for the purchase of a property located in Casalbore for the creation of a technical hub; in addition, the subsidiary PLC System S.r.l. stipulated two new loans with: (i) Credem, maturing on 3 April 2024, for €1,500 thousand; (ii) Banca Nazionale del Lavoro S.p.A., maturing on 27 September 2023, for €1,000 thousand.

Loans outstanding at 31 December 2022

Shown below is a list of loans outstanding at 31 December 2022 for the capital share only.

Loans (figures in thousands of Euros)	Company	Last expiry date	Short-term portion	Long-term portion	Total remaining financing 31.12.2022
BNL loan	PLC S.p.A.	22/01/2025	1.250	1.553	2.803
BPM loan (MCC Guarantee 90%)	PLC S.p.A.	03/07/2024	573	442	1.015
Unicredit Factoring advance	PLC System S.r.l.	Subject to revocation	-	-	-
BPER loan (MCC Guarantee 80%)	PLC System S.r.l.	02/02/2027	587	1.293	1.880
BNL loan	PLC System S.r.l.	27/09/2023	750	-	750
BNL contract advance (overdraft for personal and business use)	PLC System S.r.l.	Subject to revocation	400	-	400
CREDEM loan	PLC System S.r.l.	03/04/2024	946	321	1.267
BNL loan	PLC Service S.r.l.	31/07/2029	140	869	1.009
BNL Loan FV (MCC Guarantee 90%)	PLC Service S.r.l.	28/06/2027	58	204	262
BNL Loan Casalbore Building (Sace Guarantee 80%)	PLC Service S.r.l.	31/03/2028	45	205	250
Soft loan PON project	PLC Service S.r.l.	30/06/2031	-	252	252
Unicredit advance	PLC Service Wind S.r.l.	Subject to revocation	73	-	73
Shareholder loan Massimo Rossetto	Schmack Biogas S.r.l.	31/01/2023	54	-	54
Shareholder loan Nicolò Cariboni	Schmack Biogas S.r.l.	31/01/2023	157	-	157
Total			5.033	5.139	10.172

With reference to the hedging of the risk deriving from interest rate fluctuations, it should be noted that the parent company PLC S.p.A. signed a cap strike contract on the loan in place with BNL and that the subsidiary PLC System S.r.l. signed an Interest Rate Option Cap (IRO Cap) contract on the loan in place with BPER (for further details see Note H. "Non-current Derivative Instruments").

It should be noted that the existing loans between PLC S.p.A. and Banca Nazionale del Lavoro S.p.A. for a residual €2,803 thousand and between PLC Service S.r.l. and Banca Nazionale del Lavoro S.p.A. for a residual €1,009 thousand, require compliance with certain financial covenants (ratio of financial debt to EBITDA and ratio of financial debt to shareholders' equity), which are subject to annual verification. Failure to comply with either covenants may result in forfeiture. At 31 December 2022, the covenant on the ratio of financial indebtedness to EBITDA was not met (negative EBITDA), whereas the covenant on the ratio of financial indebtedness to shareholders' equity was met.

Compliance with the financial covenants will be constantly monitored over the coming months.

The guarantees given in favour of loans granted to the Group are illustrated in detail in the Notes relating to commitments and guarantees.

O. PROVISIONS FOR NON-CURRENT RISKS AND CHARGES

At 31 December 2022, the provisions for risks and charges amounted to €1,017 thousand (€988 thousand at 31 December 2021) and included the best estimate, based on the information available at that date and taking into account the valuation elements acquired from external consultants, of the possible obligations of the PLC Group, also with reference to ongoing litigation.

PROVISIONS FOR NON-CURRENT RISKS AND CHARGES (figures in thousands of Euros)	01.01.2021 31.12.2021	Increases	Decreases	01.01.2022 31.12.2022
Provision for contractual penalties	125	-	-	125
Provision to cover losses of investee companies	23	-	(23)	-
Other risk provisions	840	890	(838)	892
Total	988	890	(861)	1.017

The increases for the period mainly related to the estimated losses expected on certain long-term job orders of the subsidiaries PLC System and Schmack in light of the continued increase in raw material and logistics costs, resulting in a significant deterioration of the whole-life profit margins of these projects, and to the presumable costs for the restoration of the Idroelettrica 2014 srl unipersonale plant.

Decreases of €861 thousand include the treatment of the Monsson Perimeter in accordance with IFRS 5 in the amount of €858 thousand.

P. EMPLOYEE SEVERANCE INDEMNITY

The provision for employee severance indemnity ("**TFR**") at 31 December 2022 is equal to €2,506 thousand (€2,828 thousand at 31 December 2021).

EMPLOYEE SEVERANCE INDEMNITY (figures in thousands of Euros)	01.01.2021 31.12.2021	Increases (Decreases)	Provisions	Utilizations	Actuarial gains/losses	01.01.2022 31.12.2022
Employee severance indemnity	2.828	(2)	600	(287)	(633)	2.506

Employee severance indemnity includes amounts due to employees that are not transferred to supplementary pension funds or to the treasury fund set up at INPS. Employee severance indemnity is identified as defined benefit plans under IAS 19, and is therefore subject to actuarial valuations, in order to express the current value of the benefit payable at the end of the employment relationship that employees have accrued at the date of the financial statements.

The following table summarises the main actuarial valuation assumptions:

EMPLOYEE SEVERANCE INDEMNITY Assumptions adopted	Discount rate	Generic nominal growth rate in wages	Annual turnover rate	Probability of requesting TFR advances	Advance request measure	Survival table (Males)	Survival table (Females)	Probability of disability (Males)	Probability of disability (Females)
PLC SPA	3,77%	2,50%	4,00%	3,00%	70,00%	M2019	F2019	0,00%	0,00%
PLC System	3,77%	2,50%	4,00%	3,00%	70,00%	M2020	F2020	0,00%	0,00%
PLC Service	3,77%	2,50%	4,00%	3,00%	70,00%	M2021	F2021	0,00%	0,00%
PLC Service Wind	3,77%	2,50%	4,00%	3,00%	70,00%	M2022	F2022	0,00%	0,00%
Schmack Biogas	3,77%	2,50%	4,00%	3,00%	70,00%	M2023	F2023	0,00%	0,00%

For discounting purposes, rates of return referring to ten-year bonds of highly rated issuers (AA Corporate Bonds) were used.

The decrease with respect to the previous year is attributable, for €322 thousand, to the actuarial valuation at the reference date.

At 31 December 2022, the Group had 246 employees (net of the Monsson Perimeter, which had 229 employees on the same date), of which 8 were managers, 121 were middle managers and clerks and 117 were workers. The average number of employees by category and the comparison with the previous year are shown in the table below.

AVERAGE NUMBER OF EMPLOYEES (in units)	01.01.2022 31.12.2022	01.01.2021 31.12.2021
Managers	7	8
Middle managers and clerical staff	114	112
Workers	115	116
Total	**237**	**236**

Data net of Monsson Perimeter

Q. DEFERRED TAX LIABILITIES AND OTHER NON-CURRENT TAXES

DEFERRED TAX LIABILITIES AND OTHER NON-CURRENT TAXES (figures in thousands of Euros)	01.01.2021 31.12.2021	Increases	Decreases	01.01.2022 31.12.2022
Deferred tax liabilities and other non-current taxes	607	-	(248)	359
Total	**607**	**-**	**(248)**	**359**

At 31 December 2022, the balance of deferred tax liabilities and other non-current liabilities amounted to €359 thousand (€607 thousand at 31 December 2021) and consisted mainly of: (I) €235 thousand for the

residual amount of deferred tax liabilities calculated on the fair value of the authorisations related to the C&C Transaction; (ii) €135 thousand for deferred tax liabilities calculated on the fair value of the customer list related to Schmack Biogas S.r.l., recognised in 2020 following the completion of the PPA process required by IFRS 3.

R. TRADE PAYABLES

The balance of trade payables at 31 December 2022 was €20,960 thousand (€24,615 thousand at 31 December 2021). The reduction is attributable to the treatment of the Monsson Perimeter in accordance with IFRS 5 (€1,955 thousand) and the reduction of trade payables.

Trade payables to related parties are illustrated in paragraph 3.2.4.

TRADE PAYABLES (figures in thousands of Euros)	01.01.2022 31.12.2022	01.01.2021 31.12.2021
Trade payables to related parties	**19**	**150**
Trade payables to others	20.941	24.465
Total	**20.960**	**24.615**

S. CONTRACT LIABILITIES

Contract liabilities, amounting to €5,475 thousand (€1,217 thousand at 31 December 2021) mainly concern advances and invoiced advances on multi-year job orders and revenue adjusted items in order to comply with the accrual principle, in application of the valuation criterion based on the contractual amounts accrued.
The significant increase compared to the previous year is the consequence of advances received on new active contracts signed during the 2022 financial year, particularly in the last quarter.

T. OTHER PAYABLES

Other payables at 31 December 2022 amounted to €5,323 thousand (€6,510 thousand at 31 December 2021).

OTHER PAYABLES (figures in thousands of Euros)	01.01.2022 31.12.2022	01.01.2021 31.12.2021
Other payables to related parties	-	-
Other payables to related parties	**-**	**-**
Residual debt - purchase of Schmack Biogas S.r.l.	706	706
Payables to tax authorities	851	1.331
Accrued expenses and deferred income	664	634
Earn out - C&C Operation	-	163
Payables to social security institutions	767	899
Payables to directors	104	361
Other payables	2.230	2.416
Other payables to others	**5.323**	**6.510**
Total	**5.323**	**6.510**

Other payables are mainly related to payables to employees for wages, holidays and ROL (reduced working hours) not taken (€1,277 thousand), advances from customers (€577 thousand); payables to social security institutions refer to social security charges and contributions to be paid; payables to directors are related to residual emoluments accrued during the year. The decrease in the period is mainly attributable to the reduction in the payable to tax authorities of €294 thousand as a result of the treatment of the Monsson perimeter under IFRS 5, while at 31 December 2021 there was a payable related to the earn-out of the C&C transaction, which was duly paid during the year.

The residual debt for the purchase of Schmack Biogas S.r.l. relates to the valuation of the put option granted to the sellers on the residual 49% of the share capital and calculated in accordance with IFRS 3.

Amounts due to tax authorities mainly include direct taxes payable, VAT payables and withholding tax payables.

AA. REVENUES FROM CORE BUSINESS

REVENUES FROM CORE BUSINESS (figures in thousands of Euros)	01.01.2022 31.12.2022	01.01.2021 31.12.2021
Revenues from related parties	-	0
Revenues - Construction Segment	26.023	37.931
Revenues - Services Segment	25.213	20.963
Revenues - Trading Segment	8.255	3.428
Revenues from other segments	-	-
Revenues from others	59.491	62.322
Total	59.491	62.323

Revenues at 31 December 2022 amounted to €59,491 thousand (€62,323 thousand at 31 December 2021). Revenues from the Construction Segment decreased significantly compared to the previous year due to difficulties encountered on some Construction Segment job orders, while there was a significant increase in revenues from the Services Segment and revenues from dispatching activities carried out by the subsidiary MSD Service S.r.l. due to the increase in the price of electricity.

BB. OTHER OPERATING REVENUES

Other revenues amounted to €885 thousand at 31 December 2022 (€5,324 thousand at 31 December 2021) and mainly included (i) the contribution related to the Progeo Project for €243 thousand, (ii) the capitalisation of development costs related to the PON MISE M4.0 Project for €209 thousand, and (iii) the capitalisation of the costs for internal staff employed in the development of the new management system for €109 thousand. It should be noted that, in 2021, the New Initiatives Development Segment made a significant contribution due to the capital gain realised on the sale of the vehicle C&C Tre Energy S.r.l. (amounting to €3,797 thousand).

CC. COSTS FOR RAW MATERIALS

COSTS FOR RAW MATERIALS (figures in thousands of Euros)	01.01.2022 31.12.2022	01.01.2021 31.12.2021
Raw material purchases from related parties	-	-
Purchase of raw materials from third parties	16.845	23.062
Total	16.845	23.062

Costs for raw materials at 31 December 2022 amounted to €16,845 thousand (€23,062 thousand at 31 December 2021). The actual decrease is related to the progress of major job orders in the Construction Segment that are nearing completion.

DD. SERVICE COSTS

The breakdown of service costs totalling €32,090 thousand (€18,967 thousand at 31 December 2021) is shown below.

SERVICE COSTS (figures in thousands of Euros)	01.01.2022 31.12.2022	01.01.2021 31.12.2021
Service costs from related parties	19	243
Service costs from related parties	**19**	**243**
Services and other goods	27.746	15.574
Administrative and tax consulting	240	219
Legal and notarial consulting	275	272
Technical and professional consulting	648	273
Compensation of control bodies	217	193
Independent Auditors fees	204	175
Maintenance and utilities	685	613
Insurance	549	427
Rentals and other costs on third-party assets	1.392	884
Leases payable and charges	115	94
Service costs from others	**32.071**	**18.724**
Total	**32.090**	**18.967**

The item "Services and other goods" mainly includes (i) costs related to third-party services at plant construction sites, and (ii) costs for third-party services related to ordinary and extraordinary maintenance services on plants under management.

The item "Rentals and other costs of third-party assets" includes costs mainly related 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.

EE. PERSONNEL COSTS

Personnel costs at 31 December 2022 amounted to €14,465 thousand (€13,465 thousand at 31 December 2021).

FF. OTHER OPERATING COSTS

OTHER OPERATING COSTS (figures in thousands of Euros)	31.12.2022	31.12.2021
Other operating costs from related parties	-	-
Indirect taxes and fees	168	159
Write-down of receivables and inventory	1	104
Other Provisions	367	96
Other operating costs	2.581	1.550
Other operating costs from others	3.117	1.909
Total	3.117	1.909

Other operating costs at 31 December 2022 amounted to €3,117 thousand (€1,909 thousand at 31 December 2021). The item "Other operating costs" includes the estimate of expected losses on certain long-term job orders in the light of the continuing increase in the cost of raw materials and lengthening of project times.

GG. AMORTISATION AND DEPRECIATION

AMORTISATION AND DEPRECIATION (figures in thousands of Euros)	31.12.2022	31.12.2021
Depreciation of tangible assets	925	971
Amortisation of intangible assets	1.263	1.407
Total	2.188	2.378

Amortisation and depreciation amounted to €2,188 thousand (€2,378 thousand at 31 December 2021). Amortisation of intangible assets mainly includes: (i) the amortisation of customer lists recognised with reference to the Monsson Operation Perimeter and to Schmack Biogas S.r.l., respectively for €402 thousand and €127 thousand, and (ii) the amortisation of the prototype related to the Progeo Project for €350 thousand.

HH. WRITE-DOWNS

The amount of write-downs, equal to €4,665 thousand, mainly related to the write-down of goodwill and the customer list pertaining to the Monsson Operation Perimeter resulting from the sale.

II. FINANCIAL INCOME

Financial income amounted to €295 thousand at 31 December 2022 (€119 thousand at 31 December 2021) and refer for €146 thousand to interest income from third parties. The remainder relates to exchange rate differences from translation.

JJ. FINANCIAL CHARGES

Financial charges amounted to €334 thousand at 31 December 2022 (€432 thousand at 31 December 2021) and refer to interest payable on loans in place and to exchange rate differences from translation.

KK. SHARE OF THE RESULT OF EQUITY INVESTMENTS IN SHAREHOLDERS' EQUITY

The share of the result of equity investments valued using the equity method is negative for €20 thousand (negative for €17 thousand at 31 December 2021).

SHARE OF THE RESULT OF EQUITY INVESTMENTS IN SHAREHOLDERS' EQUITY (figures in thousands of Euros)	01.01.2022 31.12.2022	01.01.2021 31.12.2021
MSD Service S.r.l. (*)	-	-
Monsson South Africa Ltd. (**)	-	14
Monsson Poland SP.ZO.o	-	(4)
Sicily Biomethan S.r.l.	(1)	1
Biomethane Invest S.r.l.	(19)	(28)
Total	(20)	(17)

LL. INCOME TAXES

INCOME TAXES (figures in thousands of Euros)	31.12.2022	31.12.2021
Current income taxes	190	(1.054)
Deferred income taxes	527	102
Taxes relating to previous years	(1)	2
Total	716	(950)

The balance of the tax item, positive for €716 thousand at 31 December 2022 (negative for €950 thousand at 31 December 2021), is composed of: (i) €190 thousand from income relating to tax consolidation and tax credits and (ii) €527 thousand from the net positive balance of deferred tax assets and liabilities.

DEFERRED INCOME TAXES (figures in thousands of Euros)	31.12.2022	31.12.2021
Idroelettrica - Deferred tax assets - Impairment of assets	118	-
Idroelettrica - Deferred tax assets on provision	79	-
Deferred tax asset - risk provisions	133	14
Deferred tax liabilities - customer list and IAS 19	197	88
Total	527	102

MM. COMPONENTS OF COMPREHENSIVE INCOME STATEMENT

The components of the comprehensive income statement not classifiable to the income statement relate to the effect of the actuarial calculation on the Employee Severance Indemnity in accordance with IAS 19, amounting to €275 thousand net of the related tax effect of €177 thousand.

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

NN. RESULT FOR THE PERIOD OF DISCONTINUED OPERATIONS

This refers to the result for the period of the Monsson perimeter treated as discontinued operations according to IFRS 5.

Income statement - "Discontinued Operations" (figures in thousands of Euros)	01.01.2022 31.12.2022	01.01.2021 31.12.2021
Total revenues	9.497	7.471
Operating costs	(11.940)	(9.541)
GROSS OPERATING MARGIN	(2.443)	(2.070)
Amortisation, depreciation and write-downs	(782)	(418)
EBIT	(3.225)	(2.488)
Net financial income (charges)	(212)	(627)
Income from (Charges on) equity investments	(4)	69
Income taxes	(74)	(62)
Profit (loss) for the period	(3.516)	(3.107)

Financial position statement - "Discontinued Operations" (figures in thousands of Euros)	31.12.2022
Intangible assets	6
Tangible assets	965
Tax receivables	153
Inventories	114
Trade receivables and other receivables	2.198
Cash	580
Assets held for sale	**4.016**
Trade payables and other payables	2.696
Provisions for risks and charges	840
Deferred tax liabilities	59
Financial liabilities	501
Liabilities held for sale	**4.096**

Cash Flow "Discontinued Operations" thousands of Euros	01.01.2022 31.12.2022	01.01.2021 31.12.2021
Cash flow from operating activities	115	(1.400)
Cash flow from investing activities	212	780
Cash flow from financing activities	(142)	(129)
Net change in cash and cash equivalents	**185**	**(749)**

OO. COMMITMENTS AND GUARANTEES

PLC S.p.A.

- surety issued by PLC System S.r.l. in the interest of PLC S.p.A. in favour of Banca Nazionale del Lavoro to guarantee the loan granted for €5,000 thousand.

PLC SYSTEM S.r.l.

- surety issued by PLC System S.r.l. on behalf of PLC S.p.A. in favour of BNL to guarantee the loan granted of €5,000 thousand;
- guarantee issued by Medio Credito Centrale in the interest of PLC System S.r.l. in favour of BPER Banca to secure the loan granted of €1,512 thousand;
- sureties issued by Banco BPM in favour of domestic customers for €1,222 thousand;
- sureties issued by Credito Emiliano in favour of domestic customers for €347 thousand;
- surety issued by PLC S.p.A. in the interest of PLC System S.r.l. in favour of Banco BPM for €2,223;

- bank sureties issued by BNL in favour of domestic customers for a total of €1,504 thousand;
- insurance sureties issued by Sace, Generali, Coface, Reale Mutua and Axa in favour of domestic customers for a total of €3,213 thousand;
- surety issued by PLC S.p.A. in the interest of PLC System S.r.l. in favour of Banca Nazionale del Lavoro to guarantee the bank credit granted for €2,450 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 loan granted for €1,000 thousand;
- surety issued by PLC S.p.A. in the interest of PLC System S.r.l. in favour of Banca Unicredit for €1,690 thousand;
- corporate guarantee issued by PLC S.p.A. in favour of Siemens Gamesa Renewable Energy Italy S.p.A. for €114 thousand;
- corporate guarantee issued by PLC S.p.A. in favour of Nidec ASI for €267 thousand.

PLC SERVICE S.r.l.

- bank sureties issued by Unicredit S.p.A. in favour of domestic customers for €40 thousand;
- bank guarantee issued by Unicredit S.p.A. in favour of the Ministry of Economic Development within the framework of the PON MISE M4.0 project for €252 thousand;
- bank sureties issued by Banca Nazionale del Lavoro S.p.A. in favour of domestic customers for a total of €52 thousand;
- insurance sureties issued by Allianz, Sace, Coface and Axa in favour of domestic customers for €457 thousand;
- first mortgage on the property located in Acerra - Pantano district, for €2,886 thousand to guarantee the loan granted by Banca Nazionale del Lavoro S.p.A.;
- letters of patronage issued by PLC S.p.A. in favour of Unicredit S.p.A. for a total of €442 thousand;
- guarantee issued by Medio Credito Centrale in the interest of PLC Service S.r.l. in favour of Banca Nazionale del Lavoro to guarantee the loan granted for €288 thousand;
- guarantee issued by SACE S.p.A. in the interest of PLC Service S.r.l. in favour of Banca Nazionale del Lavoro to guarantee the loan granted for €200 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 credit line granted of €325 thousand.

IDROELETTRICA 2014 S.r.l.

- insurance surety issued by Atradius in favour of the municipality of Pergola for €182 thousand;

- insurance surety issued by Reale Mutua di Assicurazioni in favour of Enel Distribuzione S.p.A. for €17 thousand.

SCHMACK BIOGAS S.r.l

- bank sureties issued by Unicredit S.p.A. in favour of domestic and foreign customers for €1,594 thousand;
- bank sureties issued by Sparkasse - Cassa di Risparmio di Bolzano S.p.A. in favour of domestic suppliers for €9 thousand;
- insurance surety issued by Axa Assicurazioni S.p.A. in favour of Ago Renewables S.p.A. for €320 thousand;
- 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 line contracts granted up to €3,376 thousand.

PP. SEGMENT REPORTING

An operating segment is a component of an entity that undertakes business activities that generate revenues and expenses (including revenues and expenses from transactions with other segments of the same entity), whose operating results are periodically reviewed at the Company's chief operating decision making level for the purpose of making decisions about resources to be allocated to the segment, assessing results and for which separate financial statements information is available.

The following operating segments have been identified in line with the activities carried out by the Group:

Construction Segment: into which PLC System S.r.l., its subsidiaries and a portion of Schmack Biogas S.r.l. are merged;

Services Segment: into which PLC Service S.r.l., Service Wind S.r.l. and a portion of Schmack Biogas S.r.l. are merged;

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

Trading segment: into which MSD Service S.r.l. is merged.

FINANCIAL POSITION STATEMENT (figures in thousands of Euros)	Construction	Services	Holding	Trading	01.01.2022 31.12.2022
Non-current assets					
Tangible assets	2.528	5.066	149	-	7.743
Goodwill	2	2.026	2.685	39	4.752
Other intangible assets	1.220	2.721	224	-	4.165
Equity investments accounted for using the equity method	-	6	-	-	6
Equity investments in other companies	11	-	-	-	11
Deferred tax assets	270	3	59	-	332
Receivables and other non-current assets	1.180	338	119	-	1.637
Other non-current financial assets	-	-	-	-	-
Non-current derivative instruments	105	-	22	-	127
Total non-current assets	**5.316**	**10.160**	**3.258**	**39**	**18.773**
Current assets					
Inventories	4.219	225	-	-	4.444
Contract assets	5.054	-	-	-	5.054
Trade receivables	9.885	9.297	83	980	20.245
Financial receivables	85	4	13	-	102
Other receivables	1.737	1.482	275	53	3.547
Cash and cash equivalents	5.323	2.292	420	385	8.420
Other current financial assets	-	-	-	-	-
Current derivative instruments	-	-	-	-	-
Total current assets	**26.303**	**13.300**	**791**	**1.418**	**41.812**
Assets held for sale / disposal	-	4.016	-	-	4.016
TOTAL ASSETS	31.619	27.476	4.049	1.457	64.601
FINANCIAL POSITION STATEMENT (figures in thousands of Euros)	Construction	Services	Holding	Trading	01.01.2022 31.12.2022
TOTAL SHAREHOLDERS' EQUITY	8.104	3.664	1.638	113	13.519
Non-current liabilities					
Non-current financial liabilities	1.660	2.434	2.007	-	6.101
Provisions for non-current risks and charges	730	287	-	-	1.017
Employee severance indemnity	545	1.481	480	-	2.506
Deferred tax liabilities and other non-current taxes	235	203	(79)	-	359
Payables and other non-current liabilities	-	-	-	-	-
Non-current derivative instruments	-	-	-	-	-
Total non-current liabilities	**3.170**	**4.405**	**2.408**	**-**	**9.983**
Current liabilities					
Current financial liabilities	2.731	674	1.840	-	5.245
Provisions for current risks and charges	-	-	-	-	-
Trade payables	11.770	6.613	1.233	1.344	20.960
Contract liabilities	5.117	358	-	-	5.475
Other payables	727	2.862	1.734	-	5.323
Current derivative instruments	-	-	-	-	-
Total current liabilities	**20.345**	**10.507**	**4.807**	**1.344**	**37.003**
Liabilities held for sale / disposal	-	8.900	(4.804)	-	4.096
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	31.619	27.476	4.049	1.457	64.601

FINANCIAL POSITION STATEMENT (figures in thousands of Euros)	Construction	Services	Holding	Trading	31.12.2021
Non-current assets					
Tangible assets	3.436	4.881	194	-	8.511
Goodwill	20	3.420	4.710	40	8.190
Other intangible assets	1.389	2.754	197	-	4.340
Equity investments accounted for using the equity method	-	7	-	-	7
Equity investments in other companies	11	1	-	-	12
Deferred tax assets	43	88	57	-	188
Receivables and other non-current assets	1.250	649	-	-	1.899
Other non-current financial assets	-	-	-	-	-
Non-current derivative instruments	16	-	1	-	17
Total non-current assets	**6.165**	**11.800**	**5.159**	**40**	**23.164**
Current assets					
Inventories	1.439	3.069	-	-	4.508
Contract assets	16.028	-	-	-	16.028
Trade receivables	6.343	12.324	17	1.580	20.264
Financial receivables	89	18	13	-	120
Other receivables	2.018	1.674	142	31	3.865
Cash and cash equivalents	4.311	5.570	605	243	10.729
Other current financial assets	-	-	-	-	-
Current derivative instruments	-	-	-	-	-
Total current assets	**30.228**	**22.655**	**777**	**1.854**	**55.514**
Assets held for sale / disposal	-	-	-	-	-
TOTAL ASSETS	**36.393**	**34.455**	**5.936**	**1.894**	**78.678**
FINANCIAL POSITION STATEMENT (figures in thousands of Euros)	Construction	Services	Holding	Trading	31.12.2021
TOTAL SHAREHOLDERS' EQUITY	**17.849**	**14.001**	**(3.699)**	**237**	**28.388**
Non-current liabilities					
Non-current financial liabilities	1.890	2.786	3.798	-	8.474
Provisions for non-current risks and charges	-	988	-	-	988
Employee severance indemnity	624	1.701	503	-	2.828
Deferred tax liabilities and other non-current taxes	235	372	-	-	607
Payables and other non-current liabilities	-	-	-	-	-
Non-current derivative instruments	-	-	-	-	-
Total non-current liabilities	**2.749**	**5.847**	**4.301**	**-**	**12.897**
Current liabilities					
Current financial liabilities	1.309	665	3.076	-	5.050
Provisions for current risks and charges	-	-	-	-	-
Trade payables	13.005	9.487	466	1.657	24.615
Contract liabilities	217	1.000	-	-	1.217
Other payables	1.264	3.455	1.792	-	6.511
Current derivative instruments	-	-	-	-	-
Total current liabilities	**15.795**	**14.607**	**5.334**	**1.657**	**37.393**
Liabilities held for sale / disposal	-	-	-	-	-
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**36.393**	**34.455**	**5.936**	**1.894**	**78.678**

RECLASSIFIED COMPREHENSIVE INCOME STATEMENT (figures in thousands of Euros)	Construction	Services	Holding	Trading	01.01.2022 31.12.2022
Revenues from core business	26.023	25.213	-	8.255	59.491
Other operating revenues	570	295	20	-	885
Total revenues	26.593	25.508	20	8.255	60.376
Operating costs	(32.008)	(19.134)	(4.052)	(8.206)	(63.400)
Other operating costs	(1.521)	(1.375)	(218)	(4)	(3.117)
GROSS OPERATING MARGIN (EBITDA)	(6.936)	5.000	(4.250)	45	(6.141)
EBITDA %	*-26%*	*20%*	*n.a.*	*1%*	*-10%*
Amortisation, depreciation and write-downs	(1.178)	(2.073)	(3.602)	-	(6.853)
OPERATING RESULT (EBIT)	(8.114)	2.927	(7.852)	45	(12.994)
Net financial income (charges)	70	(18)	(90)	(1)	(39)
Income from (Charges on) equity investments	-	(20)	-	-	(20)
Income taxes	640	(228)	304	-	716
Profit (loss) for the period from continuing operations	(7.404)	2.661	(7.638)	44	(12.337)
Profit (loss) for the period from discontinued operations	-	(3.516)	-	-	(3.516)
PROFIT (LOSS) FOR THE PERIOD	(7.404)	(855)	(7.638)	44	(15.853)
Total other components of comprehensive income	84	309	601		994
COMPREHENSIVE INCOME STATEMENT	(7.320)	(546)	(7.037)	44	(14.859)

RECLASSIFIED COMPREHENSIVE INCOME STATEMENT (figures in thousands of Euros)	Construction	Services	Holding	Trading	01.01.2021 31.12.2021
Revenues from core business	37.931	20.964	-	3.428	62.323
Other operating revenues	4.682	576	66	-	5.324
Total revenues	42.613	21.540	66	3.428	67.647
Operating costs	(33.148)	(15.582)	(3.840)	(3.422)	(55.992)
Other operating costs	(579)	(1.222)	(107)	(1)	(1.909)
GROSS OPERATING MARGIN (EBITDA)	8.886	4.737	(3.881)	5	9.747
EBITDA %	21%	*22%*	n.a.	0%	*14%*
Amortisation, depreciation and write-downs	(1.077)	(1.219)	(82)	-	(2.378)
OPERATING RESULT (EBIT)	7.809	3.518	(3.963)	5	7.369
Net financial income (charges)	(33)	(87)	(192)	(1)	(313)
Income from (Charges on) equity investments	-	(27)	-	-	(27)
Income taxes	(942)	(499)	491	-	(950)
Profit (loss) for the period from continuing operations	6.834	2.904	(3.664)	4	6.078
Profit (loss) for the period from discontinued operations	-	(3.107)	-	-	(3.107)
PROFIT (LOSS) FOR THE PERIOD	6.834	(203)	(3.664)	4	2.971
Total other components of comprehensive income	2	43	537	-	582
COMPREHENSIVE INCOME STATEMENT	6.836	(160)	(3.127)	4	3.553

3.4.3 TRANSACTIONS WITH RELATED PARTIES

With regard to the requirements of the international accounting standard IAS 24 (revised) on "Related party disclosures" and the additional information required by Consob communication no. 6064293 of 28 July 2006, the following tables summarise the Group's economic and financial transactions with related parties.

Revenues and costs from related parties

REVENUES AND COSTS - RELATED PARTIES (figures in thousands of Euros)	Revenues			Costs			
	Revenues	Research and development	Financial income	Raw materials	Services	Payroll and other costs	Financial charges
Antonio Carrano	-	-	-	-	19	-	-
Biomethane Invest S.r.l.	-	-	15	-	-	-	-
Idea S.r.l.	-	-	-	-	-	-	-
Massimo Rossetto	-	-	-	-	-	-	2
Monsson Poland Sp.ZO.o.	-	-	-	-	-	-	-
Monsson Trading S.r.l.	-	-	-	-	-	-	-
Nelke S.r.l.	-	-	-	-	-	-	-
Nicolò Cariboni	-	-	-	-	-	-	5
Total	**-**	**-**	**15**	**-**	**19**	**-**	**6**
% impact on financial statements item	*0%*	*n.a.*	*0%*	*n.a.*	*0%*	*n.a.*	*2%*

Receivables from and payables to related parties

RECEIVABLES DUE FROM AND PAYABLES DUE TO RELATED PARTIES (in thousands of Euros)	Receivables			Payables		
	Trade receivables	Financial receivables	Other receivables	Trade payables	Financial payables	Other payables
Antonio Carrano	-	-	-	19	-	-
Biomethane Invest S.r.l.	4	185	-	-	-	-
Idea S.r.l.	-	5	-	-	-	-
Marcello Bardini	-	2	-	-	-	-
Massimo Rossetto	-	-	-	-	51	-
Nicolò Cariboni	-	-	-	-	155	-
P&P IMPRESA S.r.l.	-	2	-	-	-	-
Sicily Biomethan S.r.l.	-	26	-	-	-	-
Total	***4***	***220***	**-**	***19***	***206***	**-**
% impact on financial statements item	*0%*	*70%*	*0%*	*0%*	*2%*	*0%*

3.4.4 FINANCIAL RISK MANAGEMENT POLICY

The financial risks to which the PLC Group is exposed are as follows: (i) liquidity risk stemming from the possibility of not being able to source the necessary funds to meet its obligations, (ii) credit risk arising from the possibility of default by a counterparty, (iii) exchange rate risk arising from the performance of its business also in foreign markets, and (iv) interest rate risk arising from financial exposure.

Financial risk management is an integral part of the management of the Group's activities and is carried out 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 (figures in thousands of Euros)	Measurement criteria adopted				01.01.2022 31.12.2022	01.01.2021 31.12.2021
	Fair value	Fair Value Hierarchy	Measurement at cost	Amortised cost	Carrying amount	Carrying amount
Loans and receivables	-	-	-	313	313	296
Cash and cash equivalents	8.420	Level 1	-	-	8.420	10.729
Trade receivables	-	-	-	20.245	20.245	20.264
Other current receivables	-	-	-	3.547	3.547	3.865
Other non-current receivables	-	-	-	1.426	1.426	1.724
Investments in other companies measured at fair value	-	-	-	-	-	-
Investments in other companies measured at cost	-	-	11	-	11	12
Other financial assets	-	Level 1	-	-	-	-
TOTAL FINANCIAL ASSETS	8.420	-	11	25.531	33.962	36.890
Trade payables	-	-	-	26.435	26.435	25.832
Other current payables	-	-	-	5.323	5.323	6.511
Current financial payables	-	-	-	5.245	5.245	5.050
Non-current financial payables	-	-	-	6.101	6.101	8.474
TOTAL FINANCIAL LIABILITIES	-	-	-	43.104	43.104	45.867

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 requirements is heavily influenced by the timing of invoicing of 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 projects and/or in the definition of positions being finalised with clients could have an impact on the capacity and/or timing of cash flow generation.

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 Group's business at risk. The Group's risk management objective is to put in place a financial structure that, in line with the 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 31 December 2022, the Group had a balanced net short-term financial position, and had credit lines granted and not utilised amounting to approximately €2,000, which may be drawn down in the event of liquidity needs. At this stage, the PLC Group has not been exposed to an increase in liquidity risk due to the Covid-19 pandemic and/or the ongoing conflict between Russia and Ukraine, even though, given the long-term uncertainty, a potential worsening of financial stress scenarios cannot be ruled out, resulting from a deterioration of liquidity in general, delays in payments from customers and the slowdown of operational activities on projects with delays in invoicing customers.

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 counterparty solvency risk on the basis of procedures and that, generally, receivables of a significant amount are due from known and reliable counterparties. Despite the market environment being negatively impacted by the Covid-19 pandemic, credit risk has, for the time being, remained low; however, it cannot be excluded that some customers may delay, or fail to honour, payments under the agreed terms and conditions, with a subsequent 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 in line with the actual probability of recovery. At 31 December 2022, 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.

Exchange rate risk

During 2022, 99% of the Group's business was carried out on the Italian market and the remaining 1% abroad. The Group does not currently have any hedging contracts in place to manage exchange rate risks. The exchange rate risk to which the Group is exposed is relatively low due to the limited business conducted abroad.

Interest rate risk

The Group's exposure to risk deriving from changes in interest rates originates from floating rate financial payables that 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 charges that have an impact on the economic result, limiting the risk of a potential increase in interest rates, eventually through the use of derivative contracts for hedging purposes. At 31 December 2022, there was (i) a cap strike agreement on the loan agreement in place with BNL and (ii) an Interest Rate Option Cap (IRO Cap) agreement on the loan agreement in place with BPER Banca S.p.A.

Capital management

The objectives identified by the Group in the management of capital are the creation of value for all shareholders, the safeguarding of business continuity and support for the development of the Group, to which the new management is heavily committed.

3.5 DISCLOSURE ON FEES AND INFORMATION PURSUANT TO ART. 149-DUODECIES OF THE ISSUERS' REGULATIONS

With regard to the provisions of article 149-duodecies of the Issuers' Regulations, information is provided below on the fees payable during the year for auditing and non-auditing services provided by the independent auditors and by entities belonging to the network of the independent auditors to the parent company and other companies of the PLC Group, divided into auditing services for the purpose of issuing a certificate and other services, broken down by type.

Nature of the service	Company that provided the service	Recipient	Consideration for the 2022 financial year (figures in thousands of Euros)	Consideration for the 2021 financial year (figures in thousands of Euros)
Audit and accounting control	EY S.p.A.	PLC S.p.A.	51	38
Attestation services (*)	EY S.p.A.	PLC S.p.A.	36	33
Audit and accounting control	EY S.p.A.	Group companies	114	109
Attestation services (**)	EY S.p.A.	Group companies	14	4
Total			215	184

(*) refer to (i) services for the certification of financial covenants and (ii) services for the certification of the sustainability report

(**) refer to services for the certification of financial covenants and R&D

3.6 CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH ART. 154-BIS OF ITALIAN LEGISLATIVE DECREE NO. 58/98

The undersigned Diego Percopo and Marco Aulisa, the Chief Executive Officer and Manager in charge of Financial Reporting of PLC S.p.A. respectively, certify, taking into account the provisions of Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of 24 February 1998:

- the adequacy in relation to the characteristics of the business and
- the effective application of the administrative and accounting procedures in preparing the consolidated financial statements at 31 December 2022.

There are no significant aspects to be mentioned in this regard.

It is also certified that:

the consolidated financial statements at 31 December 2022:

- have been prepared in accordance with the applicable international accounting standards recognised by the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- are consistent with the data in the accounting records and other corporate documents;
- provide a true and fair view of the financial position, results of operations and cash flows of the issuer and the group of consolidated companies.

The management report includes a reliable analysis of the management trend and result, as well as the situation of the issuer and the group of companies included in the consolidation, together with the description of the main risks and uncertainties to which they are exposed.

Milan, 28 April 2023

The Chief Executive Officer

Signed Diego Percopo

The Manager in charge
of Financial Reporting

Signed Marco Aulisa

3.7 INDEPENDENT AUDITORS' REPORT

PLC S.p.A.

Consolidated Financial statements as at 31 December 2022

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010, and article 10 of EU Regulation n. 537/2014

EY S.p.A.
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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

To the Shareholders of
PLC S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of PLC Group (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of income, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022d, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the PLC S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

EY S.p.A.
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Sede Secondaria: Via Lombardia, 31 - 00187 Roma
Capitale Sociale Euro 2.975.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. di Milano 606158 - P.IVA 00891231003
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Consob al progressivo n. 2 delibera n. 10831 del 16/7/1997

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We identified the following key audit matters:

Key Audit Matter	Audit Response
Revenue recognition and evaluation of construction contracts The consolidated financial statements as of 31 December 2022 include revenues related to construction contracts for Euro 26,5 million and assets and liabilities related to the component accrued at the balance sheet date of Euro 5,0 million and Euro 5,5 million respectively. Revenues related to construction contracts, as well as the related margins, are recognized based on the project progress in accordance with the percentage of completion method, based on the ratio between the costs incurred and the total costs expected to complete the construction contracts, in accordance with the applicable accounting principle for the revenues recognition on an "over time" method. The processes and methods related to the revenues recognition and construction contracts evaluation are based on assumptions which are sometimes complex and which imply the Directors judgment, in particular with reference to the cost forecast to complete each project, including the estimation of risks and penalties, where applicable, as well as to contract modifications either expected or under negotiation. Considering the economic and financial influence of the construction contracts, of the judgment required by the complexity of the assumptions used in forecasting the costs to complete the construction contracts and of the contractual modifications under negotiation and of the potential effect on the net income for the current year of the changes of estimate, we assessed this matter as a key audit matter. The paragraph "Contract Assets and Liabilities" and the paragraph "Revenues from contracts with customers" as well as the note "Inventories and contract assets" of the explanatory notes to the financial statements, show the information relating to the revenue recognition and the evaluation of construction contracts.	Our audit procedures in response to the key audit matter concerned, among other matters: - verification of the calculation of the actual progress of the projects, on a sample basis; - with reference to the most significant projects, the analysis of the main assumptions used in forecasting the costs to complete the contract orders and to determine the overall revenues, by examining the construction contracts reports, contractual documentation and project managers interviews; - comparative analysis of the main changes in construction contracts results compared to the original budget or to the previous year; - execution of substantive audit procedures on a sample basis on construction contracts' costs; - external confirmation procedures, on a sample basis for major projects, to contractors. Finally, we verified the adequacy of the information provided in the explanatory notes to the financial statements related to the key audit matter concerned.

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Goodwill evaluation

Goodwill as at 31 December 2022 amounted to EUR 4,7 million and was primarily generated as a result of the Reverse Merger operation, related to the acquisition of subsidiaries PLC System S.r.l. and PLC Service S.r.l.
The reduction of Euro 3,5 million compared to the previous year is determined by the write-down of the goodwill relating to the Monsson CGU, classified in accordance with the provisions of the accounting standard IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, following the start of the sale process which took place during the year.

The process as well as the methods of evaluation and calculation of the recoverable amount of each CGU, in terms of the value in use, are based on assumptions that sometimes may be complex by nature and that imply the judgement of the directors, especially with regard to the forecast of cash flows, the determination of normalized cash flows used for the terminal value estimation and the determination of the growth and discount rates applied to future cash flows forecast.

In consideration of the judgement required and given the complexity of the assumptions used to estimate the recoverable value of each GCU and related Goodwill, we assessed this matter as a key audit matter.

The paragraph "Business Combinations and Goodwill" and the paragraph "Impairment of Tangible and Intangible Assets" as well as the note "Goodwill" of the explanatory notes to the financial statement, describe the criteria for determining the recoverable amount of each CGU, the assumptions used and the sensitivity analysis of the recoverable amount as the main assumptions change.

Our audit procedures in response to the key audit matter concerned, among other matters:

- analysis of the Impairment test procedure approved by the Board of Directors on 16 February 2023 and of the key controls implemented by the Group, in connection with the assumptions adopted;
- verification of the correctness of the CGUs perimeter and the cost allocation to the assets and liabilities of each CGU;
- the examination of future cash flows forecast, including normalized cash flows used for the terminal value estimation, through: (i) the analysis of the consistency on the forecast of future cash flows for each CGU with the Group Business Plan; (ii) the evaluation of the forecast quality throughout a look-back analysis on previous cash flow estimation;
- verification of the growth rates and discount rates applied after the explicit period of the Business plan.

Our procedures were performed with the support of our experts in valuation techniques who performed independent calculation and sensitivity analysis on the valuation of the recoverable amount as the main assumptions change.

Finally, we verified the adequacy of the information provided in the explanatory notes to the financial statements related to the key audit matter concerned.

Discontinued Operation

Assets and liabilities related to the disposal Group as at 31 December 2022 amount to Euro 4,0 million and Euro 4,1 million respectively. Furthermore, the loss for the period from *discontinued operations* amounts to Euro 3,5 million.

During the financial year 2022, the Parent Company started a process with the aim to sale the Monsson CGU, a process which concluded positively during the first months of 2023.

The classification and measurement of the assets and liabilities related the disposal Group as a *disposal group* pursuant to *IFRS 5*, required judgments and estimates by the Directors with reference to compliance, at the balance sheet date, with the requirements established by the *IFRS 5* and especially to the high probability of the sale, as well as to the valuation of the *disposal group* at the lower between its book value and the related fair value less costs to sell.

In consideration of the relevance of the sale transaction carried out by the Parent Company during the financial year, we assessed this matter as a key audit matter.

The paragraph "Main PLC Group operations during the year 2022" and the paragraph "Significant events occurring after 31 December 2022" as well as the note "Result for the period of discontinued operations" of the explanatory notes to the financial statement, show the disclosure related to assets and liabilities of the disposal group and relating to the result of *discontinued operations*

Our audit procedures in response to the key audit matter concerned, among other matters:

- inquiries with company management in order to understand which elements have been considered to assess compliance, at the reporting date, with the requirements of IFRS 5;
- verification of the negotiations and preliminary agreements as at 31 December 2022, relating to the sale of the Monsson CGU;
- analysis of the sale agreement signed on 5 April 2023;
- reading the company's social books;
- verification of the valuation of the *disposal group* at the lower between its book value and the related fair value less costs to sell;
- verification of the presentation in the consolidated financial statements of the assets and liabilities related to the disposal group and to the result of the *discontinued operations*.

Finally, we verified the adequacy of the information provided in the explanatory notes to the financial statements related to the key audit matter concerned.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company PLC S.p.A. or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate relevant risks or the safeguard measures applied.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of PLC S.p.A., in the general meeting held on June 23, 2015 engaged us to perform the audits of the consolidated financial statements for each of the years ending 31 December 2015 to 31 December 2023.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Group in conducting the audit.

We confirm that the opinion on the financial consolidated statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion on the compliance with Delegated Regulation (EU) 2019/815

The Directors of PLC S.p.A. are responsible for applying the provisions of the European Commission Delegated Regulations (EU) 2019/815 for the regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (the "Delegated Regulation") to the consolidated financial statements, to be included in the annual financial report.

We have performed the procedures under the auditing standard SA Italia n. 700B, in order to express an opinion on the compliance of the consolidated financial statements as at 31 December 2022 with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at 31 December 2022 have been prepared in the XHTML format and have been marked-up, in all material aspects, in compliance with the provisions of the Delegated Regulation.

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Due to certain technical limitations, some information included in the explanatory notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of PLC S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of Group PLC as at 31 December 2022, including their consistency with the related consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the consolidated financial statements of PLC Group as at 31 December 2022 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operations and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the consolidated financial statements of PLC Group as at 31 December 2022 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Milan, 29 April 2023

EY S.p.A.
Signed by: Lorenzo Secchi, Auditor

As disclosed by the Directors on page 55, the accompanying consolidated financial statements of PLC S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

4 FINANCIAL STATEMENTS

4.1 FINANCIAL STATEMENTS

4.1.1 FINANCIAL POSITION STATEMENT

FINANCIAL POSITION STATEMENT (figures in Euros)	Notes	01.01.2022 31.12.2022	*of which from related parties*	01.01.2021 31.12.2021	*of which from related parties*
Non-current assets					
Tangible assets	A	147.747	-	193.776	-
Goodwill		-	-	-	-
Intangible assets	B	1.109.643	-	196.150	-
Equity investments in subsidiaries	C	44.593.320	-	49.933.320	-
Equity investments in associates		-	-	-	-
Equity investments in other companies		-	-	-	-
Deferred tax assets	D	29.970	-	28.146	-
Receivables and other non-current assets	E	902.960	*783.571*	5.256.068	*5.256.068*
Other non-current financial assets		-	-	-	-
Non-current derivative instruments	F	21.450	-	1.092	-
Total non-current assets		**46.805.090**		**55.608.552**	
Current assets					
Inventories		-	-	-	-
Contract assets		-	-	-	-
Trade receivables	G	307.972	*291.267*	831.768	*823.406*
Financial receivables	H	12.703		233.276	*220.572*
Other receivables	I	1.365.704	*1.091.049*	1.957.795	*1.815.548*
Cash and cash equivalents	K	420.428	-	604.667	-
Other current financial assets		-	-	-	-
Current derivative instruments		-		-	
Total current assets		**2.106.807**		**3.627.506**	
Non-current assets held for sale / disposal		-	-	-	-
TOTAL ASSETS		**48.911.897**		**59.236.058**	

FINANCIAL POSITION STATEMENT (figures in Euros)	Notes	01.01.2022 31.12.2022	*of which from related parties*	01.01.2021 31.12.2021	*of which from related parties*
Share capital and reserves		48.176.078	-	47.456.166	-
Profit (loss) for the period		(7.055.119)	-	719.911	-
TOTAL SHAREHOLDERS' EQUITY	J	**41.120.959**		**48.176.077**	
Non-current liabilities					
Non-current financial liabilities	K	2.007.034	*801.510*	3.797.758	-
Provisions for non-current risks and charges		-	-	-	-
Employee severance indemnity	L	375.930	-	398.989	-
Deferred tax liabilities and other non-current taxes		28.704	-	-	-
Payables and other non-current liabilities		-	-	-	-
Non-current derivative instruments		-	-	-	-
Total non-current liabilities		**2.411.668**		**4.196.747**	
Current liabilities					
Current financial liabilities	K	3.041.709	*400.000*	5.286.209	*2.210.729*
Provisions for current risks and charges		-	-	-	-
Trade payables	M	1.234.411		475.332	*130.352*
Contract liabilities		-	-	-	-
Other payables	N	1.103.150	*16.198*	1.101.693	*16.123*
Current derivative instruments		-		-	
Total current liabilities		**5.379.270**		**6.863.234**	
Non-current liabilities held for sale / disposal		-	-	-	-
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**48.911.897**		**59.236.058**	

4.1.2 INCOME STATEMENT

INCOME STATEMENT (figures in Euros)	Notes	01.01.2022 31.12.2022	*of which from related parties*	01.01.2021 31.12.2021	*of which from related parties*
Revenues from core business	AA	2.421.847	2.421.847	2.417.360	2.415.881
Other operating revenues	BB	19.917	-	66.471	-
Costs for raw materials		(3.768)	-	-	-
Service costs	CC	(1.415.104)	(209.979)	(1.200.843)	(235.494)
Personnel costs	DD	(2.635.457)	-	(2.650.361)	-
Other operating costs	EE	(426.046)	-	(107.502)	-
GROSS OPERATING MARGIN (EBITDA)		(2.038.611)		(1.474.875)	
Amortisation and depreciation	FF	(182.382)		(81.492)	
Revaluations (write-downs)	GG	(10.144.370)		-	
OPERATING RESULT (EBIT)		(12.365.363)		(1.556.367)	
Financial income	HH	325.978	305.606	214.740	213.932
Financial charges	HH	(150.997)	(40.810)	(261.533)	(68.427)
Income from (Charges on) equity investments					
Dividends	II	4.768.029	-	1.849.719	-
Share of the result of equity investments in shareholders' equity		-	-	-	-
Gains (losses) on equity investments		-	-	-	-
Income taxes	JJ	303.291	-	490.601	-
Profit (loss) for the period from continuing operations		(7.119.062)		737.160	
Profit (loss) for the period from discontinued operations		-	-	-	-
PROFIT (LOSS) FOR THE PERIOD		(7.119.062)		737.160	

4.1.3 COMPREHENSIVE INCOME STATEMENT

COMPREHENSIVE INCOME STATEMENT (figures in Euros)	Notes	01.01.2022 31.12.2022	01.01.2021 31.12.2021
PROFIT (LOSS) FOR THE PERIOD		(7.119.062)	737.160
Other components of comprehensive income			
Components that cannot be reclassified to the income statement		88.687	(23.924)
Tax effect of non-reclassifiable components		(24.744)	6.675
Total components that cannot be reclassified to the income statement		63.943	(17.249)
Components reclassifiable to the income statement		-	-
Tax effect on reclassifiable components		-	-
Total components that can be reclassified to the income statement		-	-
Total other components of comprehensive income	KK	63.943	(17.249)
COMPREHENSIVE INCOME STATEMENT		(7.055.119)	719.911

4.1.4 CASH FLOW STATEMENT

CASH FLOW STATEMENT (figures in thousands of Euros)	01.01.2022 31.12.2022	01.01.2021 31.12.2021
Comprehensive income / (loss)	(7.055.119)	719.911
Comprehensive income/(loss) from discontinued operations	-	-
Comprehensive income/(loss) from continuing operations	(7.055.119)	719.911
(Capital Gain)/Loss from assets sold	10.144.370	-
Adjustment of investment property	-	-
Amortisation, depreciation and impairment of fixed assets	182.382	81.475
Write-downs (Revaluations) of financial assets	(20.358)	-
Write-downs (Revaluations) of fixed assets	-	-
Associates' share of comprehensive income	-	-
Charges (Net financial income)	(174.981)	46.793
Dividends	(4.768.029)	(1.849.719)
Other non-monetary items included in the income statement	-	-
Net changes in working capital		
Contract assets	-	-
Inventories	-	-
Trade receivables and other receivables	989.534	360.526
Trade payables and other payables	(760.536)	26.127
Change in other provisions and deferred tax assets and liabilities	3.821	791.961
Gross Cash Flow	(1.458.916)	177.074
Interest paid	(76.408)	(150.000)
Interest received	-	-
Income taxes (paid) received	-	-
Income taxes	-	-
CASH FLOW FROM OPERATING ACTIVITIES [A]	(1.535.324)	27.074
(Investments) in tangible and intangible fixed assets	(1.053.201)	(277.361)
Divestment of tangible and intangible fixed assets	-	-
(Investments) in subsidiaries	-	-
Disinvestments in subsidiaries	-	-
(Investments) in other financial assets	-	-
Divestments in other financial assets	-	-
Dividends received	1.868.028	1.350.000
CASH FLOW FROM INVESTING ACTIVITIES [B]	814.827	1.072.639
Increase/(Reduction) of Share Capital net of ancillary charges	-	-
Obtainment of loans, financing and other financial liabilities	4.572.483	2.211.000
(Repayments) of loans, financing and other financial liabilities	(4.036.224)	(2.383.000)
Repayments of loans, financing and other financial assets	-	550.126
(Disbursement) of loans, financing and other financial assets		(1.982.764)
Dividends paid	-	-
CASH FLOW FROM FINANCING ACTIVITIES [C]	536.259	(1.604.638)
CASH FLOW FROM DISCONTINUED OPERATIONS [D]	-	-
NET CHANGE IN CASH AND CASH EQUIVALENTS [A+B+C+D]	(184.239)	(504.925)
Cash and cash equivalents at the beginning of the period	604.667	1.109.592
Cash and cash equivalents at the end of the period	420.428	604.667

4.1.5 STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

CHANGES IN SHAREHOLDERS' EQUITY (figures in thousands of Euros)	Share capital	Statutory reserve	Other Comprehensive Income	Other reserves	Profit (loss) carried forward	Profit (loss) for the year	Total shareholders' Equity
SHAREHOLDERS' EQUITY AT 31.12.2019	27.026	5.000	(36)	12.998	1	2.741	47.730
Allocation of 2019 net income/(loss)	-	405	-	-	2.336	(2.741)	-
Distribution of dividends	-	-	-	-	-	-	-
Capital increases	-	-	-	-	-	-	-
Profit (loss) at 31.12.2020	-	-	-	-	-	(264)	(264)
Other components of comprehensive income (loss)	-	-	(10)	-	-	-	(10)
Profit (loss) for the period	-	-	*(10)*	-	-	*(264)*	*(274)*
SHAREHOLDERS' EQUITY AT 31.12.2020	27.026	5.405	(46)	12.998	2.337	(264)	47.456
Allocation of 2020 net income/(loss)	-	-	-	-	(264)	264	-
Distribution of dividends	-	-	-	-	-	-	-
Capital increases	-	-	-	-	-	-	-
Profit (loss) at 31.12.2021	-	-	-	-	-	737	737
Other components of comprehensive income (loss)	-	-	(17)	-	-	-	(17)
Profit (loss) for the period	-	-	*(17)*	-	-	*737*	*720*
SHAREHOLDERS' EQUITY AT 31.12.2021	27.026	5.405	(63)	12.998	2.073	737	48.176
Allocation of 2021 net income/(loss)					737	(737)	-
Distribution of dividends	-	-	-	-	-	-	-
Capital increases	-	-	-	-	-	-	-
Profit (loss) at 31.12.2022	-	-	-	-	-	(7.119)	(7.119)
Other components of comprehensive income (loss)	-	-	64	-	-	-	64
Profit (loss) for the period	-	-	*64*	-	-	*(7.119)*	*(7.055)*
SHAREHOLDERS' EQUITY AT 31.12.2022	27.026	5.405	1	12.998	2.810	(7.119)	41.121

4.2 MAIN PLC GROUP OPERATIONS DURING THE YEAR 2022

Approval of new Business Plan 2023-2027

On 22 December 2022, the Board of Directors of PLC S.p.A. approved the PLC Group's 2023-2027 Business Plan, the main elements of which are summarised below:

- Market: PLC operates in the most relevant sectors for energy transition with consequent important development opportunities, linked to the structural growth trend of the reference markets in Italy together with PLC's know-how and competitive positioning, recognised by the main sector stakeholders.
- Strategic objectives: three main objectives, aimed at steering the evolution of the Group: 1) Organic growth based on adjacency development (building on core competencies), 2) Strengthening the operating model and 3) Technical investments, both aimed at strengthening the company's executive capacity.
- EBITDA is expected to grow steadily, driven by an increase in revenues (2027 twice those of 2023) and a significant scale effect of structural costs, with end-of-plan targets in the region of €12-14 million thanks to the contribution of all Business Areas.
- Financial soundness: significant cash generation capable of self-financing growth and investments with a progressively decreasing NFP/EBITDA ratio to less than 2x by 2027.
- Dividend policy: €6 million cumulative dividends are planned over the Plan period.

Exiting the Grey List

Consob, with Order no. 0463799/22 of 27 July 2022, ordered the withdrawal of the obligation to disclose supplementary information pursuant to Article 144, paragraph 5 of Legislative Decree no. 58/98, starting from the next accounting report.

Entry into operation of new ERP system

During the second half of 2022, the new ERP (Enterprise Resource Planning) system, Microsoft Dynamics 365, was released and became operational, replacing the previous system.

The total investment amounted to around €1 million and involved more than a year of work by the internal IT team with significant support from a leading specialised consultancy firm.

In consideration of the Group-wide implementation of the new management, administrative and accounting software, which required significant changes to the procedures and data input methods of the management system, it was deemed advisable to take advantage of the longer term of 180 days for the approval of the annual financial report at 31 December 2022 by the Shareholders' Meeting, consequently providing for the approval of the same report by the Board of Directors by 30 April 2022, based on the TUF (Consolidated Law on Finance) and Article 154-ter, paragraph 1 of Legislative Decree no. 58/98.

Process for the sale of the shareholding in Monsson LTD and its subsidiaries launched

In November 2022, a process was initiated to assess the market conditions for the potential sale of the shareholding in Monsson Operation LTD, to which several foreign companies[7] ("the Monsson perimeter") belong and which offer services and solutions for the maintenance, operation and dispatching activities of wind power plants, including erection&installation, photovoltaic and electrical connection infrastructure in several central/northern European countries.

The companies of the Monsson foreign scope recorded a negative EBITDA of about €2 million in 2021 and a negative EBITDA of about €2.4 million in 2022. In this regard, it should be noted that the 2023-2027 business plan, with reference to the results of the Monsson perimeter, envisaged a negative contribution of about EUR 262 thousand in 2023, while - over the plan period - the Monsson perimeter would have contributed to the Group's EBITDA marginally, with a percentage of less than 5% of the total EBITDA envisaged in the plan. The Monsson perimeter also bears the risks related to pending litigation in Germany against two perimeter companies, totalling approximately €2.7 million, plus interest and ancillary charges. In this regard, it should be noted that during the dispute settlement hearing held in November 2022, the parties did not reach any settlement agreement.

In preparing the financial statements for the year ended 31 December 2022, the directors, in light of the status of negotiations for the sale described above, and the high probability of the sale, have classified the investment in Monsson Operation LTD in accordance with IFRS 5, "Discontinued Operations". This representation, in accordance with IFRS 5, did not have any obvious effects on the financial statements as the value of the investment was written off.

The sale was successfully completed with the signing of the transaction closing on 5 April 2023.

For more details, see section 3.2.3. NN of the Notes to the financial statements.

Intra-group demergers of PLC System S.r.l. and PLC Service S.r.l.

On 14 July 2022, the deeds of partial demerger of the subsidiaries PLC Service S.r.l. and PLC System S.r.l. were signed in favour of PLC S.p.A.. As a result of the above deeds of demerger, the share representing the entire share capital of PLC Service Wind S.r.l. previously held by PLC Service S.r.l. and the share representing the entire share capital of PLC Power S.r.l. previously held by PLC System S.r.l. were assigned to PLC S.p.A.. The demergers are part of the broader framework of corporate reorganisation aimed at a better and more

[7] Monsson Operation LTD holds the shareholdings in Monsson Operation SRL, Monsson Operation GMBH, Monsson Operation AB; Monsson Operation SRL holds the shareholdings in Wind Power Energy SRL, Monsson Turkey Limited Sirkety, Monsson Energostroy O.O.O. and Monsson Operation Poland SP.ZO.o, as well as two branches in Greece and Russia respectively.

coherent segregation of the various business segments of the corporate group subject to management and coordination by PLC S.p.A.. Demergers have no effect at the consolidated level.

Information on the impact of the war in Ukraine on the market environment and on the economic, equity and financial results of the PLC Group

The protracted war in Ukraine, which started in February 2022, has led to severe economic consequences in all industries, impacting the global economy. Although the PLC Group does not have significant direct exposure to the affected markets, as already described in the half-yearly financial report for 2022, it was nevertheless heavily impacted by indirect supply chain effects. In particular, the costs of the main raw materials used (steel, cement, copper and aluminium) showed average increases of around 30% compared to 2021. Looking ahead, one cannot exclude possible further negative consequences resulting from the development of the conflict between Russia and Ukraine, with as yet unforeseeable effects on business.

On the other hand, the conflict further increased awareness of the risk of the European bloc's energy dependence on non-European raw materials, accelerating the process of development and construction of new renewable energy plants, through which the European Union aims to achieve energy independence; this represents a further business development opportunity for PLC.

Information on the Impacts of Coronavirus (Covid-19)

Limited risk factors still persist to date, arising from Covid-19 and related to new variants of the virus. Also in 2022, the PLC Group continued to constantly monitor the health emergency due to the continuous evolution of the phenomenon and the possible effects in terms of (i) evolution of the reference regulatory frameworks, (ii) management of relations with customers and partners, (iii) management of active and passive contracts (specific clauses were introduced, where possible, to mitigate the possible negative effects of the pandemic) and (iv) impacts on project execution activities and performance levels. In addition, the PLC Group continued to take the necessary measures to ensure, on the one hand, the health of its employees and, on the one other, business continuity, for example through smart working.

4.3 SIGNIFICANT EVENTS OCCURRING AFTER 31 DECEMBER 2022

Finalisation of the sale of the Monsson perimeter

Following the start of the sale process, which took place during 2022, on 8 March 2023 PLC S.p.A. signed the agreement aimed at the sale of the Monsson perimeter to the Luxembourg-registered company Monsson S.à.r.l, through the transfer of the shareholding held in the company Monsson Operation LTD, an Irish-

registered company that directly and indirectly holds the shares of the foreign companies that make up the aforementioned perimeter. The closing of the transaction took place on 5 April 2023.
The transaction constitutes a step in line with the realisation of the 2023-2027 business plan, in which the absolute strategic centrality of the domestic market and the strengthening of the operating model have been defined, to be realised, inter alia, through the simplification of the corporate structure and the divestment of companies considered non-core: the sale allows the consolidation of the PLC Group's growth path through the focus of the Group's activities and resources on the Italian market.
As part of the transaction, the purchaser - in exchange for the payment of a symbolic consideration - assumes on its own account the management and entrepreneurial risk arising from the companies of the Monsson perimeter, also for the activities carried out prior to the sale - with the provision of an express indemnity for the benefit of the Company against any and all claims that may be made by third parties in relation to the companies. In this context, PLC provided a shareholder loan in the amount of €1 million to Monsson Operation LTD, which was waived at closing, together with all other receivables due to the Company from the Monsson perimeter.
In particular, with reference to the 2022 financial year, PLC S.p.A. wrote down the investment in Monsson Operation LTD for €5.34 million and waived financial receivables from the entire Monsson perimeter for a total of €4.7 million.
A further €1.9 million of financial receivables, contributed during 2023, were waived at the closing.

4.4 NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING STANDARDS AND VALUATION CRITERIA

The financial statements of PLC S.p.A. have been prepared in accordance with the international accounting standards (International Financial Reporting Standards - hereinafter "IFRS" or "International Accounting Standards") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union pursuant to Regulation no. 1606/2002, as well as the provisions issued pursuant to Article 9 of Italian Legislative Decree no. 38/2005. These standards are supplemented by the interpretative documents issued by the International Financial Reporting Interpretations Committee ("IFRIC"), which were also endorsed by the European Union at 31 December 2022.
The English version of the financial statements of PLC S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815.
The financial statements at 31 December 2022 were authorised for publication by the Board of Directors on 28 April 2023.

PLC S.p.A. as parent company, also prepared the consolidated financial statements of the PLC Group.

FINANCIAL STATEMENT FORMATS ADOPTED

PLC S.p.A. presents the comprehensive income statement in two separate statements (i) the statement of profit and loss for the period and (ii) the statement of the other components of the comprehensive income statement using a classification of the individual components based on their nature. With reference to the financial position statement, assets and liabilities are distinguished into either current and non-current, as permitted by IAS 1.

The statement of changes in shareholders' equity has been defined in accordance with IAS 1 by means of a statement that reconciles, for each item of shareholders' equity, the opening and closing balances.

The cash flow statement shows the cash flows during the year classified as cash flows from operating, investing and financing activities; cash flows from operating activities are represented using the indirect method, as required by IAS 7.

It should be noted that in the financial position statement and in the comprehensive income statement, transactions with related parties, where significant, have been shown under specific items. With reference to positive and/or negative income items relating to non-recurring transactions, information is provided separately.

The financial statements are presented in Euro and the notes to the financial statements are presented in Euro/thousand, unless indicated otherwise; as a result, in some tables, the total amounts may differ slightly from the sum of the amounts composing them due to the rounding effect.

Going concern assumption

In view of the significant loss incurred during the year, the directors carefully considered the appropriateness of the going concern assumption in preparing the financial statements.

From an economic point of view, the actual loss is significantly affected by the write-down of the investment held in Monsson for €5,339 thousand, made to align the carrying amount to the sale value (fair value net of costs to sell), and the receivables from the Monsson Perimeter waived for €4,805 thousand, which are not of a monetary nature.

The PLC Group's economic forecasts, included in the 2023-2027 Business Plan approved on 22 December 2022, predict a return to economic equilibrium as early as the 2023 financial year.

From a financial point of view, the Company and the PLC Group have adequate cash and credit lines to enable them to meet their financial commitments for a future period of at least 12 months from the date of approval of these financial statements.
From an equity perspective, it should be noted that the company's equity balance, despite the actual loss, is adequate for the performance of its business activities.
In light of the above, the Directors assumed that the going concern assumption was met and, therefore, prepared the financial statements using the standards and criteria applicable to operating companies.

TANGIBLE ASSETS

Tangible fixed assets are recorded at the historical cost of purchase, production or transfer, including the directly attributable accessory charges necessary to make the assets available for use, net of the related accumulated depreciation and any accumulated impairment losses.
Maintenance and repair costs are charged to the income statement of the year in which they are incurred if of an ordinary nature, or capitalised if they increase the value or the economic duration of the asset.
Depreciation is calculated on the basis of rates considered suitable for distributing the value of the fixed assets over their respective useful lives, understood as an estimate of the period in which the asset will be used by the company; the recoverability of their carrying amount is verified by adopting the criteria indicated in the Section "Impairment of tangible and intangible assets". Land, whether free of construction or attached to buildings, is not depreciated. Tangible assets are derecognised from the financial position statement at the time of disposal or when they are permanently withdrawn from use and, consequently, no future economic benefits are expected from their sale or use. Gains and losses arising on the disinvestment or disposal of tangible assets are determined as the difference between the net disposal consideration and the carrying amount of the asset.
The depreciation rates applied are shown below:

Buildings	3%
Plant and machinery	10%
Industrial and commercial equipment	25%
Light constructions	10%
Furniture and fittings	12%
Computers/Software and electronic machines	20%
Vehicles	20%
Cars	25%

INTANGIBLE ASSETS

Intangible assets are recognised as assets, in accordance with the provisions of IAS 38 - Intangible Assets, when it is probable that the use of the asset will generate future economic benefits and when the cost of the asset can be determined reliably. These assets with a finite useful life are valued at cost if acquired separately, while those acquired through business combinations are capitalised at fair value at the acquisition date. These assets are systematically amortised over their estimated useful life; the recoverability of their carrying amount is verified by adopting the criteria indicated in the Paragraph "*Impairment of tangible and intangible assets*".

Other intangible assets include:

Research and development costs

Research costs are charged to the income statement at the time they are incurred.

Development costs incurred in relation to a given project are capitalised only when the Company can demonstrate (i) the technical feasibility of completing the intangible asset so as to make it available for use or sale, (ii) its intention to complete the asset for use or sale, (iii) the manner in which it will generate probable future economic benefits, (iv) the availability of technical, financial or other resources to complete the development and (v) its ability to reliably measure the cost attributable to the asset during its development.

Subsequent to initial recognition, development costs are measured at cost less any accumulated amortisation or loss. Capitalised development costs are amortised over the period in which the related project is expected to generate revenue for the Company. The carrying amount of development costs, when the asset is not yet in use, is reviewed annually for any impairment losses or, more frequently, when there is evidence of a possible loss in value during the period.

Software

The software licenses purchased are recorded on the basis of the costs incurred for the purchase and commissioning of the specific software, net of amortisation and accumulated impairment losses. These costs are amortised on a straight-line basis over their estimated useful life of five years.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

In the presence of specific indicators of impairment, and at least annually with reference to intangible assets with an indefinite life, tangible and intangible assets are subject to impairment testing.

This impairment test consists in estimating the recoverable amount of the asset by comparing it with the related net carrying amount recorded in the financial statements. The recoverable amount of an asset is the higher of its fair value, less costs to sells, and its value in use. The value in use is determined by discounting the expected cash flows deriving from the use of the asset and its sale at the end of its useful life net of taxes. Discounting is carried out at a pre-tax discount rate that takes into account the implicit risk of the business sector. If the recoverable amount is lower than the carrying amount, the latter is reduced to the recoverable amount. This reduction constitutes an impairment loss which is charged to the income statement. If the reasons for the write-downs effected previously no longer apply, the assets are revalued, within the limits of the write-downs made, and the adjustment is charged to the income statement.

LEASES AND RIGHT OF USE

Starting from 1 January 2019, lease, rental and hire contracts are recognised in accordance with the accounting standard IFRS 16, which defines the principles for the recognition, calculation, presentation and reporting of leases and requires the lessees to account for these contracts, whether operational and financial based on a model similar to the financial model previously provided for by IAS 17 for finance lease contracts. The standard provides for two exemptions for the recognition by lessees - leases relating to "low value" assets and short-term leases expiring within 12 months or less.

At the start date of the lease contract, a liability is recorded against the lease payments (lease liability) equal to the current value of the payments taking into account an average debt ratio and an asset of equal value, which represents the right to use the underlying asset for the duration of the contract (the right to use the asset). The interest on the lease liability and the amortisation of the right to use the asset over the contractual term are ascribed to the income statement.

If a re-measurement of the lease liability becomes necessary (e.g. changes in the terms of the contract, changes in future payments or of a rate used to determine payments), the amount of the re-measurement is recorded as an adjustment to the right of use of the asset.

With reference to the contracts for which the Company is the Lessor (and not the lessee), the recognition method remains substantially unchanged with respect to the previous accounting in accordance with IAS 17 and therefore distinguishing between operating and finance leases.

EQUITY INVESTMENTS IN SUBSIDIARIES

Equity investments in subsidiaries are valued at cost. Dividends, whether deriving from the distribution of profits accumulated after the acquisition date or if they concern profits prior to the acquisition, are recorded in the income statement once the right to receive the dividend has been ascertained. If the dividends relate to profits prior to the date of acquisition, the equity investment must be written down if it is confirmed as an indicator of impairment.

Where there are specific indicators of impairment, and at least annually, equity investments in subsidiaries are subject to impairment testing.

Impairment losses must be immediately recognised as a reduction in the cost of the equity investment and charged to the income statement without the possibility of deferring the cost. When the write-down no longer exists, the value of the equity investment is restored within the limit of the carrying amount that would have been determined had the write-down not been recognised.

Equity investments in subsidiaries held for disposal are valued at the lower of their carrying amount and fair value less the foreseeable costs of disposal.

EQUITY INVESTMENTS IN ASSOCIATES AND JOINTLY CONTROLLED COMPANIES

Equity investments in associates and jointly controlled companies are valued at cost. Dividends, whether deriving from the distribution of profits accumulated after the acquisition date or if they concern profits prior to the acquisition, are recorded in the income statement once the right to receive the dividend has been ascertained. If the dividends relate to profits prior to the date of acquisition, the equity investment must be written down if it is confirmed as an indicator of impairment.

Where there are specific indicators of impairment, and at least annually, equity investments in associates and jointly controlled companies are subject to impairment testing.

Impairment losses must be immediately recognised as a reduction in the cost of the equity investment and charged to the income statement without the possibility of deferring the cost. When the write-down no longer exists, the value of the equity investment is restored within the limit of the carrying amount that would have been determined had the write-down not been recognised.

Equity investments in associates and jointly controlled companies held for disposal are valued at the lower of their carrying amount and fair value less the foreseeable costs of disposal.

EQUITY INVESTMENTS IN OTHER COMPANIES

Equity investments in other companies are equity investments other than those in subsidiaries, joint ventures and associates and, following the introduction of IFRS 9, fall within the category of "financial assets measured at fair value through profit or loss". After initial recognition at cost, these financial assets are measured at fair value; valuation gains or losses are recognised in an income statement item. If the fair value cannot be reasonably determined, and therefore in the case of unlisted equity investments and equity investments for

which the fair value is not reliable and cannot be determined, these financial assets are valued at cost adjusted for impairment losses. Classification as a current or non-current asset depends on the strategic choices made regarding the duration of ownership of the asset and the actual marketability of the same; current assets include those expected to be realised within 12 months of the reporting date.
Impairment losses are valued on the basis of (i) the significance of the impairment in absolute terms (severity) calculated on the basis of thresholds determined for the type of financial instrument and (ii) the length of the period of loss (durability) generally estimated at 24 months.

DERIVATIVES

A derivative contract is a financial instrument: (i) whose value changes as a result of a variable such as, for example, interest rate, price of a security or asset, foreign currency exchange rate, index of prices or rates, credit rating, (ii) which requires a zero or limited initial net investment, (iii) which is settled at a future date. Derivatives are financial assets and liabilities recognised at fair value.

Derivatives qualifying as hedging instruments

The qualification of a derivative instrument as a hedging instrument requires:

- verification of the existence of an economic relationship between the hedged item and the hedging instrument;
- verification that the effect of credit risk does not prevail over the changes in value resulting from the above economic relationship;
- verification of the hedging relationship between the hedged item and the hedging instrument used by the Company.

When derivative instruments possess the characteristics to be accounted for as hedges, the following accounting treatments are applied:

- if the derivatives hedge the risk of changes in the fair value of the instruments being hedged (fair value hedge), the derivatives are recognised at fair value and the effects are charged to the income statement; consistently, the instruments being hedged are adjusted to reflect the changes in fair value associated with the risk being hedged;
- if the derivatives hedge the risk of changes in the cash flows of the instruments being hedged (cash flow hedge), the changes in the fair value of the derivatives are recorded in the shareholders' equity reserve relating to "the other components of the comprehensive income statement" and subsequently charged to the income statement in line with the economic effects produced by the hedged transaction.

Derivatives not qualifying as hedging instruments

Changes in the fair value of derivative instruments that do not qualify as hedges, including any ineffective components of hedging derivatives, are recognised in the income statement.

FINANCIAL ASSETS

Depending on the characteristics of the instrument and the business model adopted for their management, financial assets are classified in the following categories: (i) financial assets measured at amortised cost, (ii) financial assets measured at fair value through other comprehensive income and (iii) financial assets through profit or loss.

They are initially recognised at fair value. Trade receivables without a significant financial component are initially recognised at the transaction price.

Subsequent to initial recognition, financial assets that generate contractual cash flows representing exclusively principal and interest payments are measured at amortised cost if held for the purpose of collecting contractual cash flows. The application of the amortised cost method involves the recognition in the income statement of interest income determined on the basis of the effective interest rate of the exchange differences and of any write-downs.

Differently, financial assets representing debt instruments whose business model provides for the possibility of both collecting contractual cash flows and realising capital gains on disposalare measured at fair value and the effects are recognised in the "Other Comprehensive Income" ("OCI") reserve. In this case: (i) interest income, calculated using the effective interest rate, exchange rate differences and write-downs are booked in the income statement; (ii) changes in the fair value of the instrument are booked to shareholders' equity, under OCI. The cumulative amount of changes in fair value, recognised in the shareholders' equity reserve which includes the other components of comprehensive income, is reversed to the income statement upon derecognition of the instrument. A financial asset representing a debt instrument that is not measured at amortised cost or at fair value with the effects recognised in the OCI is measured at fair value through profit or loss; this category includes financial assets held for trading. Interest income earned on financial assets held for trading is included in the overall fair value measurement of the instrument and is recognised as financial income or charges.

WRITE-DOWN OF FINANCIAL ASSETS

The recoverability of financial assets representing debt instruments not measured at fair value through profit or loss is measured on the basis of the so-called "expected credit loss model". In particular, expected losses are generally determined on the basis of the product of: (i) the exposure to the counterparty net of the relevant mitigating factors; (ii) the probability that the counterparty will not meet its payment obligation; (iii) the estimate, in percentage terms, of the amount of credit that will not be recovered in the event of default. The management model adopted by the Company provides for a simplified approach for trade receivables, as they do not contain a significant financial component. This approach requires the valuation of the provision to cover losses for an amount equal to the expected losses over the entire life of the credit. The bad debt provision allocated after an analysis of individual past due receivables, which in fact already includes a prospective view of the project, is accompanied by an assessment of the customer's creditworthiness. Trade receivables and other receivables are shown in the financial position statement net of the related bad debt provision. Write-downs of these receivables are recorded in the income statement net of any reversals of impairment losses.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, demand deposits and financial assets originally due within 90 days, readily convertible into cash and subject to an insignificant risk of change in value.

NON-CURRENT ASSETS HELD FOR SALE / DISPOSAL

Non-current assets held for sale and/or disposal groups are classified as available for sale when their carrying amount will be recovered mainly through a sale transaction rather than through its continuous use; in particular, the non-current assets must be available for immediate sale in their current condition and the sale must be highly probable within 12 months of their classification, without prejudice to further considerations in the event of delayed execution of the sale, granted by the standard in the event of an extension of the time-frame associated with the disposal plan.

Non-current assets held for sale are measured at the lower of carrying amount and fair value less costs to sell unless they are assets for which the valuation provisions of IFRS 5 are not applicable and are instead governed by other IFRS (deferred tax assets; assets deriving from employee benefits; financial assets falling within the scope of IAS 39; non-current assets measured at fair value in accordance with IAS 40; non-current assets measured in accordance with IAS 41; contractual rights deriving from insurance contracts).

In the income statement, non-current assets held for sale and disposal groups that meet the requirements for being classified as discontinued operations are presented under a single item that includes both gains and losses on disposal and the related tax effect. The comparative period is consequently re-stated as required by IFRS 5.

With regard to the equity and financial position, non-current assets held for sale and disposal groups are shown separately from other assets and liabilities in the financial position statement. As required by the relevant accounting standard, the comparative year is not restated or reclassified.

EMPLOYEE SEVERANCE INDEMNITY

The Employee Severance Indemnity (TFR), which is mandatory for Italian companies pursuant to Article 2120 of the Italian Civil Code, has the nature of deferred remuneration and is related to the duration of the working life of employees and the remuneration received during the period of service provided. In application of IAS 19, the employee severance indemnity calculated in this way assumes the nature of a "defined benefit plan" and the related obligation to be recorded in the financial statements (employee severance indemnity provision) is determined by means of an actuarial calculation, using the Projected Unit Credit Method. Following the amendment to IAS 19 "Employee Benefits", effective from 1 January 2013, the Company recognises actuarial gains and losses immediately in the Statement of other comprehensive income so that the entire net amount of defined benefit provisions (net of plan assets) is recognised in the Consolidated financial position statement. The amendment also provides that changes between one year and the next in the defined benefit plan and plan assets must be subdivided into three components: the cost components linked to the service provided in the year must be recognised in the income statement as "service costs"; net financial charges calculated by applying the appropriate discount rate to the balance of the defined benefit plan net of assets at the beginning of the year must be recognised in the income statement as such; actuarial gains and losses arising from the remeasurement of liabilities and assets must be recognised in the Statement of other comprehensive income.

As of 1 January 2007, the Finance Act and the related implementing decrees introduced significant changes to the rules governing employee severance indemnity, including the choice made by employees as to the allocation of their accrued employee severance indemnity (to supplementary pension funds or to the "Treasury Fund" managed by INPS - Italian National Social Security Institute)). Consequently, the obligation to INPS, as well as the contributions to supplementary pension schemes, assume the nature of "Defined contribution plans" according to IAS 19, while the quotas recorded in the Employee Severance Indemnity provision retain, according to IAS 19, the nature of "Defined benefit plans".

PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are allocated in the presence of a current obligation (legal or implicit), deriving from a past event, for which it is probable that fulfilment of the obligation will be on a payment basis and its amount can be reliably estimated. Provisions are recorded at the value representing the best estimate of the amount that the Company would pay to extinguish the obligation or to transfer it to third parties at the end of the period. If the discounting effect is significant, provisions are determined by discounting expected future cash flows at a pre-tax discount rate that reflects, where appropriate, the specific risks of the liabilities. When discounting is carried out, the increase in the provision, due to the passage of time, is recognised as a financial charge. Changes in estimates are reflected in the income statement for the period in which the change occurred.

FINANCIAL LIABILITIES

Financial liabilities other than derivatives are initially recognised at the fair value of the consideration received, net of directly attributable transaction costs, and are subsequently measured using the amortised cost method.

SHAREHOLDERS' EQUITY

Costs for capital transactions

Ancillary charges for capital increase transactions are entered in the shareholders' equity in a specific reserve.

REVENUES

Revenues are recognised to the extent that it is probable that the economic benefits will be realised and the amount can be reliably determined. Revenues from the sale of goods and services are measured at the fair value of the consideration received or due, taking into account any discounts and premiums. With regard to the sale of goods and services, the revenue is recognised when the company has transferred to the purchaser the significant risks and benefits associated with ownership of the goods or performance of the service.

COSTS

Costs for the purchase of goods and services are recognised in the income statement on an accruals basis. Personnel costs include the amount of wages and salaries paid, provisions for pension funds and holidays accrued but not taken, and social security and welfare costs in application of the contracts and current legislation.

DIVIDENDS

Dividends are recorded at the date of the resolution passed by the shareholders' meeting.

INTEREST AND FINANCIAL CHARGES

For all financial instruments measured at amortised cost and interest-bearing financial assets, interest income and expense is recognised on a time basis using the effective interest method. Borrowing costs directly attributable to the acquisition, establishment or production of qualifying assets are capitalised, as required by IAS 23.

TAXES

Current income taxes are determined on the basis of the estimated taxable income for the year. The related payable, net of advances paid and withholdings, is recorded in the financial position statement under the item "Other payables". The tax rates and regulations used to calculate current taxes are those in force or issued at the reporting date.

Deferred taxes are calculated by applying, to the temporary differences existing between the carrying amount attributed to an asset or liability and the corresponding values recognised for tax purposes (Liability method), the tax rates that are expected to apply in the year in which such assets will be realised or such liabilities will be settled, considering the rates in force or already enacted at the balance sheet date.

The item "Deferred taxes" includes any deferred tax liabilities on temporary differences, the taxation of which is deferred to future years in accordance with current tax laws.

"Deferred tax assets" include any taxes which, although pertaining to future years, refer to the current year and are recognised when there is a likelihood that future taxable income will be sufficient to absorb their recovery.

The allocation of deferred tax assets on tax losses accrued is recorded if there is a probability of obtaining in the future taxable income of an amount as such to be able to absorb the tax losses that can be carried forward.

The economic contra-entry to the provision for deferred or prepaid taxes is included in the item "Taxes".

The parent company PLC S.p.A. together with its subsidiaries PLC System S.r.l., PLC Service S.r.l., PLC Service Wind S.r.l. and PLC Power S.r.l. has participated in the "national tax consolidation" for the three-year period 2022-2024, pursuant to articles 117 et seq. of the consolidated tax act (TUIR), which allows transfer of the total net income or tax loss of the individual participating companies to the parent company which will establish a single taxable income of the PLC Group or a single tax loss that can be carried forward, as an algebraic sum of income and/or losses, and, therefore, will record a single tax debt or credit for the tax authorities.

Costs, revenues and assets are recognised net of value added tax (VAT) except where this tax, applied to the purchase of goods or services, is non-deductible, in which case it is recognised as part of the purchase cost of the asset or part of the cost item recognised in the income statement. The net amount of indirect sales taxes that can be recovered or paid to the tax authorities is included in other receivables or payables depending on the whether the balance is positive or negative.

DETERMINATION OF THE FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial instruments listed on an active market is based on market prices at the reporting date. The fair value of financial instruments that are not listed on an active market is determined using valuation techniques, based on a series of methods and assumptions linked to market conditions at the reporting date.

EXCHANGE DIFFERENCES

Revenues and costs relating to transactions in foreign currencies are recorded at the current exchange rate on the day on which the transaction is completed. Monetary assets and liabilities denominated in foreign currency are translated into Euros using the exchange rate prevailing at the end of the period and the effect is recognised in the comprehensive income statement. Non-monetary assets and liabilities denominated in foreign currency are translated at the exchange rate at which they were initially recognised and valued at cost.

USE OF ESTIMATES

The preparation of the financial statements and related notes, in accordance with international accounting standards, requires the use of discretionary valuations and accounting estimates that have an effect on the values of assets and liabilities in the financial statements and on the information relating to contingent assets and liabilities at the date of the financial statements. The final results may differ from the estimates made, which are based on data that reflect the current status of the information available. Estimates are used to measure goodwill, to record provisions for risks on receivables, to determine amortisation and depreciation, to determine write-downs of equity investments or assets, to calculate taxes and other provisions for risks and charges. Estimates and assumptions are reviewed periodically and the effects of each change are immediately reflected in the income statement.

The main items in the financial statements affected by the use of estimates and assumptions that could entail a significant risk of resulting in significant adjustments to the carrying amounts of assets and liabilities within the next financial year are as follows:

Impairment of non-current assets

An impairment loss occurs when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. The calculation of value in use is based on a cash flow discounting model.

The cash flows are derived from the information obtained from the prospective data in the business plan. The recoverable amount depends significantly on the discount rate used in the cash flow discounting model, as well as on expected future cash flows and the growth rate used.

The Group has adopted a procedure with which it monitors at least annually all items subject to impairment testing or that identify indicators of impairment.

ADOPTION OF APPROVED ACCOUNTING STANDARDS AND INTERPRETATIONS, EFFECTIVE FROM 1 JANUARY 2022

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 2022. 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 and IFRS 7 - Interest Rate Benchmark Reform Phase 1

The IASB published the Interest Rate Benchmark Reform document amending the hedge accounting provisions of IFRS 9 and IAS 39. The amendments (i) identify useful financial information to be provided during the period of uncertainty arising from the phase-out of interest rate benchmarks such as the interbank offered rates (IBOS), (ii) modify certain specific hedge accounting requirements aimed at mitigating the potential effects caused by the reform of IBOR, (iii) require additional disclosures on hedging relationships that are directly affected by these uncertainties.

The amendments, approved by European Commission Regulation no. 2019/2104 of 29 November 2019, are applicable from 1 January 2022. The application had no impact on the Financial Report at 31 December 2022.

Annual cycle of improvements to IFRS 2018 - 2020

On 14 May 2020, the IASB issued "Annual Improvements to IFRS 2018-2020" containing amendments to IAS 16 "Property, Plant and Equipment", IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", IFRS 3 "Business Combinations", IFRS 1 "First-time Adoption of IFRS", IFRS 9 "Financial Instruments" and IAS 41 "Agriculture". The amendments, approved by European Commission Regulation no. 2021/1080 of 21 June 2021, are applicable from 1 January 2022. The application had no impact on the Financial Report at 31 December 2022.

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

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 that define the accounting treatment of insurance contracts issued and reinsurance contracts held. The standard, and subsequent amendments, were approved by European Commission Regulation no. 2021/2036 of 19 November 2021. The Regulation grants companies the option not to apply the obligation of paragraph 22 of the standard (i.e. grouping into annual groups) to contracts characterised by intergenerational mutualisation and congruity of cash flows. Companies shall apply the provisions as from 1 January 2023. The standard is not applicable to the Company.

Amendments to IAS 1 - Classification of Current and Non-Current Liabilities

The IASB has published amendments to IAS 1 with the aim of clarifying the classification of certain liabilities into current and non-current. The purpose of the amendments is to promote consistent application in classification by providing guidance in determining whether a financial or non-financial liability with an uncertain settlement date should be classified as a current or non-current liability. The amendments also include clarifications regarding the classification of debt that could be liquidated by conversion into equity. The changes will enter into force on 1 January 2024.

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

On 12 February 2020, the IASB published amendments to IAS 1 "Presentation of Financial Statements", IFRS Practice Statements 2 "Making Significance Judgements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" with the aim of improving the disclosure of accounting treatments used (disclosure on accounting policies) so as to provide more useful information to investors and other primary users of financial statements as well as to help companies distinguish changes in accounting estimates from changes in accounting treatments used. The amendments to IAS 1 and IAS 8, endorsed by European Commission Regulation no. 2022/357 of 2 March 2022, will enter into force on 1 January 2023.

Amendments to IAS 12 - Income Taxes

On 7 May 2021, the IASB published amendments to IAS 12 to clarify how deferred taxes should be accounted for on certain transactions that can generate assets and liabilities of equal amounts, such as leases and decommissioning obligations. The amendments apply from 1 January 2023, but early application is permitted.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

On 22 September 2022, the IASB issued an amendment to this standard that specifies the requirements that a seller-lessee uses to measure the lease liability arising from a sale and leaseback transaction to ensure that the seller-lessee does not recognise any amount of gain or loss that relates to the right of use it retains. The amendment is intended to improve the requirements for sale and leaseback transactions in IFRS 16 but does not change the accounting for leases that are not related to sale and leaseback transactions. The amendment will be effective for financial years beginning on 1 January 2024; early application is permitted.

4.5 NOTES ON THE RESULTS AT 31 DECEMBER 2022

A. TANGIBLE ASSETS

TANGIBLE ASSETS (figures in thousands of Euros)	Land and buildings	General and Specific Plants	Equipment	Office machines and other assets	Assets under construction	Rights to use tangible assets	Total
Valore netto al 31.12.2021	-	78	-	92	-	24	194
Increases	-	-	-	3	-	30	33
Decreases	-	(120)	-	120	-	-	-
Depreciation	-	-	-	(49)	-	(29)	(78)
Use of accumulated depreciation	-	43	-	(43)	-	-	-
Valore netto al 31.12.2022	-	-	-	124	-	24	148

Tangible assets at 31 December 2022 amounted to €148 thousand (€194 thousand at 31 December 2021). The increases for the year, equal to €33 thousand, are mainly related to the purchase of hardware devices.

B. INTANGIBLE ASSETS

INTANGIBLE ASSETS (figures in thousands of Euros)	New management software development	Other intangible assets	Total
Net value at 31.12.2021	**121**	**76**	**196**
Increases	1.011	7	1.017
Decreases	47	(47)	-
Amortisation	(101)	(2)	(104)
Use of accumulated amortisation	(9)	9	-
Net value at 31.12.2022	**1.068**	**42**	**1.110**

Intangible assets at 31 December 2022 amounted to €1,110 thousand (€196 thousand at 31 December 2021). Investments for the year, equal to €1,017 thousand, relate almost entirely to the implementation of a new Group management software.

The ERP implemented (Microsoft Dynamics 365) is a cloud platform developed according to a modular approach for administrative management and integrated operational management (purchases, sales, production and logistics).

C. EQUITY INVESTMENTS IN SUBSIDIARIES

The balance of equity investments in subsidiaries at 31 December 2022 was €44,593 thousand (€49,933 thousand at 31 December 2021). The decrease is attributable to the write-down of the entire value of the investment held in Monsson Operation LTD, which was sold at the symbolic value of €1. This sale entailed the waiver of the financial receivables claimed by the Company at 31 December 2022 for €4,805 thousand (used to recapitalise Monsson Operation LTD, thus resulting in an increase and simultaneous write-down of the value of the investment, in accordance with the contractual agreements signed with the Purchaser).

The additional movements during the year between PLC System and PLC Power and between PLC Service and PLC Service Wind, which were equivalent but of opposite sign, are attributable to the demerger transactions carried out in July 2022, and resulted in the assignment to the Company of the share representing the entire share capital of PLC Service Wind S.r.l., previously held by PLC Service S.r.l. and the share representing the entire share capital of PLC Power S.r.l. previously held by PLC System S.r.l.

The following table summarises the changes in the value of equity investments in subsidiaries in 2022:

EQUITY INVESTMENTS IN SUBSIDIARIES (figures in thousands of Euros)	% held	01.01.2021 31.12.2021	Increases	Decreases	Reclassifications	01.01.2022 31.12.2022
PLC System S.r.l.	100%	32.227	-	(584)	-	31.643
PLC Service S.r.l.	100%	10.773	-	(348)	-	10.425
PLC Power S.r.l.	100%	-	584	-	-	584
PLC Service Wind S.r.l.	100%	-	348	-	-	348
Monsson Operation Ltd.	100%	5.340	4.804	(10.144)	-	-
Schmack Biogas S.r.l.	51%	1.500	-	-	-	1.500
MSD Service S.r.l.	92,5%	93	-	-	-	93
Total		49.933	5.736	(11.076)	-	44.593

The following table summarises the data required by Article 2426 of the Italian Civil Code, concerning the carrying amount of equity investments in subsidiaries, the result for the year, and the portion of shareholders' equity pertaining to equity investments in subsidiaries:

EQUITY INVESTMENTS IN SUBSIDIARIES (figures in thousands of Euros)	REG. OFFICE	Share capital	SE 31.12.2022	Result 31.12.2022	% held	Share of shareholders' equity	Carrying amount
PLC System S.r.l.	Acerra (IT)	10.000	8.186	(3.855)	100%	8.186	31.643
PLC Service S.r.l.	Acerra (IT)	100	2.332	1.490	100%	2.332	10.425
PLC Power S.r.l.	Acerra (IT)	100	1.593	(328)	100%	1.593	584
PLC Service Wind S.r.l.	Acerra (IT)	100	312	21	100%	312	348
Monsson Operation Ltd. (*)	Dublin (IE)	-	(4.370)	(4.847)	100%	(4.370)	-
Schmack Biogas S.r.l.	Bolzano (IT)	204	2.151	420	51%	1.097	1.500
MSD Service S.r.l.	Acerra (IT)	10	(20)	28	93%	(19)	93
Total		10.514	10.183	(7.073)		9.130	44.593

(*) Shareholders' Equity and result refer to the "aggregated data" of the Monsson Operation Perimeter

Impairment

As required by the reference accounting standards, and as highlighted in the most recent recommendations of the national and international Supervisory Authorities[8], all equity investments in subsidiaries have been subjected to the impairment test, regardless of the presence or absence of indicators of potential impairment. Consistent with previous years (with the exception of the equity investment held in Monsson Operation Ltd which will be discussed later), the check on the recoverability of the carrying amounts of equity investments was carried out by comparing the net carrying amount with the recoverable amount which is determined on the basis of the value in use, obtained by discounting the future cash flows generated at the weighted average cost of capital (WACC) specifically by business segment and geographical area in which the subsidiary operates. The expected cash flows for estimating the recoverable amount of the individual CGUs have been determined based on the data of the 2023-2027 Business Plan, referring also to the final data of the 2022 financial year, considering future management expectations in relation to the respective reference markets. Cash flows were determined based on an explicit 3-year horizon; for subsequent years, cash flows are calculated on the basis

[8] 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 notice no. 1/21 "Covid-19 - warning notice on financial information" issued by Consob on 16 February 2021

of a terminal value determined on the basis of the perpetuity method by applying a long-term growth rate "g" of 0% to the terminal cash flow.

These estimates, in accordance with the provisions of IAS 36, do not consider any inflows or outflows 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 in use at 31 December 2022 was therefore determined by discounting the after-tax cash flows using a specific discount rate for each business segment and geographical area. The discount rates used at 31 December 2022 have been updated with respect to those used at 31 December 2021.

Evolution of discount rates used for the impairment test	01.01.2022 31.12.2022	01.01.2021 31.12.2021
PLC System S.r.l. - Construction Segment - Italy	9,73%	7,37%
PLC Service S.r.l. - Services Segment - Italy	10,01%	7,50%
Schmack Biogas S.r.l. - Services Segment - Italy	10,01%	7,50%
MSD Service S.r.l. - Services Segment - Italy	10,01%	7,50%

The results of the impairment tests were also subject to a sensitivity analysis by applying +/- 1% and 2% changes to both the discount rate (WACC) and the long-term growth rate "g".

The impairment tests did not reveal the need to carry out any write-downs.

The sensitivity analysis carried out revealed a surplus of recoverable amount (headroom) over the net carrying amount of the investments, with the exception of the sensitivity analysis on the PLC System in certain particularly worsening scenarios of the WACC and the "g" factor; as a result of this, the directors will closely monitor the evolution of the situation over the coming months.

With regard to the investment held in Monsson Operation Ltd, the recoverability of the carrying amount of the investment was verified by comparing the net carrying amount with the recoverable amount, which was determined on the basis of the fair value less costs to sell, determined at €1, in light of the sale process initiated during 2022, and the high probability of the sale itself.

The total amount of the impairment recognised in the 2022 income statement was €10,144 thousand.

D. DEFERRED TAX ASSETS

Deferred tax assets at 31 December 2022 amounted to €30 thousand (€28 thousand at 31 December 2021) and refer to the discounting of TFR.

DEFERRED TAX ASSETS (figures in thousands of Euros)	01.01.2021 31.12.2021	Increases	Decreases	01.01.2022 31.12.2022
Deferred tax assets	28	2	-	30
Total	28	2	-	30

E. NON-CURRENT RECEIVABLES

NON-CURRENT RECEIVABLES (figures in thousands of Euros)	01.01.2022 31.12.2022	01.01.2021 31.12.2021
Monsson Operation LTD loan		3.494
Monsson Operation S.r.l. loan		817
MSD Service S.r.l. loan	73	216
Schmack Biogas S.r.l. loan	710	729
Tax credit	108	-
Guarantee deposits	12	
Total	903	5.256

Non-current receivables, equal to €903 thousand at 31 December 2022 (€5,256 thousand at 31 December 2021), relate to the shareholder loans paid to the subsidiary net of refunds received during the year. The loans to Monsson Operation LTD and Monsson Operation S.r.l. were waived during the year as part of the sale transaction described above.

Tax credits, amounting to €108 thousand, refer to tax benefits from investments made for Technological Innovation 4.0 and software licences.

F. NON-CURRENT DERIVATIVE INSTRUMENTS

Non-current derivative instruments, equal to €21 thousand at 31 December 2022 (€1 thousand at 31 December 2021), represent the mark-to-market value, at the balance sheet date, of the cap strike contract signed in relation to the BNL loan, to hedge the interest rate risk. It should be remembered that with reference to this contract, PLC S.p.A. opted for fair value measurement with recognition of changes in the income statement.

G. TRADE RECEIVABLES

Trade receivables at 31 December 2022 amount to €308 thousand (€832 thousand at 31 December 2021) and mainly refer to invoices issued and to be issued to subsidiaries for staff services performed centrally by the parent company PLC S.p.A..

The significant decrease from the previous year is the consequence of the collection of intra-group receivables for services rendered to subsidiaries.

TRADE RECEIVABLES (figures in thousands of Euros)	01.01.2022 31.12.2022	01.01.2021 31.12.2021
Trade receivables from related parties	291	823
Trade receivables from others	17	9
Bad debt provision for receivables from others	-	-
Trade receivables from others	17	9
Total	308	832

H. FINANCIAL RECEIVABLES

Financial receivables at 31 December 2022 amounted to €13 thousand (€233 thousand at 31 December 2021). The decrease in the period refers to the waiver of the short-term loan to the indirect subsidiary Monsson Operation Gmbh made in 2022, when Monsson Operations Ltd and subsidiaries were sold.

CURRENT FINANCIAL RECEIVABLES (figures in thousands of Euros)	01.01.2022 31.12.2022	01.01.2021 31.12.2021
Current financial receivables from related parties	-	220
Current financial receivables from others	13	20
Bad debt provision - current financial receivables from others	-	(7)
Current financial receivables from others	13	13
Total	13	233

I. OTHER RECEIVABLES

Other receivables at 31 December 2022 amounted to €1,351 thousand (€1,958 thousand at 31 December 2021).

OTHER CURRENT RECEIVABLES (figures in thousands of Euros)	01.01.2022 31.12.2022	01.01.2021 31.12.2021
Other receivables from related parties	1.091	1.816
Tax receivables	142	1
Prepaid expenses	118	102
Guarantee deposits	-	-
Other receivables	-	39
Other receivables from others	260	142
Total	1.351	1.958

Other receivables from related parties of €1,091 thousand relate entirely to receivables from subsidiaries arising in connection with the national tax consolidation, while tax receivables refer for €64 thousand to direct tax credits and €70 thousand to tax credits for Technological Innovation 4.0 and Training 4.0.

Prepaid expenses, amounting to €118 thousand at 31 December 2022, include prepayments for insurance, software licences and consulting services.

The decrease in other receivables from related parties is a consequence of the collections related to the national tax consolidation.

J. SHAREHOLDERS' EQUITY

At 31 December 2022, the shareholders' equity of PLC S.p.A. amounted to €41,121 thousand.

The changes in the shareholders' equity items refer exclusively to the recognition of the overall result for the period, negative for €7,055 thousand.

At 31 December 2022, the share capital amounted to €27,026 thousand and consisted of 25,960,575 listed ordinary shares with no nominal value.

The table below shows the individual items of shareholders' equity broken down according to their availability, origin and use, as required by Article 2427, paragraph 1) of the Italian Civil Code.

DISTRIBUTABILITY OF SHAREHOLDERS' EQUITY (figures in thousands of Euros)				Uses in the last 3 years	
	Amount	Possibility of use	Available share	Coverage of losses	Other reasons
Share capital	27.026	B		-	-
Capital reserves					
Share premium reserve	12.998	A/B/C	12.998	-	-
Profit reserves					
Statutory reserve	5.405	B	5.405	-	-
Other Comprehensive Income Reserve	1	B	1	-	-
Retained earnings (losses)	2.810	A/B/C	2.810	-	-
Profit (loss) for the year	(7.119)	A/B/C	(7.119)	-	-
Total	**41.121**		**14.095**	-	-

K. NET FINANCIAL POSITION

The net financial position of PLC S.p.A. at 31 December 2022 was negative for €4,628 thousand (negative for €8,479 thousand at 31 December 2021).

NET FINANCIAL POSITION (figures in thousands of Euros)	01.01.2022 31.12.2022	01.01.2021 31.12.2021
A. CASH AND CASH EQUIVALENTS	421	605
B. CASH AND CASH EQUIVALENTS	-	-
C. OTHER CURRENT FINANCIAL ASSETS	-	-
D. LIQUIDITY	421	605
E. CURRENT FINANCIAL DEBT	-	(3.433)
Short-term financial liabilities	(3.025)	(1.834)
Financial liabilities IFRS 16	(17)	(19)
F. CURRENT PART OF NON-CURRENT FINANCIAL DEBT	(3.042)	(1.853)
G. CURRENT FINANCIAL DEBT (E + F)	(3.042)	(5.286)
H. NET CURRENT FINANCIAL DEBT (G - D)	(2.621)	(4.681)
Long-term financial liabilities	(1.995)	(3.793)
Financial liabilities IFRS 16	(12)	(5)
I. NON-CURRENT FINANCIAL DEBT	(2.007)	(3.798)
J. DEBT INSTRUMENTS	-	-
K. TRADE PAYABLES AND OTHER NON-CURRENT LIABILITIES	-	-
L. NON-CURRENT FINANCIAL DEBT (I + J + K)	(2.007)	(3.798)
M. NET FINANCIAL POSITION (H + L)	(4.628)	(8.479)

Total financial debt amounted to €5,049 thousand (of which €3,042 thousand was short-term) and was composed:

(i) for €2,803 thousand of the medium-long term loan signed with BNL (short-term portion of €1,250 thousand), with a nominal value of €5,000 thousand and valued at amortised cost. This loan accrues interest at a variable rate (3M Euribor + 2% spread)

(ii) for €1,015 thousand of the loan granted by Banco BPM (short-term portion of €573 thousand secured by the direct guarantee of the *Fondo di Garanzia per le PMI* (Guarantee Fund for SMEs) for 90%. This loan accrues interest at a variable rate (3M Euribor + 1.3% spread)

(iii) for €400 thousand of a short-term loan granted by the subsidiary PLC System S.r.l.. This loan accrues interest at a fixed rate of 1%

(iv) for €802 thousand of a short-term loan granted by the subsidiary Schmack S.r.l.. This loan accrues interest at a fixed rate of 1%

(v) for €29 thousand (short-term portion of €17 thousand) to the recognition of financial liabilities arising from long-term car rental contracts, in accordance with IFRS 16. Cash and cash equivalents, equal to €421 thousand at 31 December 2022, include income from service contracts and dividends collected from subsidiaries, net of current management costs.

The table below provides a breakdown of bank loans:

Loans (figures in thousands of Euros)	Amount of loan/advance	Last expiry date	Short-term portion	Long-term portion	Total residual loan
BPM loan	-	31/12/2022			
BNL loan	5.000	22/01/2025	1.250	1.553	2.803
BPM loan (MCC Guarantee 90%)	2.000	03/07/2024	573	442	1.015
Total	**7.000**		**1.823**	**1.995**	**3.819**
PLC System loan	3.000	31/12/2023	400	-	400
Schmack loan	800	30/04/2023	802	-	802
Total	**7.800**		**3.025**	**1.995**	**5.021**

With reference to hedging the risk deriving from the change in interest rates, PLC S.p.A. has signed a cap strike contract on the loan in place with BNL (for further details, see note F. "Non-current derivative instruments").

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

The following are the loan agreements that provide for the observance of financial covenants.

BNL medium-long term Loan Agreement

The loan signed on 22 January 2019 by the parent company PLC S.p.A. with BNL requires compliance with two financial covenants subject to verification annually starting from 31 December 2018 and for the entire duration of the loan (i.e. 22 January 2024); the simultaneous failure to meet the financial covenants constitutes a Material Event under 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. At 31 December 2022, the covenant on the ratio of financial indebtedness to EBITDA was not met (negative EBITDA), whereas the covenant on the ratio of financial indebtedness to shareholders' equity was met.

L. EMPLOYEE SEVERANCE INDEMNITY

The Employee severance indemnity ("TFR") provision at 31 December 2022 amounted to €376 thousand (€399 thousand at 31 December 2021); the change compared to the previous year was due to the provisions for the year net of the amounts paid, as well as to the effects of the actuarial calculation in accordance with IAS 19.

EMPLOYEE SEVERANCE INDEMNITY (figures in thousands of Euros)	01.01.2021 31.12.2021	Increases	Provisions	Utilizations	Actuarial gains/losses	01.01.2022 31.12.2022
Employee severance indemnity	399		107	(41)	(89)	376

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 and the severance pay of the directors. Employee severance indemnity is identified as defined benefit plans under IAS 19, and is therefore subject to actuarial valuations, in order to express the present value of the benefit payable at the end of the employment relationship that employees have accrued at the date of the financial statements.

The following table summarises the main actuarial valuation assumptions:

EMPLOYEE SEVERANCE INDEMNITY Assumptions adopted	Discount rate	Generic nominal growth rate in wages	Annual turnover rate	Probability of requesting advances TFR (Employee severance indemnity)	Advance request measure	Survival table (Males)	Survival table (Females)	Probability of disability (Males)	Probability of disability (Females)
PLC SpA	3,77%	2,50%	4,00%	3,00%	70,00%	M2019	F2019	0,00%	0,00%

For discounting purposes, return rates referring to ten-year bonds of highly rated issuers (AA Corporate Bonds) were used.

At 31 December 2022, the Company had 36 employees, including 4 managers, 7 middle managers, 24 clerks and 1 worker. The average number of employees in 2022 by category and the comparison with the previous year are shown in the table below.

AVERAGE NUMBER OF EMPLOYEES (in units)	01.01.2022 31.12.2022	01.01.2021 31.12.2021
Managers	4	3
Middle managers and clerical staff	30	26
Workers	1	1
Total	**35**	**30**

M. TRADE PAYABLES

Trade payables at 31 December 2022 amounted to €1,234 thousand (€475 thousand at 31 December 2021). The increase in payables is mainly due to the investment on the new ERP system started in the second half of last year and now being completed, and to the strategic consulting for the drafting of the new 2023-2027 Business Plan. Trade payables to related parties are illustrated in note 4.2.3

TRADE PAYABLES (figures in thousands of Euros)	01.01.2022 31.12.2022	01.01.2021 31.12.2021
Trade payables to related parties	-	130
Trade payables to others	1.234	345
Total	**1.234**	**475**

N. OTHER PAYABLES

Other payables at 31 December 2022 amounted to a total of €1,103 thousand (€1,102 thousand at 31 December 2021) and are detailed as follows:

OTHER PAYABLES (figures in thousands of Euros)	01.01.2022 31.12.2022	01.01.2021 31.12.2021
Other payables to related parties	16	16
Other payables to related parties	**16**	**16**
Payables to employees	230	204
Payables to directors	67	332
Payables to tax authorities	294	418
Payables to social security institutions	172	125
Other payables	8	7
Accrued expenses and deferred income	316	-
Other payables to others	**1.087**	**1.086**
Total	**1.103**	**1.102**

Payables to the tax authorities, amounting to €294 thousand, related almost exclusively to withholding tax payables.

Payables to employees, and the related liabilities to social security institutions, refer to wages, holidays and ROL (reduced working hours) not taken.

Accrued expenses and deferred income refer almost exclusively to the deferral of internal work increases related to the capitalisation of the costs of personnel involved in the implementation of the new management software (ERP).

AA. REVENUES FROM CORE BUSINESS

Revenues from core business at 31 December 2022 amount to €2,422 thousand (€2,417 thousand at 31 December 2021) and are mainly related to services performed centrally by PLC S.p.A. and rendered to Group companies.

BB. OTHER OPERATING REVENUES

The other operating revenues, equal to €20 thousand (€66 thousand at 31 December 2021) are entirely related to the capitalisation of the costs of personnel involved in the project for implementation of the new Group management software.

CC. SERVICE COSTS

Service costs at 31 December 2022 amounted to €1,415 thousand (€1,200 thousand at 31 December 2021).

SERVICE COSTS (figures in thousands of Euros)	01.01.2022 31.12.2022	01.01.2021 31.12.2021
Advisory services from related parties		200
Service costs from related parties	2	35
Service costs from related parties	**2**	**235**
Non-recurring consulting costs	-	-
Administrative and tax consulting	94	94
Legal and notarial consulting	169	100
Compensation of control bodies	148	143
Independent Auditors fees	97	75
Technical and professional consulting	407	102
Maintenance and utilities	250	239
Insurance	92	95
Rentals and other costs on third-party assets	34	25
Services and other goods	124	92
Service costs from others	**1.413**	**965**
Total	**1.415**	**1.200**

The increase in the item "Technical and professional consulting" is mainly related to strategic consulting in connection with the drafting of the new 2023-2027 Business Plan and, financial consulting and human resources research and selection activities.

The item "Maintenance and utilities" refers to utilities, telephony, various maintenance for €52 thousand and software licence fees in the amount of €158 thousand.

DD. PERSONNEL COSTS

Personnel costs at 31 December 2022 amounted to €2,635 thousand (€2,650 thousand at 31 December 2021) and included directors' fees of €426 thousand and relative allocation to the provision for severance pay for €25 thousand.

EE. OTHER OPERATING COSTS

Other operating costs at 31 December 2022 amounted to €426 thousand (€108 thousand at 31 December 2021).

OTHER OPERATING COSTS (figures in thousands of Euros)	01.01.2022 31.12.2022	01.01.2021 31.12.2021
Indirect taxes and fees	25	14
Other operating / intra-group expenses	208	
Write-down of receivables	(7)	-
Other operating costs	201	94
Total	426	108

In 2022, there was an increase in Other operating costs due to the waiver of trade receivables from the Monsson Perimeter for €208 thousand.

The item "other operating costs", amounting to €201 thousand at 31 December 2022, includes costs for travel and expense reimbursements in the amount of €64 thousand, membership fees and administrative expenses in the amount of €58 thousand, costs for company cars in the amount of €37 thousand, and entertainment expenses in the amount of €19 thousand.

FF. AMORTISATION AND DEPRECIATION

Amortisation and depreciation for the period amounted to €182 thousand (€81 thousand at 31 December 2021). The increase compared to the previous year is connected to investments in IT material and software licenses (including the new management software) and to the recognition of the amortisation of the rights of use deriving from long-term car rental contracts, in application of the provisions of IFRS 16.

GG. WRITE-DOWNS

As a result of the sale of the Monsson Perimeter, the 2022 financial year recorded write-downs of €10,144, of which €5,339 related to the write-down of the value of the equity investment recorded in the financial statements, and €4,805 thousand related to the waiver of the financial receivables claimed by the Company at 31 December 2022 (used to recapitalise Monsson Operation LTD, thus resulting in an increase and simultaneous write-down of the value of the equity investment, in accordance with the contractual agreements signed with the Purchaser).

HH. FINANCIAL INCOME AND CHARGES

Financial income amounted to €325 thousand at 31 December 2022 (€215 thousand at 31 December 2021) and mainly relates to (i) interest income accrued on the interest-bearing loans granted to the subsidiaries for €167 thousand and (ii) to the fees accrued following the issue of Parent Company Guarantees and sureties in the interest of the subsidiaries for €129 thousand.

Financial charges at 31 December 2022 amounted to €151 thousand (€261 thousand at 31 December 2021) and relate to bank interest payable. The decrease from the previous year is the result of principal repayments of loans taken out.

II. GAINS (LOSSES) ON EQUITY INVESTMENTS

This item, amounting to a profit of €4,768 thousand, includes dividends distributed by the subsidiaries PLC System for €3,257 thousand, PLC Service S.r.l. for €1,450 thousand, and Schmack for €61 thousand.

JJ. INCOME TAXES

INCOME TAXES (figures in thousands of Euros)	01.01.2022 31.12.2022	01.01.2021 31.12.2021
Current income taxes	307	360
Deferred income taxes	(4)	130
Taxes relating to previous years	0	-
Total	303	490

The balance of the tax item at 31 December 2022 is positive for €303 thousand (positive for €490 thousand at 31 December 2021) and mainly includes the recognition of income relating to the transfer of the tax loss for the 2022 financial year to the group under the national tax consolidation scheme, which the Company participates in as consolidating entity for €119 thousand and tax credits amounting to €188 thousand.

It should be remembered that prudently, PLC S.p.A. has not recognised deferred tax assets on previous losses relating to previous years - therefore not falling under the tax consolidation regime – since, given the company's nature of operating holding, it is difficult to estimate the taxable income and the years in which it will be realised and tax losses can be used.

It should also be noted that, prudentially, no deferred tax assets have been recognised on losses for the 2022 financial year, as it is believed that at the current date there is no reasonable certainty of their recovery.

The following table shows the reconciliation between the tax charge in the financial statements and the theoretical IRES tax charge.

Theoretical tax charge (figures in thousands of Euros)	Taxable income	01.01.2022 31.12.2022
Pre-tax losses	(7.422)	
Theoretical tax charge		1.781
Temporary differences	28	
Temporary differences from previous years	(467)	
Permanent differences	5.645	
Actual taxable profit	(2.217)	
Actual tax charge		532

KK. COMPONENTS OF COMPREHENSIVE INCOME STATEMENT

The components of the comprehensive income statement that cannot be reclassified to the income statement relate to the effect of the actuarial calculation on the Severance Pay under IAS 19 and are positive for €89 thousand net of the related tax effect of €25 thousand.

LL. COMMITMENTS AND GUARANTEES

The commitments and guarantees outstanding at 31 December 2022 are set out below:

- surety issued by PLC System S.r.l. on behalf of PLC S.p.A. in favour of BNL to guarantee the loan granted of €5,000 thousand;
- 2 sureties issued in the interest of PLC System S.r.l. in favour of Banco BPM S.p.A. for €2,223;
- Surety issued in the interest of PLC System S.r.l. in favour of Banca Nazionale del Lavoro to guarantee the bank credit granted for €2,450 thousand;
- surety issued in the interest of PLC System S.r.l. in favour of Banca Nazionale del Lavoro to guarantee the loan granted for €1,000 thousand;
- 2 comfort letters issued in the interest of PLC System S.r.l. in favour of Unicredit for €650 thousand;
- corporate guarantee issued in the interest of PLC System S.r.l. in favour of Siemens Gamesa Renewable Energy Italy S.p.A. for €114 thousand;
- corporate guarantee issued in the interest of PLC System S.r.l. in favour of Nidec ASI for €267 thousand;
- 2 comfort letters issued in the interest of PLC Service S.r.l. in favour of Unicredit for €650 thousand;
- 3 sureties issued in the interest of Schmack Biogas S.r.l. in favour of Unicredit S.p.A. to guarantee the credit lines granted up to €3,376 thousand;
- corporate guarantee issued on behalf of Monsson Operation S.r.l. (Romania) in favour of Nordex up to a total of €10 million. It should be noted that the work in relation to which the guarantee was issued was completed in the first few months of 2023 and that, under the contract for the sale of the Monsson

perimeter, the Purchaser assumed any obligation arising from the activities carried out by the former subsidiaries belonging to the aforementioned Monsson perimeter, explicitly indemnifying the Company from any claims made by third parties.

MM. SEGMENT REPORTING

With reference to the parent company PLC S.p.A., the segment reporting at 31 December 2022 does not appear to be significant since the Company operates exclusively as the Group's operating holding company and therefore in a single "holding" segment.

4.6 TRANSACTIONS WITH RELATED PARTIES AND INTRA-GROUP TRANSACTIONS

With regard to the requirements of the international accounting standard IAS 24 (revised) on "Related party disclosures" and the additional information required by Consob communication no. 6064293 of 28 July 2006, the following tables summarise the Company's economic and financial transactions with related parties.

Revenues and costs from related parties

REVENUES AND COSTS - RELATED PARTIES (figures in thousands of Euros)	Revenues			Costs			
	Revenues	Research and	Financial income	Raw materials	Services	Staff and other costs	Financial charges
MSD Service S.r.l.	5	-	8	-	-	-	-
Schmack Biogas S.r.l.	37	-	34	-	-	-	28
PLC Service S.r.l.	893	-	6	-	-	-	-
PLC Service Wind S.r.l.	217	-	-	-	-	-	-
PLC System S.r.l.	1.090	-	58	-	2	-	13
Idroelettrica 2014 S.r.l.	4	-	-	-	-	-	-
PLC Power S.r.l.	146	-	-	-	-	-	-
C&C Irsina S.r.l.	4	-	-	-	-	-	-
Alisei Wind S.r.l.	4	-	-	-	-	-	-
Tirreno S.r.l.	4	-	-	-	-	-	-
Monsson Operation LTD	-	-	150	-	-	-	-
Monsson Operation GmbH	-	-	2	-	-	-	-
Monsson Operation S.r.l.	17	-	48	-	208	-	-
Total subsidiaries	2.422	-	306	-	210	-	41
Nelke S.r.l.							
Total other related parties	-	-	-	-	-	-	-
Total	2.422	-	306	-	210	-	41
% impact on financial statements item	*100%*	*0%*	*100%*	*0%*	*100%*	*0%*	*100%*

Receivables from and payables to related parties

RECEIVABLES DUE FROM AND PAYABLES DUE TO RELATED PARTIES (in thousands of Euros)	Receivables			Payables		
	Trade	Financial	Others	Trade	Financial	Others
MSD Service S.r.l.	12	73	-	-	-	-
Schmack Biogas S.r.l.	47	710	-	-	802	-
PLC Service S.r.l.	2	-	928	-	-	-
PLC Service Wind S.r.l.	144	-		-	-	17
PLC System S.r.l.	62	-	159	-	400	-
Idroelettrica 2014 S.r.l.	3	-		-	-	-
PLC Power S.r.l.	-	-	5	-	-	-
C&C Irsina S.r.l.	-	-	-	-	-	-
Alisei Wind S.r.l.	-	-	-	-	-	-
Tirreno S.r.l.	-	-	-	-	-	-
Monsson Operation LTD	-	-	-	-	-	-
Monsson Operation GmbH	-	-	-	-	-	-
Monsson Operation S.r.l.	-	-	-	-	-	-
Total subsidiaries	271	784	1.091	-	1.202	17
BIOMETHANE INVEST SRL	20					
Total other related parties	20	-	-	-	-	-
Total	291	784	1.091	-	1.202	17
% impact on financial statements item	*100%*	*100%*	*100%*	*0%*	*100%*	*105%*

4.7 FINANCIAL RISK MANAGEMENT POLICY

PLC S.p.A. operates as an operating holding company and therefore its economic results and profitability depend (i) on the dividends distributed by subsidiaries and associates and (ii) on the fees paid by subsidiaries for the structures centralised in the parent company and inherent in the status of holding company. This leads to a current significant dependence on the economic and operating results of the subsidiaries.

In this context, the Company is exposed to liquidity risk, credit risk and interest rate risk deriving from financial exposure.

Financial risk management is an integral part of the management of the Group's activities and is carried out 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. **(corrected values)**

FINANCIAL ASSETS AND LIABILITIES - IFRS 9 (figures in thousands of Euros)	Measurement criteria adopted				01.01.2022 31.12.2022	01.01.2021 31.12.2021
	Fair value	Fair Value Hierarchy	Measurement at cost	Amortised cost	Carrying amount	Carrying amount
Financial assets at fair value through profit or loss						
Loans and receivables	-	-	-	916	916	5.489
Cash and cash equivalents	420	Level 1	-	-	420	605
Trade receivables	-	-	-	308	308	832
Other current receivables	-	-	-	1.366	1.366	1.958
Other non-current receivables	21	-	-	30	51	29
Financial assets available for sale					-	-
Investments in other companies measured at fair value	-	-	-	-	-	-
Investments in other companies measured at cost	-	-	-	-	-	-
Other financial assets	-	-	-	-	-	-
Financial assets held for sale	-	-	-	-	-	-
TOTAL FINANCIAL ASSETS	441	-	-	2.620	3.061	8.913
Financial liabilities at amortised cost						
Trade payables	-	-	-	1.234	1.234	475
Other current payables	-	-	-	1.103	1.103	1.102
Other non-current payables				29	29	
Current financial payables	-	-	-	3.042	3.042	5.286
Non-current financial payables	-	-	-	2.007	2.007	3.798
Financial liabilities held for sale	-	-	-	-	-	-
TOTAL FINANCIAL LIABILITIES	-	-	-	7.415	7.415	10.661

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 net working capital and of the financial requirements of the Company is heavily dependent on the results and profitability of the subsidiaries and associates.

Liquidity risk represents the risk that, due to the inability to raise new funds or liquidate assets on the market, the Company will not be able to meet its payment obligations, resulting in an impact on the economic result in the event that the Company 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. Considering the company's nature of holding company, the objective of risk management, managed at Group level, 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 31 December 2022, the Company had a balanced net short-term financial position.

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. Considering its nature as an industrial holding company, the Company is directly exposed to other Group companies but indirectly to third-party customers of subsidiaries and associates, since its economic results and profitability depend on the results and profitability of other Group companies that are, in turn, directly exposed to this risk. 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 negative macroeconomic context, credit risk has currently remained contained; however, it cannot be ruled out that some Group 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 in line with the actual probability of recovery. At 31 December 2022, 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 Company's exposure to such risk within acceptable levels, while optimising the return on investments.

Interest rate risk

The Company is exposed to the risk deriving from changes in interest rates in consideration of the existing loans with Banco BPM and BNL. This risk originates from the fact that these loans, being at a variable rate expose the Company 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 charges that have an impact on the economic result, limiting the risk of a potential increase in interest rates, eventually through the use of derivative contracts for hedging purposes. At 31 December 2022, the Company has a cap strike contract in place to hedge interest rate risk in relation to the BNL loan.

Capital management

The objectives identified by the Company in managing capital are the creation of value for all shareholders, the safeguarding of business continuity and support for the development of the Company and the Group to which the management is heavily committed.

4.8 CERTIFICATION OF THE FINANCIAL STATEMENTS PURSUANT TO ART. 154-BIS OF ITALIAN LEGISLATIVE DECREE NO. 58/98

The undersigned Diego Percopo and Marco Aulisa, the Chief Executive Officer and Manager in charge of Financial Reporting of PLC S.p.A. respectively, certify, taking into account the provisions of Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of 24 February 1998:

- the adequacy in relation to the characteristics of the business and
- the effective application of the administrative and accounting procedures for the preparation of the financial statements at 31 December 2022.

There are no significant aspects to be mentioned in this regard.

It is also certified that:

the financial statements at 31 December 2022:

- have been prepared in accordance with the applicable international accounting standards recognised by the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- are consistent with the data in the accounting records and other corporate documents;
- provide a true and fair view of the issuer's financial position, results of operations and cash flows.

The management report includes a reliable analysis of the trend and result of operations, as well as the situation of the issuer, together with a description of the main risks and uncertainties to which it is exposed.

Milan, 28 April 2023

The Chief Executive Officer

Signed Diego Percopo

The Manager in charge
of Financial Reporting

Signed Marco Aulisa

4.9 BOARD OF DIRECTORS' PROPOSALS TO THE SHAREHOLDERS' MEETING

Dear Shareholders,

- having taken note of the financial statement documents and, in particular, the report of the Board of Directors on the Group's situation and performance;
- having examined the draft financial statements at 31 December 2022 which highlight an operating loss of €7,199,062;
- having examined the consolidated financial statements at 31 December 2022;

the Board of Directors proposes to carry forward the operating loss.

4.10 REPORT OF THE BOARD OF STATUTORY AUDITORS

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING CALLED FOR THE APPROVAL OF THE FINANCIAL STATEMENTS AT 31 DECEMBER 2022, PURSUANT TO ART. 153, LEGISLATIVE DECREE NO. 58/98

To the Shareholders' Meeting of PLC S.p.A.

Dear Shareholders,

The next Shareholders' Meeting scheduled for 31 May 2023 will be called, among other things, to deliberate the draft financial statements as of 31 December 2022, which were approved by the Board of Directors at the meeting held on 28 April 2023. We would like to point out that, on 16 March 2023, the Board of Directors resolved to postpone the approval of the annual financial report as of 31 December 2022, subject to the publication deadlines set forth in Article 154-ter of Legislative Decree No. 58/98 and to avail itself, considering the conditions met, of the broader termination of the contract, according to the Article 2364, paragraph 2 of the Italian Civil Code and Article 8 of the Articles of Association for the approval of the financial statements for the year ending 31 December 2022.

This report has been prepared by the Board of Statutory Auditors appointed for the three-year period 2021-2023 by the Shareholders' Meeting of 30 April 2021, composed of Chairman Massimo Invernizzi and Standing Auditors Claudio Sottoriva and Maria Francesca Talamonti.

The financial statements for the year ended 31 December 2022 show shareholders' net equity of EUR 41,120,959, already including the loss for the year of EUR 7,055,119, which, after non- reclassifiable items in the income statement of EUR -63,943, leads to a total loss of EUR 7,119,062.

Supervision activities in compliance with laws, regulations and statutory provisions

During the financial year ended 31 December 2022, the Board of Statutory Auditors carried out its supervisory activities in accordance with the tasks assigned to it by Legislative Decree no. 58 of 24 February 1998 and current legislation, also taking into account the recommendations of the Rules of Conduct of the Board of Statutory Auditors of listed companies drawn up by the National Council of Chartered Accountants and Accounting Experts, by Consob provisions on corporate control and by the indications contained in the Corporate Governance Code of listed companies promoted by Borsa Italiana, to which the Company has declared to endorse.

In addition, since PLC S.p.A. (hereinafter also referred to as 'PLC' or the 'Company') has adopted the 'traditional' governance model, the Board of Statutory Auditors allies itself with the 'Internal Control and Audit Committee', which is responsible for further specific control and monitoring functions over financial reporting and auditing, as provided for by Article 19 of Legislative Decree No. 39 of 27 January 2010, as amended by Legislative Decree 17 July 2016, No. 135, implementing Directive 2014/56/EU, amending Directive 2006/43/EC concerning the statutory audit of annual accounts and consolidated accounts, and European Regulation 537/2014.

The statutory auditing tasks, pursuant to 'Legislative Decree 39/2010' (as subsequently amended by Legislative Decree 135/2016), were assigned to the auditing firm EY S.p.A. (hereinafter referred to as the 'Auditing Company' or 'EY'), appointed by the Shareholders' Meeting of 23 June 2015 for the nine-year period 2015-2023.

With reference to the supervisory activities carried out during the year, considering the indications provided by Consob in its communication of 6 April 2001, amended and integrated by communication DEM/3021582 of 4 April 2003, and subsequently by communication DEM/6031329 of 7 April 2006, the Board of Statutory Auditors account for the following.

The Board of Statutory Auditors monitored compliance with the law and the Articles of Association, acquiring the information instrumental to the performance of its functions by attending the Board of Directors and Board Committees meetings, the management hearings, the meetings with the corporate units of the Company and the Group, and analyzing the information flows acquired from the competent corporate structures.

The Board of Statutory Auditors also met with the Supervisory Board set up by the Company pursuant to Article 6 of Legislative Decree No. 231/2001 and, within the framework of the exchange of information between the control body and the auditor required by law, it held numerous meetings with the auditing company and with the corresponding control bodies of Group companies.

During the financial year 2022, the Board of Statutory Auditors met 12 times and attended 14 meetings of the Board of Directors. After the closure of the financial year 2022 and up to the date of preparation of this Report, the Board of Statutory Auditors met 6 times and attended 8 meetings of the Board of Directors.

Supervisory activities on compliance with the principles of correct administration

The Board of Statutory Auditors attended all the Shareholders' Meeting and the Board of Directors meetings, acquiring information on the activities carried out and the most significant operations performed by the Company or its subsidiaries, in accordance with the law and the Articles of Association; the Board of Auditors acknowledges that it held numerous joint meetings with the Control, Risk and Sustainability Committee and that it participated, through one or more of its members, in the Board Committees meetings established and operating within the Board of Directors.

The Directors have provided us with extensive information on the activities carried out and on the most important economic, financial and equity transaction carried out by the Company and its subsidiaries, as well

as in general on the performance of operations and events that have had a greatest influence in determining the operating result, without neglecting the further effects and repercussions of the Covid-19 pandemic.
The Board of Statutory Auditors verified that the actions resolved and implemented were in compliance with the law and the Articles of Association and that they were not manifestly imprudent, risky, in conflict of interest or contrary to the resolutions adopted in the Shareholders' Meeting, or such as to compromise the integrity of the company's assets.
Regarding the approval processes of the Board of Directors, the Board of Statutory Auditors, also through its participation in Board meetings, ascertained the compliance with the law and the Articles of Association of the management decisions made by the Directors and verified that the related resolutions were supported by analyses and assessments concerning, in particular, the appropriateness of the transactions and their consequent compliance with the Company's interests.
During the Board of Directors' meetings, the periodic management results and all aspects relating to the most significant transactions were carefully analyses were thoroughly discussed.
The Board of Statutory Auditors also noted that adequate documentation supporting the items discussed at the Board of Directors' meetings was made available to the directors and auditors.

Supervisory activities on the adequacy of the organizational structure and on the adequacy of the instructions given to subsidiaries

The Board of Statutory Auditors monitored the adequacy of the Company's organizational structure and the adequacy of the provisions issued to the subsidiaries pursuant to Article 114, paragraph 2, of Legislative Decree No. 58/1998, through the acquisition of information from the heads of the relevant corporate functions and through meetings and documents exchanges with the independent auditors, also for the purpose of mutual sharing of relevant data and information. In this regard, the Board has no particular observations to report, considering the Company's organizational structure substantially adequate for its needs and suitable to ensure compliance with the principles of correct administration.
With particular reference to the subsidiaries, the Board of Statutory Auditors ascertained that the Company is able to promptly and regularly fulfil the disclosure obligations established by law; this also through the collection of information from the heads of organizational functions, for the purpose of the mutual exchange of relevant data and information: in this regard, there are no particular observations to report.
The Board of Auditors monitored the development of the organizational structure, the necessary changes and the strengthening of supervision in the parent company.

Supervision of the adequacy of the internal control and risk management system and the adequacy of the administrative and accounting system

The Board of Statutory Auditors monitored the adequacy of the internal control and risk management system and the adequacy of the administrative-accounting system, as well as the reliability of the latter to correctly represent management events, by:

- obtaining information from the heads of the respective corporate functions;
- the examination of the positive assessment expressed by the Board of Directors on the adequacy of the Company's organizational, administrative and accounting structure with particular reference to the internal control and risk management system, pursuant to Article 2381, paragraph 3, of the Italian Civil Code and Recommendation 1.d) of Article 1 of the Corporate Governance Code of January 2020;
- the examination of the reports of the Manager in Charge of preparing of the Company's Financial Reports on the administrative and accounting structure, the internal control system and corporate reporting, as well as the meetings with the same, who, together with the Chief Executive Officer - CEO, issued, on 28 April 2023, the statement required by Article 154-bis of Legislative Decree No. 58/1998 with reference to the 2022 financial statements and the 2022 consolidated financial statements of PLC;
- examination of the Report of the Audit, Risk and Sustainability Committee, as well as participation in its work and, in most cases, joint discussion thereof;
- the review of the Annual Report of the Head of Internal Audit and the Internal Audit Reports;
- Examination of the half-yearly reports of PLC's Supervisory Body, set up by the Company in accordance with the provisions of Legislative Decree No. 231/2001, from which it is noted that no evidence was found that highlight the inadequacy of the Model 231 adopted by the Company;
- the examination of the additional report of the auditing firm, issued pursuant to Article 11 of European Regulation No. 537 of 16 April 2014;
- exchanges of information with the control bodies of the subsidiaries, pursuant to paragraphs 1 and 2 of Article 151 of Legislative Decree No. 58/1998.

The Board of Statutory Auditors found no facts or circumstances indicating that the administrative-accounting system of the non-EU subsidiaries was not capable of regularly providing the management and the auditor of the parent company with the economic and financial data necessary for preparing the consolidated financial statements, as required by Article 15, paragraph 1, letter c, point ii) of the Market Regulation (conditions for listing shares of parent companies of companies incorporated and regulated by the laws of non-EU countries).

All this considered, the Board of Statutory Auditors expresses an assessment of the overall effectiveness of the internal control system.

The Board of Auditors also supervised:

- on the analysis process carried out by the Company's Board of Directors, as part of the program to prepare the 2023-2027 Plan, of which the first year is the 2023 Budget;
- on the preliminary investigation carried out by the Control, Risks and Sustainability Committee, aimed at expressing its opinion to the Board of Directors on the methodology to be used to perform the impairment test as of 31 December 2022, carried out with the support of an independent consultant;
- on the fulfilment of obligations related to the "Market Abuse" and "Protection of Savings" regulations on corporate disclosure and "Internal Dealing", with particular reference to the handling of privileged information and the procedure for the dissemination of press release and information to the public.

Business continuity

The Directors have prepared the financial statements as at 31 December 2022 on a going concern basis, thus using the principles and criteria applicable to going concerns.

The Directors, in assessing the existence of the going concern assumption, have taken into account all the events well described in the Report on Operations that, at present, suggest that the significant loss for the year recognised in the income statement is strongly influenced by the impairment of goodwill and other intangible assets related to the Monsson CGU, carried out to align the carrying value to the disposal value of the CGU (fair value less costs to sell), impairments that are not of a monetary nature. The Directors confirm that "the PLC Group's economic forecasts, included in the 2023-2027 Business Plan approved on 22 December 2022, envisage a return to economic equilibrium as early as the 2023 financial year".

The Directors also state that 'the PLC Group has adequate liquidity and credit lines to enable it to meet its financial commitments for a future period of at least 12 months from the date of approval of these financial statements' and that 'the Parent Company's balance sheet, despite the actual loss, is adequate for the business activities'.

Internal Control and Audit Committee pursuant to Article 19, Legislative Decree No. 39/2010 and Legislative Decree No. 135/2016 issued in implementation of Directive 2014/56/EU amending Directive 2006/43/EC and European Regulation 537/2014

As the Internal Control and Audit Committee pursuant to Article 19, Legislative Decree No.39/2010, the Board of Statutory Auditors supervised the financial reporting process.

The Board of Statutory Auditors examined, with the assistance of the Financial Reporting Officer, the procedures relating to the preparation of the Company's financial statements and the consolidated financial statements, as well as any other communications of a financial nature.

The Board of Statutory Auditors has been informed that these procedures are prepared under the responsibility of the Manager in charge, who, together with the Chief Executive Officer and the Chairman of the Board of Directors, certifies the adequacy and effective application when drafting the annual and consolidated financial statements and the half-yearly financial report.

The checks carried out allowed us to ascertain the overall adequacy of the internal control and risk management system to guarantee the reliability of the financial reporting for the financial year 2022.

As provided for in Article 16 of Legislative Decree 39/2010, the Auditing firm performed the audit exclusively:

- the correct maintenance of the company accounts and the correct recording of management events in the accounting records;
- on the correspondence of the financial statements with the accounting records and compliance with the rules governing them.

As part of our oversight of the statutory audit of the annual and consolidated financial statements, the Board of Statutory Auditors i) examined the Group's audit plan as at 31 December 2022 prepared by the Independent Auditors - which sets out the significant risks identified in relation to the main areas of the financial statements – considering that it is appropriate to the Group's characteristics and size, and ii) oversaw the effectiveness of the statutory audit process, noting that it was carried out in accordance with the audit plan and in compliance with International Standards on Auditing (ISAs). In this regard, we have no particular observations to report.

The auditing firm EY S.p.A. today issued the reports pursuant to Article 14 of Legislative Decree No. 39/2010 and Article 10 of European Regulation 537/2014, for the financial statements and the Group's consolidated financial statements as at 31 December 2022, prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union, as well as the provisions issued in implementation of Article 9 of Legislative Decree No. 38/2005.

The auditing firm submitted to the Board of Statutory Auditors, in its capacity as the Internal Control and Audit Committee, the 'Additional Report for the Audit Committee', which illustrates the results of the statutory audit of the accounts carried out and includes the declaration of independence referred to in Art. 6, paragraph 2, letter a) of Regulation (EU) No. 537 of 16 April 2014, as well as the disclosures required by Article 11 of the same Regulation. The Auditor confirmed that during the audit of the Company's annual financial statements and the Group's consolidated financial statements for the year ended 31 December 2022, no significant deficiencies were identified in the internal control system for financial reporting and/or in the accounting system.

The Board of Statutory Auditors discussed with the Independent Auditors, during the periodic meetings, the Key Audit Matters highlighted by EY in the Supplementary Report, relating to the Valuation of Shareholdings in Subsidiaries, regarding the Financial Statements of PLC S.p.A., and to the Recognition of Revenues and the Valuation of Contract Work in Progress, the Valuation of Goodwill, and Discontinued Operations with regard to the Consolidated Financial Statements.

The Board of Statutory Auditors will inform the Company's Board of Directors of the results of the statutory audit, transmitting for this purpose the additional report pursuant to Article 11 of European Regulation No. 537/2014, accompanied by any observations, pursuant to Article 19 of Legislative Decree No. 39/2010.
During the year, we held meetings with the managers of the auditing firm, pursuant to Article 150, paragraph 3, of Legislative Decree No. 58/1998, during which appropriate information was exchanged and no facts or situations worthy of mention highlighted. The Board of Statutory Auditors (i) analyzed the work performed by the auditing firm, and in particular, the methodological framework, the audit approach used for the various significant areas of the financial statements and the planning of the audit work, and (ii) shared with the auditing firm the issues related to business risks, thus being able to appreciate the adequacy of the auditor's planned response with the structural and risk profiles of the Company and the Group.
It should be noted that the Company's Board of Directors, in accordance with the indications of the joint Bank of Italy/Consob/ISVAP document of 3 March 2010, examined the compliance of the impairment test procedure with the requirements of the international accounting standard IAS 36, also benefiting from the support expressed in this regard by specialist consultants, which was followed by the approval of the procedure itself on 16 February 2023 and the approval of the results of the impairment test on 26 April 2023.
As indicated in the information disclosed pursuant to Article 149-duodecies of the Consob Issuers' Regulations set forth in the Financial Report, the Company and the companies of the Group have appointed EY S.p.A, during the financial year 2022, in addition to the engagement for the legal audit of the annual financial statements, the consolidated financial statements, the half-yearly report and the checks on the regularity of the Company's accounts, non-auditing engagements related to (i) verification services for the certification of financial covenants, (ii) services for the certification of R&D expenses and (iii) services for the limited assurance engagement of the consolidated financial statements.
The total fees due to the auditing firm for the aforementioned additional services amounted to Euro 49,500 (of which Euro 36,000 on PLC S.p.A. and Euro 13,500 on Group companies).
These engagements were examined in advance by the Board of Statutory Auditors and, based on the checks carried out, the Board of Statutory Auditors did not find any critical issues with regard to the independence of the auditing firm.
As provided in Article 19 of Legislative Decree No. 39/2010, the Board of Statutory Auditors verified and monitored the independence of the statutory auditing firm in accordance with Articles 10, 10-bis, 10-ter, 10-quater and 17 of the aforementioned decree and Article 6 of the European Regulation, in particular with regard to the adequacy of the provision of non-audit services, in accordance with Article 5 of said Regulation.
Pursuant to the provisions of Article 17, paragraph 9, letter a) of Legislative Decree No. 39/2010, the Board of Statutory Auditors has received confirmation from the Independent Auditors that, in the period from 1 January 2022 to the date of the communication, 29 April 2023, it did not find any situations that may compromise the

independence of the Independent Auditors or causes of incompatibility indicated by Articles 10 and 17 of Legislative Decree No. 39/2010 and related implementing provisions.

Therefore, also taking into account the communication issued by EY S.p.A. and the assignments entrusted to it and to the companies belonging to its network by the Company and the Group companies, no critical aspects emerged, based on the supervisory activity carried out pursuant to Article 19 of Legislative Decree No. 39/2010, with regard to the independence of the audit firm EY S.p.A..

Other Activities

Significant Transactions

In order to oversee compliance with the principles of correct administration, in addition to having participated, as described above, in all the meetings of the Board of Directors and the Board Committees, the Board of Statutory Auditors, pursuant to Article 2381, paragraph 5, of the Italian Civil Code, Article 150 of Legislative Decree no. 58/98, obtained from the directors, information on the activities carried out and the most significant economic, financial and equity transactions approved and implemented during the year by PLC and its subsidiaries; this information is exhaustively represented in the Report on Operations, to which reference should be made.

Transactions with Directors' and Statutory Auditors' Interests and Transactions with Related Parties

The Board of Statutory Auditors assesses the information provided by the Board of Directors in the Management Report on intra-group and related party transactions as adequate.

The Board of Statutory Auditors did not find any atypical and/or unusual transactions with Group companies, third parties or related parties, as confirmed by the Board of Directors, the independent auditors EY S.p.A., the Related Parties Committee and the Internal Control Manager. During the financial year 2022, based on the information received, a number of transactions with related parties, both intra-group and with third parties, were carried out; these transactions, as far as we know:

- were carried out in compliance with the Procedure for Related Parties Transactions, as last updated on 28 June 2021, drafted in accordance with Consob Resolution No. 17221 of 12 March 2010, as subsequent amended, containing the Regulation of Related Parties Transactions;
- are carried out in the interest of the Company, of an ordinary nature and concluded at conditions equivalent to market or standard conditions;
- do not include atypical or unusual transactions.

Transactions with related parties are adequately described in the financial statements, where the main income statement and balance sheet balances arising from transactions with related parties are also reported.

Complaints pursuant to Article 2408 of the Civil Code

During the year, the Board of Statutory Auditors received no complaints pursuant to Article 2408 of the Civil Code.

Corporate Governance Code

Pursuant to Article 149, paragraph 1, letter c-bis of Legislative Decree No. 58/1998, the Board of Statutory Auditors monitored the procedures for the concrete implementation of the Corporate Governance system envisaged by the Corporate Governance Code for Listed Companies, promoted by Borsa Italiana S.p.A., to whose recommendations and principles the Company has adhered, incorporating over time the relevant updates and recommendations. From its adherence to the Corporate Governance Code up to the latest version of January 2020 as the Corporate Governance Code, the Board of Directors has taken specific resolutions implementing and specifying the provisions of the Code.

In particular, having acknowledged the evaluations expressed by the Board of Directors and the Control, Risk and Sustainability Committee, the Board of Statutory Auditors has verified i) that the criteria and procedures adopted by the board to assess the independence of its members have been correctly applied, ii) the adequacy, in relation to the Company's needs and operations, of the size, composition and operation of the Board and of its Committees, as well as iii) compliance with the independence criteria by the individual members of the Board.

In this context, the Board of Statutory Auditors noted that the Annual Report on Corporate Governance and Ownership structure, prepared pursuant to Article 123-bis, Legislative Decree 58/98 and Article 89-bis, Issuers' Regulation, contains information on the ownership structure, adherence to codes of conduct and compliance with the consequent commitments, highlighting the choices that the Company has made in applying the governance principles.

There are no particular observations to report on their contents.

Self-assessment by the Board of Auditors

The Board of Statutory Auditors carried out the periodic checks of its members' compliance with the criteria of independence as well as professionalism and integrity, as required by law and by the principles set out in the Rules of Conduct for the Board of Statutory Auditors of Listed Companies recommended by the National Council of Certified Public Accountants and Accounting Experts, as well as by the Corporate Governance Code, noting that its members:

- do not fall into any situation of ineligibility, incompatibility and disqualification provided for in relation to the office of Statutory Auditor by law, regulations and the Articles of Association;

- they meet the requirements of integrity prescribed by the applicable legislation and, specifically, the requirements established for members of the control bodies by Regulation issued pursuant to Article 148, paragraph 4, of Legislative Decree No. 58/1998; and
- comply with the provisions concerning the limits on the overlapping of offices required by current legislation.

In the composition of the Board of Statutory Auditors, gender balance is ensured in the bodies of companies with listed shares, in accordance with the provisions of the Articles of Association and Law No. 160 of 27 December 2019 ("Budget Law 2020"), whose Art. 1, in

paragraphs 302, 303 and 304, amends Articles 147-ter, paragraph 1-ter, and 148, paragraph 1- bis, of Legislative Decree No. 58 of 24 February 1998 ("TUF"), introduced by Law No. 20 of 12 July 2011 ("Gulf-Moscow Law") and Consob Communication No. 1 of 30 January 2020.

As to its functioning, the Board of Statutory Auditors:

(i) verified the consistent participation of its members (in the quantitative terms indicated above) both in board meetings frequently held jointly with the Company's Control, Risk and Sustainability Committee, and in all meetings of the Board of Directors and Board Committees in general; and

(ii) assessed the relevance of the topics dealt with on the basis of a planning process geared towards identifying the main risk profiles (risk-based approach), as well as on the basis of an appropriate planning of the periodic information flows with the company's management, with the internal control functions and the Supervisory Boby. The specific control and monitoring functions on financial reporting and statutory auditing, provided for by Article 19 of Legislative Decree No. 39 of 27 January 2010, envisaged, inter alia, a constant and reciprocal exchange of information periodically held with the auditing company and with the Manager in charge of the Company's financial reporting, ensuring the correct and effective functioning of the Board of Statutory Auditors also as the Internal Control and Auditing Committee.

Opinions expressed by the Board of Statutory Auditors

During the financial year, the Board of Statutory Auditors issued the advice required by current legislation, in particular regarding the appointment of two members of the Board of Directors and the appointment of the Financial Reporting Officer.

Impacts related to the Russia-Ukraine war conflict and the Covid-19 epidemic

In the Report on Operations, the Company provided information on the current and foreseeable direct and indirect effects of the war crisis on PLC's activities and business, which, while not having a significant exposure to the markets affected by the conflict, was nonetheless significantly impacted by the indirect effects on the supply chain and the increase in raw material costs.

Regarding the Covid-19 outbreak, the Directors believe that the risk factors, while remaining, are limited, and continue the monitoring of the development of the phenomenon.

Consolidated Sustainability Report

The Board of Statutory Auditors points out that neither PLC nor the companies of the Group are mandatorily subject to Legislative Decree No. 254/2016 concerning the disclosure of non- financial information, as the Company does not fall within the scope of application of Article 2 of this decree, nor are the companies of the Group public interest entities. The company voluntarily published its Sustainability Report for the year 2021 on 27 April 2022 as a separate document from the management report. The Auditor, in its report issued on 27 April 2022, pointed out that no evidence has come to its attention that the Consolidated Sustainability Report of the PLC Group for the year ended 31 December 2021 has not been prepared, in all material respects, in accordance with the requirements of the Global Reporting Initiative (GRI) Standards.

The Board of Statutory Auditors obtained, also by attending meetings of the Audit, Reporting and Sustainability Committee, regular updates on the progress of the preparatory activities to the preparation of the Consolidated Sustainability Report and, during its activities, was not aware of any violations of the relevant regulations.

The Company will publish the Consolidated Sustainability Report for the financial year 2022, although this will remain voluntary.

Balance sheet as at 31 December 2022

Preliminary, we point out that the draft annual financial statements and the draft consolidated financial statements as at 31 December 2022 were made available to the Board of Statutory Auditors following their approval by the administrative body on 28 April 2023. Pursuant to the provisions of Article 154-ter of the Consolidated Law on Finance, the Company is required to make the annual financial report, the Independent Auditors' report and the report of the Board of Statutory Auditors available to the public within 120 days of the end of the financial year, even though it has exercised its right to call the Shareholders' Meeting to examine and approve the 2022 financial statements within the longer term of 180 days from the end of the financial year. The Board of Statutory Auditors verified compliance with the legal provisions concerning the preparation of the financial statements as at 31 December 2022 - drawn up in accordance with the IFRS issued by the IASB - and the Directors' Report, by means of direct audits and information provided by the auditing company.

In their Report and in the Notes to the Financial Statements, the Directors provided extensive information on the operating performance, the main operations during the financial year 2022 and the events that occurred after the end of the financial year, in particular with regard to the finalization of the disposal of the so-called 'Monsson perimeter'.

On 29 April 2023, the independent auditors issued their reports pursuant to Article 14 of Legislative Decree No. 39 of 27 January 2010 on the consolidated financial statements and financial statements of the Company as of 31 December 2022, which show an unmodified and unrevised opinion.

The Independent Auditors expressed their opinion by pointing out that "the financial statements give a true and fair view of the financial position of the Company as of 31 December 2022, of its results of operations and of its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the measures issued in implementation of Article 9 of Legislative Decree No. 38 of 28 February 2005.

* * *

The Board of Statutory Auditors, taking all the above into account, on the basis of the control activities carried out, considering the results of the activity of the Auditing Firm, from the standpoints of its knowledge and expertise, it sees no reason to oppose the approval of the Financial Statements for the year ended 31 December 2022, as prepared by the Board of Directors, and the proposed resolution concerning the appropriation of the profit for the year, in the amount of EUR 7,119,062.

Milan, 29 April 2023

THE BOARD OF AUDITORS

Massimo Invernizzi (Chairman)

Claudio Sottoriva

Maria Francesca Talamonti

4.11 INDEPENDENT AUDITORS' REPORT

PLC S.p.A.

Financial statements as at 31 December 2022

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010, and article 10 of EU Regulation n. 537/2014

EY S.p.A.
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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

To the Shareholders of
PLC S.p.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PLC S.p.A. (the Company), which comprise the statement of financial position as at 31 December 2022, and the statement of income, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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We identified the following key audit matters:

Key Audit Matter	Audit Response
Valuation of Equity investment in subsidiaries The financial statement as at 31 December 2022 includes Equity investments in subsidiaries for an amount of EUR 44,6 million. The reduction of Euro 5,3 million compared to the previous year is determined by the write-off of the equity investment held in Monsson Operation Ltd which was sold at the value of Euro 1. Equity investment in subsidiaries are accounted for at acquisition cost, eventually reduced for impairment losses. The Company, at least once per year, performs an assessment on impairment indicators for each subsidiary, and subjects them to impairment test if trigger events occur. Processes and procedures to evaluate and determine the recoverable amount of each equity investment are based on assumptions, sometimes complex, which require the judgment of Directors, in particular with reference to the prospective cash flows and to the determination of the discount rates applied to such forecasts. In consideration of the required judgment and the complexity of the assumptions used in estimating the recoverable amount of the controlled entities, we considered that this issue was a key audit matter. The note "Equity investments in subsidiaries" of the financial statement's explanatory note describes the assumptions used for the impairment test.	Our audit procedures in response to the key audit matter have, among other matters, concerned: - analysis of the Company's impairment test procedure, approved by the Board of Directors on 16 February 2023 and of the key controls on the identification of any losses and then on the valuation of equity investment in subsidiaries; - examination of the correct application of the procedure for the controlled entities evaluation with reference to how recoverable amount, discount rates and actual values of the companies being evaluated have been determined; - accuracy and reasonableness analysis of the assumptions underlying the prospective cash flows, with particular reference to the rates used; - sensitivity analysis on key assumptions in order to determine any significant impacts on the evaluation of the recoverable value; - the assessment of the quality of the forecasts compared to the historical accuracy of the previous forecasts. Our procedures were performed with the support of our experts in valuation techniques who performed independent calculation and sensitivity analysis on the valuation of the recoverable amount as the main assumptions change. Finally, we verified the adequacy of the information provided in the explanatory notes to the financial statements related to the key audit matter concerned.

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Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company's ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

However, future events or conditions may cause the Company to cease to continue as a going concern;

- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate relevant risks or the safeguard measures applied.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of PLC S.p.A., in the general meeting held on June 23, 2015 engaged us to perform the audits of the financial statements for each of the years ending 31 December 2015 to 31 December 2023.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion on the compliance with Delegated Regulation (EU) 2019/815

The Directors of PLC S.p.A. are responsible for applying the provisions of the European Commission Delegated Regulations (EU) 2019/815 for the regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (the "Delegated Regulation") to the financial statements, to be included in the annual financial report.

We have performed the procedures under the auditing standard SA Italia n. 700B, in order to express an opinion on the compliance of the financial statements as at 31 December 2022 with the provisions of the Delegated Regulation.

In our opinion, the financial statements as at 31 December 2022 have been prepared in the XHTML format in compliance with the provisions of the Delegated Regulation.

EY

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Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of PLC S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of PLC S.p.A. as at 31 December 2022, including their consistency with the related financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the financial statements of PLC S.p.A. as at 31 December 2022 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operations and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the financial statements of PLC S.p.A. as at 31 December 2022 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Milan, 29 April 2023

EY S.p.A.
Signed by: Lorenzo Secchi, Auditor

As disclosed by the Directors on page 121, the accompanying financial statements of PLC S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

ANNEX 1 - SUMMARY OF THE ESSENTIAL DATA OF THE COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION

Pursuant to art. 2429, paragraphs 3 and 4 of the Italian Civil Code, the following table summarises the essential data of the companies included in the scope of consolidation.

	PLC Service S.r.l.	PLC Service Wind S.r.l.	PLC System S.r.l.	Idroelettrica 2014 S.r.l.	PLC System South Africa	PLC System Montenegro	PLC POWER S.r.l.	C&C Irsina S.r.l.	Alisei Wind S.r.l.	Tirreno S.r.l.	Pangreen Moçambique LDA	MSD Service S.r.l.	Schmack Biogas S.r.l.	BioForCH4 S.r.l.
FINANCIAL POSITION STATEMENT(figures in thousands of Euros)														
Non-current assets	5.530	134	4.972	1.498	-	-	2.510	221	241	226	397	-	1.745	39
Current assets	10.548	1.742	26.057	488	77	48	1.738	13	35	20	14	1.417	5.366	24
TOTAL ASSETS	**16.078**	**1.876**	**31.029**	**1.986**	**77**	**48**	**4.248**	**234**	**276**	**246**	**411**	**1.417**	**7.111**	**63**
TOTAL SHAREHOLDERS' EQUITY	**2.332**	**293**	**8.186**	**207**	**77**	**42**	**1.604**	**158**	**81**	**(112)**	**390**	**(20)**	**2.151**	**4**
Non-current liabilities	4.764	404	2.512	330	-	-	8	69	135	326	(7)	73	1.605	56
Current liabilities	8.982	1.179	20.331	1.449	-	6	2.636	7	60	32	28	1.364	3.355	3
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**16.078**	**1.876**	**31.029**	**1.986**	**77**	**48**	**4.248**	**234**	**276**	**246**	**411**	**1.417**	**7.111**	**63**
INCOME STATEMENT (figures in thousands of Euros)														
Revenues	17.985	3.460	19.153	77	-	-	-	-	-	-	375	8.255	12.948	-
Operating costs	15.947	3.424	26.576	975	1	14	331	13	16	127	32	8.218	12.578	7
RISULTATO OPERATIVO	**2.038**	**36**	**(7.423)**	**(898)**	**(1)**	**(14)**	**(331)**	**(13)**	**(16)**	**(127)**	**343**	**37**	**370**	**(7)**
Net financial income (charges)	(106)	(6)	57	-	-	-	(8)	2	3	3	23	(9)	41	(1)
Income from (Charges on) equity investments	-	-	3.077	-	-	-	-	-	-	-	-	-	-	-
RISULTATO ANTE IMPOSTE	**1.932**	**30**	**(4.289)**	**(898)**	**(1)**	**(14)**	**(339)**	**(11)**	**(13)**	**(124)**	**366**	**28**	**411**	**(8)**
Income taxes	442	9	(434)	(197)	-	-	(11)	-	-	-	-	-	(9)	-
UTILE (PERDITA) DELL'ESERCIZIO	**1.490**	**21**	**(3.855)**	**(701)**	**(1)**	**(14)**	**(328)**	**(11)**	**(13)**	**(124)**	**366**	**28**	**420**	**(8)**

	Biomethane Invest S.r.l.	Sicily Biomethan S.r.l.
FINANCIAL POSITION STATEMENT(figures in thousands of Euros	10,0219	1,0000
Non-current assets	737	60
Current assets	38	3
TOTAL ASSETS	**775**	**63**
TOTAL SHAREHOLDERS' EQUITY	**10**	**12**
Non-current liabilities	719	50
Current liabilities	46	1
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**775**	**63**
INCOME STATEMENT (figures in thousands of Euros)	1,0000	1,0000
Revenues		
Operating costs	37	1
RISULTATO OPERATIVO	**(37)**	**(1)**
Net financial income (charges)	(9)	
Income from (Charges on) equity investments		
RISULTATO ANTE IMPOSTE	**(46)**	**(1)**
Income taxes	-	-
UTILE (PERDITA) DELL'ESERCIZIO	**(46)**	**(1)**

ANNEX 2 - REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

Pursuant to art. 123-*bis* of the Consolidated Law on Finance

(traditional administration and control model)

Issuer: PLC S.p.A.

Website: *www.plc-spa.com*

The financial year to which the Report refers: 2022

Date of approval of the Report: 28 April 2023

PLC SPA
Registered office: Via Giuseppe Ripamonti, 1/3 – 20136 Milan – Italy
Tel.: 0810198565
VAT no. and Tax Code 05346630964 - R.E.A. (Economic and administrative index) MI-1814188 - Share capital €27,026,480.35 fully paid-up

CONTENTS

GLOSSARY

Below is a list of the main terms used in the Report and their definitions. These terms and definitions, unless otherwise specified, have the meaning shown below. The additional terms used in the Report have the meaning attributed to them and shown in the text. The definitions of directors, executive directors, chief executive officer (CEO), administrative body, control body, company with concentrated ownership, large company, sustainable success, top management referred to in the Code are referred to in full.

Shareholders' Meeting: the Issuer's shareholders' meeting.

Code / CG Code: the Corporate Governance Code of listed companies approved in January 2020 by the Corporate Governance Committee.

Civil Code / Civ. Cod. / or CC: royal Decree no. 262 of 16 March 1942, as subsequently amended and/or supplemented.

Committee / CG Committee / Corporate Governance Committee: the Italian Corporate Governance Committee of listed companies, promoted not only by Borsa Italiana S.p.A., but also by ABI, Ania, Assogestioni, Assonime and Confindustria.

Board / Board of Directors: the Issuer's Board of Directors.

Issuer or PLC or Company: the issuer of listed shares admitted to trading on the Euronext Milan regulated market organised and managed by Borsa Italiana S.p.A., to which this Report refers.

Financial Year: the financial year ended on 31 December 2022, to which this Report refers.

Group: the Issuer together with the companies directly or indirectly controlled by it.

Consob Issuers' Regulations: the Regulations issued by Consob with resolution no. 11971 of 1999 regarding issuers, as subsequently amended and supplemented.

Consob Market Regulations: the Regulations issued by Consob with resolution no. 20249 of 2017 regarding markets, as subsequently amended and supplemented.

Consob Related Party Regulations: the Regulations issued by Consob with resolution no. 17221 of 12 March 2010 regarding transactions with related parties, as subsequently amended and supplemented.

Report: this report on corporate governance and ownership structure that the Company is required to draw up and publish pursuant to art. 123-*bis* of the Consolidated Law on Finance.

Remuneration Report: the report on the remuneration policy and fees paid that the Company is required to draw up and publish pursuant to Articles 123-*ter* of the Consolidated Law on Finance and 84-*quater* of the Consob Issuers' Regulations.

Articles of Association: the Issuer's Articles of Association in force at the date of this Report.

TUF: Legislative Decree no. 58 of 24 February 1998 (Consolidated Law on Finance), as subsequently amended and supplemented.

FOREWORD

This Report describes, in accordance with the provisions of art. 123-*bis* of the Consolidated Law on Finance, the Corporate Governance model adopted by PLC, illustrating the level of compliance with the recommendations of the Code, as well as the ownership structure of the Company.

This document has been approved by the Board of PLC on 28 April 2023 and conforms, in its structure, to the "Format for the report on corporate governance and ownership structure" prepared by Borsa Italiana S.p.A., IX edition (January 2022).

Making this Report available at the registered office, sending it to Borsa Italiana S.p.A. and its publication on the website www.plc-spa.com will take place within the terms and in accordance with the provisions of the legislation, including regulations, in force on the matter.

1. PROFILE OF THE ISSUER AND CORPORATE GOVERNANCE SYSTEM

1.1. Profile of the Issuer

It should be noted that the Issuer falls within the definition of S.M.E. pursuant to art. 1, paragraph 1, letter w-*quater* 1), of the Consolidated Law on Finance and art. 2-*ter* of the Consob Issuers' Regulations. The value of the average market capitalisation for the Financial Year is equal to €47,608 thousand while the value of the turnover at 31.12.2022 is equal to €60,376 thousand. In addition, the Issuer also falls within the definition of "*concentrated ownership company*" pursuant to the CG Code, due to the fact that the shareholder Fraes S.r.l. holds a stake in the Issuer's share capital equal to 73.53%. Given the above, it should be noted that the Board has made use of some flexibility options with respect to the provisions of the Corporate Governance Code relating to concentrated ownership companies: in this regard, reference is made to paragraph 4.2 (with reference to the definition and adoption of a succession plan for executive directors) and paragraph 4.7 (with reference to meetings of independent directors only) of this Report.

The Issuer has not published a non-financial statement pursuant to Legislative Decree no. 254/2016.

Nonetheless, with reference to non-financial data, the Issuer - in continuity with previous years - will prepare and make available a Group Sustainability Report on its institutional website.

1.2. Corporate mission and sustainability

The Issuer's corporate mission is focused on operating on the market as a multi-technology independent service provider (ISP), offering a complete range of services, from development, design and construction to operation and maintenance, with reference to the Italian market of electricity infrastructures and renewable energy power plants, with a special focus on photovoltaic, wind and bioenergy technology.

As envisaged in the 2023-2027 Business Plan, the Group aims to achieve organic growth in its target markets, according to a development by adjacencies approach that can enhance its in-house technical expertise. To this end, plans are in place to strengthen the Group's operating model (by simplifying the corporate structure and optimising the organisation and processes) and to further invest in human resources, technology, know-how and innovation.

The Group confirms its role as an enabler of the energy transition in Italy, thanks to the growth of renewable energy sources and new technologies, as well as a company directly committed to ESG initiatives that can have a concrete impact on business.

On this front, moreover, a new ESG plan is expected to be defined in the course of 2023, consistent with the elements already outlined in the 2023-2027 Business Plan.

With reference to non-financial data, please refer to the previous paragraph.

1.3. Corporate governance system

With regard to the corporate governance model, the Issuer has adopted the traditional administration and control system, pursuant to articles 2380 et seq. of the Italian Civil Code, which therefore makes provision for the Shareholders' Meeting, the Board of Directors, the Board of Statutory Auditors and the assignment of the audit to an auditing company (currently EY S.p.A.). In compliance with the Articles of Association and the relevant provisions of law and regulations, the aforementioned bodies are assigned the following functions and powers.

Shareholders' Meeting

This body is responsible for resolving, in ordinary and extraordinary meetings, the matters reserved to it by law and/or by the Company's Articles of Association.

Board of Directors

This body is vested with the broadest powers for the ordinary and extraordinary administration of the Company, with the right to perform all the appropriate and necessary acts to achieve the corporate purposes, with the exception of those acts reserved - by law and/or by the Articles of Association - to the Shareholders' Meeting. It may therefore carry out all the acts, including acts of disposal, it deems appropriate and necessary for the achievement of the corporate purpose.

At the date of this Report, the following Committees have been established within the Board, which are assigned the duties provided for by the Code:

- Control, Risks and Sustainability Committee;
- Appointments, Remuneration and Stock Option Plans Committee.

With regard to the Board Committee for transactions with related parties, it is specified that, based on the "Procedure for Related Party Transactions" approved by the Board, most recently, on 28 June 2021 (hereinafter also the "**RPT Procedure**"), said Committee, depending on the matter being examined, refers to the Control, Risks and Sustainability Committee or the Appointments, Remuneration and Stock Option Plans Committee and is made up, in any case, of non-executive and unrelated directors, each in possession of the independence requisites envisaged by art. 147-*ter* of the Consolidated Law on Finance and the CG Code.

Board of Statutory Auditors

The aforementioned body has the task of supervising:

- compliance with the law and the Articles of Association, as well as with the principles of correct administration;
- the adequacy of the Company's organisational structure, internal control system and administrative and accounting system, also with reference to the latter's reliability in correctly representing operating events;
- the procedures for the concrete implementation of the rules of corporate governance provided for by codes of conduct drawn up by companies managing regulated markets or by trade associations, which the Company, through public disclosure, declares that it complies with;
- the adequacy of the instructions given to subsidiaries in relation to the information to be provided in order to comply with reporting obligations.

In addition, the Board of Statutory Auditors, following the entry into force of Italian Legislative Decree no. 39 of 27 January 2010, is responsible for:

- examining the work plan prepared by the Head of the Internal Audit Function as well as the periodic reports prepared by him/her;
- evaluating the proposals made by the independent auditors to obtain the assignment of the relevant engagement, as well as the work plan prepared for the audit and the results set out in the report and in any letter of suggestions;
- assessing the proposals made by the independent auditors to obtain the award of any further assignments;
- monitoring the effectiveness of the audit process.

Independent Auditors

Auditing is done by a specialised company registered in the Special Register of statutory auditors held by Consob, specifically appointed by the Shareholders' Meeting after obtaining the opinion of the Board of Statutory Auditors.

The company tasked with auditing the accounts is EY S.p.A., appointed by the Shareholders' Meeting of 23 June 2015, whose mandate will end with the approval of the Financial Statements at 31 December 2023.

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Lastly and for the sake of completeness, it should be noted that - at the date of this Report - the Company has the following codes, regulations and procedures in place:

- Regulations of the Board of Directors;
- Procedure for handling inside information;
- Internal Dealing procedure;
- Procedure for the fulfilment of the disclosure obligations set forth in art. 150, par. 1 of the Consolidated Law on Finance;
- RPT Procedure;
- Code of Ethics of the PLC Group;
- Organisational and management model pursuant to Italian Legislative Decree no. 231/01 (the "**231 Model**");
- "*The Internal Regulatory System*" Manual;
- Policy for managing dialogue with the entirety of shareholders;
- Group Global Quality Policy;
- Group Policy on Health, Safety and the Environment;
- Anti-corruption Group Policy;
- Procedure for the preparation of the Consolidated Financial Statements and management of Intercompany relationships;
- Procedure for the preparation of the Separate Financial Statements and Reporting;
- Group Budget Procedure;
- Financial Reporting Procedure;
- Legal and Corporate Affairs Management Procedure;
- Financial planning and treasury management procedure;

- Access and use of information systems procedure;
- New Business Development Management Procedure;
- Procedure for managing events, sponsorships, public initiatives and contributions;
- HQSE Resource Management Procedure;
- Procedure for the Management of relations with the Public Administration and the Supervisory Authorities;
- Gifts, gratuities and entertainment expenses management procedure;
- Procedure for the management of purchases of goods, services, advisory and professional services;
- Active Invoicing Procedure;
- Procedure for the selection, hiring and onboarding of personnel;
- HR and Payroll procedure;
- Actual vs Budget Quarterly Review Procedure;
- Whistleblowing procedure;
- Procedure on evaluation and approval of investments in information systems;
- Procedure on assignment of engagements to the company in charge of the Statutory Audit and to its Network;
- Facility Management Procedure.

2. INFORMATION ON OWNERSHIP STRUCTURE (PURSUANT TO ART. 123-*BIS*, PARAGRAPH 1, TUF) AT THE DATE OF THIS REPORT

a) *Share capital structure (pursuant to art. 123-bis, paragraph 1, letter a), TUF)*

At the date of this report, the subscribed and paid-up share capital of PLC amounts to €27,026,480.35, divided into 25,960,575 shares with no nominal value. The shares are all ordinary and registered. There are no other classes of shares. See, in particular, the contents of the following table:

SHARE CAPITAL STRUCTURE				
	no. shares	**% with respect to s.c.**	**Listed on Euronext Milan– Standard Segment**	**Rights and obligations**
Ordinary shares	25960575	100%	100%	Ordinary
Preferred shares	N/A	N/A	N/A	N/A

Multiple voting shares	N/A	N/A	N/A	N/A
Other categories of shares with voting rights	N/A	N/A	N/A	N/A
Savings shares	N/A	N/A	N/A	N/A
Convertible savings shares	N/A	N/A	N/A	N/A
Other categories of shares without voting rights	N/A	N/A	N/A	N/A
Other	N/A	N/A	N/A	N/A

OTHER FINANCIAL INSTRUMENTS (attributing the right to subscribe newly issued shares)				
	Listed on Euronext Milan– Standard Segment	**no. of instruments outstanding**	**Category of shares serving the conversion / exercise**	**number of shares serving the conversion / exercise**
Convertible bonds	N/A	N/A	N/A	N/A
Warrants	N/A	N/A	N/A	N/A

At the date of this Report, the Company has not adopted share-based incentive plans that entail increases, even free of charge, in the share capital.

b) Securities transfer restrictions (pursuant to art. 123-bis, paragraph 1, letter b), TUF)

There is no limitation to the free transferability of the shares issued by the Company, nor limits to their possession, pursuant to the law or the Articles of Association.

c) Significant shareholdings in the share capital (pursuant to art. 123-bis, paragraph 1, letter c), TUF)

Based on the results of the shareholders' book and taking into account the communications received pursuant to art. 120 of the Consolidated Law on Finance and other available information, at the date of this Report, the persons who hold a significant shareholding of more than 5% in the Company's share capital (as it is qualifiable as an S.M.E.), are shown in the following table:

SIGNIFICANT SHAREHOLDINGS IN THE SHARE CAPITAL			
Declarant or person at the top of the shareholding chain	Direct shareholder	Percentage of share capital Ordinary	Percentage of share capital Voter
Annamaria Scognamiglio	FRAES S.r.l.	*73.53%*	*73.53%*

d) Securities conferring special rights (pursuant to art. 123-bis, paragraph 1, letter d), TUF)

The Company has not issued securities conferring special rights of control or shares with multiple or increased voting rights.

There are no subjects with special powers (such as, for example, the powers referred to in Law 474/94 or the special powers of the Italian State in strategic sectors, referred to in Decree Law no. 21 of 15 March 2021, converted into Law no. 56 of 11 May 2012) capable of affecting the Issuer's economic, commercial and/or financial policy.

The Articles of Association do not provide for multiple or increased voting shares.

e) Employee shareholding: mechanism for exercising voting rights (pursuant to art. 123-bis, paragraph 1, letter e), TUF)

There are no shareholding systems in place for the Issuer's employees.

f) Restrictions on voting rights (pursuant to art. 123-bis, paragraph 1, letter f), TUF)

There are no restrictions on the right to vote on the Company's shares issued.

g) Shareholder agreements (pursuant to art. 123-bis, paragraph 1, letter g), TUF)

As far as the Company is aware, there are no agreements between the Company's shareholders that are relevant pursuant to art. 122 of the Consolidated Law on Finance.

h) Change of control clauses (pursuant to art. 123-bis, paragraph 1, letter h), TUF) and statutory provisions on take-over bids (pursuant to art. 104, paragraph 1-ter, and art. 104-bis, paragraph 1)

Change of control clauses

No relevant contracts have been stipulated that provide for change of control clauses neither by the Issuer nor by its subsidiaries.

Statutory provisions on take-over bids

Notwithstanding the provisions of art. 104 paragraph 1 of the Consolidated Law on Finance, art. 8 of the Articles of Association provides that "*[…] in the event that the Company's securities are the subject of a take-over and/or exchange offer, the authorisation of the shareholders' meeting is not required for the performance of acts or transactions that may counteract the achievement of the objectives of the offer, during the period between the communication referred to in art. 102, paragraph 1, of the same Decree and the closure of the offer*".

Notwithstanding the provisions of art. 104, paragraph 1-bis, of the Consolidated Law on Finance, art. 8 of the Articles of Association provides that "[...] the authorisation of the shareholders' meeting is not necessary even for the implementation of any decision taken before the beginning of the period indicated in the previous paragraph which has not yet been implemented in whole or in part, which does not fall within the normal course of the Company's activities and whose implementation may counteract the achievement of the objectives of the offer [...]".

i) Powers to increase share capital and authorisations to purchase treasury shares (pursuant to art. 123-bis, paragraph 1, letter m), TUF)

At the date of this Report, there were no powers to increase the share capital pursuant to art. 2443 of the Italian Civil Code.

The Extraordinary Shareholders' Meeting of 11 October 2011 introduced into the Articles of Association the power to increase the share capital, excluding pre-emption rights, within the limit of 10% of the pre-existing share capital, on the condition that the issue price of the new shares corresponds to the regulated market value of the shares and that this is confirmed in a specific report by the independent auditors, pursuant to art. 2441, paragraph 4, second sentence, of the Italian Civil Code.

It should be noted, to the extent necessary, that the Shareholders' Meeting on 25 June 2019 authorised the purchase of treasury shares, to be carried out on one or more occasions, for a maximum duration of 18 months from the date of the resolution. At the expiration date of the aforementioned authorisation, which was on 28 December 2020, the Board had not exercised the aforementioned delegation and, in subsequent Shareholders' Meetings, no further authorisation was issued for the purchase of treasury shares.

l) Management and coordination activity (pursuant to art. 2497 et seq. of the Italian Civil Code)

The Issuer is not subject to management and coordination activity pursuant to art. 2497 et seq. of the Italian Civil Code and is also equipped with organisational controls and governance rules that guarantee the compliance of corporate decisions with the principles of correct management and the company interest.

With specific reference to the assessments made regarding the absence of the parent company Fraes S.r.l. exercising management and coordination, it must be noted that the latter communicated to the Issuer not to exercise management and coordination for the reasons summarised below:

a) the Issuer operates in full autonomy with respect to the management of relations with its subsidiaries, without there being any management interference by Fraes S.r.l.;
b) the Issuer independently prepares the strategic, financial, business and budget plans of the Company and the Group;
c) the Issuer is not subject to group regulations;
d) there is no organisational-functional link between Fraes S.r.l. and the Issuer;
e) Fraes S.r.l. does not issue directives or instructions concerning decisions on financial and credit matters;
f) Fraes S.r.l. limits the relationship with the Issuer to the simple exercise of administrative and financial rights deriving from the status of shareholder, such as, for example, the exercise of the vote in the shareholders' meeting and the collection of dividends;
g) Fraes S.r.l. does not issue directives for the Issuer concerning the performance of extraordinary transactions, such as, inter alia, capital increases, listing of financial instruments, acquisitions, disposals, concentrations, contributions, mergers and demergers.

It should be noted that:

- the information required by art. 123-*bis*, first paragraph, letter i) of the Consolidated Law on Finance ("*the agreements between the company and the directors ... providing for indemnities in the event of resignation or dismissal without just cause or if their employment relationship ceases following a take-over bid*") is contained in the Remuneration Report to be published pursuant to art. 123-*ter* of the Consolidated Law on Finance. In this regard, reference should also be made to Section 8.1 of this Report;
- the information required by article 123-*bis*, paragraph 1, letter l) of the Consolidated Law on Finance ("*the rules applicable to the appointment and replacement of directors ... and to the amendment of the articles of association, if different from those applicable by way of supplementary legislation and regulations*") are illustrated in the section of this Report dedicated to the Board of Directors (Section 4, paragraph 2);
- the information required by art. 123-bis, first paragraph, letter l), second part of the Consolidated Law on Finance (*"the rules applicable ... to the amendment of the articles of association, if different from those*

applicable by way of supplementary legislation and regulations") are illustrated in the section of this Report dedicated to the Board (Section 13).

3. *COMPLIANCE* (pursuant to art. 123-bis, paragraph 2, letter a), first part, TUF)

The Company complies with the Code (available to the public on the Corporate Governance Committee's website at http://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.htm).

The primary objective of the corporate governance system adopted is to create value for shareholders. The Issuer, aware of the need to prepare an effective internal control system, is constantly committed to identifying and pursuing initiatives and actions aimed at improving the overall governance system.

In compliance with the applicable regulations, this Report illustrates PLC's "Corporate Governance" system describing the actual methods of the Company's implementation of the provisions of the Code.

The Issuer's compliance to the Code is complete, except for limited deviations which are the subject of appropriate information as required by the Code.

To the best of the Issuer's knowledge, there are no non-Italian legal provisions applicable to the Issuer or its strategically important subsidiaries that affect its Corporate Governance structure.

4. BOARD OF DIRECTORS

4.1 THE ROLE OF THE BOARD OF DIRECTORS (pursuant to art. 123-bis, paragraph 2, letter d), TUF)

The Board of Directors is the collective body entrusted with the management of the Company and is committed to pursuing the sustainable success of the Issuer and the Group, with a view to generating value for shareholders in the medium to long term. In this regard, in the 2023-2027 business plan approved on 22 December 2022, the Board of Directors decided to pay maximum attention to the pursuit of sustainable success, also with a view to preserving the ability of future generations to meet their own needs. For further details, please refer, among other things, to the previous Section 1.2 and to the sustainability reports published from time to time on the Company's institutional website.

The Board of Directors plays a central role in the PLC's Corporate Governance system and, pursuant to art. 15 of the Articles of Association, is invested with the widest powers for the ordinary and extraordinary administration of the Company.

The management of the Company therefore rests exclusively with the Board of Directors, which carries out the operations necessary for the implementation of the corporate purpose with the sole exclusion of those that the law or the Articles of Association expressly reserve for the Shareholders' Meeting.

In addition, on 1 December 2021, the Board resolved to approve, in accordance with the provisions of art. 3, Recommendation 11 of the Code, the *"Regulations of the Board of Directors: Role, Organisation and Operating Procedures"* (the "**Regulations of the Board**").

The Company's Board of Directors, based on the regulatory and statutory provisions applicable from time to time and pursuant to the aforementioned Regulations of the Board, has the power to pass resolutions, without prejudice to the provisions of Articles 2420-*ter* and 2443 of the Italian Civil Code and in compliance with art. 2436 of the Italian Civil Code, where required, about:

a) mergers by incorporation or demergers, pursuant to Articles 2505, 2505-*bis* and 2506-*ter*, of the Italian Civil Code;
b) the establishment or closure of branch offices;
c) the transfer of the registered office within the national territory;
d) an indication of which Directors represent the Company;
e) the reduction of share capital in the event of shareholder withdrawal;
f) the adaptation of the Articles of Association to regulatory provisions;
g) the replacement, pursuant to art. 2386 of the Italian Civil Code, within the members of the same list to which the outgoing directors belonged, of any directors who died during the year, provided that the majority is always made up of directors appointed by the Shareholders' Meeting, in compliance with the statutory provisions.

Furthermore, the Board of Directors, as expressly referred to in the adopted Regulations of the Board:

a) on the proposal of the Chairman, formulated in agreement with the Chief Executive Officer, adopts and describes in the report on corporate governance the policy for managing dialogue with the of shareholders, also taking into account the engagement policies adopted by institutional investors and asset managers;
b) ensures - through the Chairman and with the help of the Secretary - that all the members of the Board of Directors and the Board of Statutory Auditors can participate, after their appointment and during their mandate, in initiatives, including through the periodic presentation of the information on the general management trend and its foreseeable evolution, aimed at providing them with adequate knowledge of the business sectors in which the Company operates, the business dynamics and their evolution, also with a view to the sustainable success of the Company, as well as the principles of correct risk management and the reference regulatory and self-regulatory framework;
c) resolves, on the proposal of the Chairman, the appointment and dismissal of the Secretary of the Board of Directors;
d) examines and approves the business plans and any strategic and financial plans of the Company and of the Group at its head, also based on the analysis of the relevant issues for the generation

of long-term value carried out with the possible support of an internal committee of which the Board of Directors determines the composition and functions, periodically monitoring their implementation;

e) evaluates the general management performance, taking into consideration, in particular, the information received from the delegated bodies, as well as periodically comparing the results achieved with those planned;

f) defines the corporate governance system of the Company and the structure of the Group at its head and assesses the adequacy of the organisational, administrative and accounting structure of the Company and of the subsidiaries of strategic importance, with particular reference to the internal control and risk management system, also defining the principles concerning the coordination and information flows between the various parties involved in the aforementioned system, in order to maximise the efficiency of this system, reduce duplication of activities and ensure effective performance of the duties of the Board of Statutory Auditors;

g) defines the nature and level of risk compatible with the strategic objectives of the Company, including in its assessments all the elements that may be relevant in view of the Company's sustainable success;

h) resolves on the operations of the Company and its subsidiaries that have a significant strategic, economic, equity or financial importance for the Company; to this end, it establishes the general criteria for identifying transactions of significant importance;

i) in order to ensure the proper management of corporate information, it adopts, on the proposal of the Chairman and in agreement with the Chief Executive Officer, a procedure for handling inside information and a memorandum on the disclosure obligations of the Group companies with regard to the Company;

j) assigns and revokes proxies to one or more Directors and/or General Managers, without prejudice to matters reserved to the exclusive competence of the Board of Directors pursuant to art. 2381 of the Italian Civil Code, as well as in relation to the provisions of art. 13 of the Articles of Association, defining the limits and manner of exercise;

k) defines, on the proposal of the Appointments, Remuneration and Stock Option Plans Committee, a policy for the remuneration of Directors, Statutory Auditors and executives with strategic responsibilities functional to the pursuit of the Company's sustainable success;

l) determines, having examined the proposals of the Appointments, Remuneration and Stock Option Plans Committee and having consulted the Board of Statutory Auditors pursuant to art. 2389, paragraph 3, of the Italian Civil Code, the economic and regulatory treatment of the Chief Executive Officers and of the other Directors who hold particular offices, also taking into account the relative participation in the Committees established within the Board of Directors. It also provides, where necessary, for the distribution of the overall emolument approved by the Shareholders' Meeting among the individual members of the Board of Directors;

m) carries out, assisted by the Appointments, Remuneration and Stock Option Plans Committee, at least every three years, in view of the renewal of the Board of Directors, an assessment of the size, composition and operation of the Board of Directors and of the Committees established within it (self-assessment);

n) assesses the advisability of adopting - and possibly prepares, updates and implements, with the assistance of the Appointments, Remuneration and Stock Option Plans Committee - a plan for the succession of executive Directors;

o) provides information, in the corporate governance report:
   - on its composition, indicating for each member the qualification, the role covered within the Board of Directors, the main professional characteristics as well as the length of office since the first appointment;
   - on the performance of the tasks listed above and, in particular, on the number and average duration of the meetings of the Board of Directors held during the year and on the relative attendance percentage of each Director;
   - on the main characteristics of the internal control and risk management system, expressing its assessment on its adequacy and effectiveness, with respect to the characteristics of the PLC Group and the risk profile assumed;

p) assesses on the merits, if the Shareholders' Meeting, in order to meet organisational needs, authorises, in a general and preventive manner, exceptions to the prohibition of competition provided for by art. 2390 of the Italian Civil Code, each problematic case in point and reports any critical issues to the next Shareholders' Meeting. To this end, each Director, upon accepting the appointment, promptly informs the Board of Directors of any activities exercised in competition with the Company and, subsequently, of any relevant changes.

In order to better and more efficiently manage the Company, the Board of Directors appoints one or more Chief Executive Officers from among its members, to whom it delegates the responsibility of directing and managing the Company, its offices and representatives, deliberating and fulfilling all the acts that fall within the ordinary administration of the Company, without prejudice to the matters reserved to the exclusive competence of the Board of Directors pursuant to art. 2381 of the Italian Civil Code. On the occasion of the meetings of the Board of Directors, at least on a quarterly basis, the Chief Executive Officer provides the Board with information on the general management trend and its foreseeable evolution, on the most significant economic, financial and equity transactions carried out by the Company and/or by subsidiaries; the Chief Executive Officer also reports on transactions in potential conflict of interest, atypical or unusual, and on transactions with related parties.

The Chairman of the Board of Directors, with the support of the competent corporate functions, provides information on any legislative and regulatory changes regarding the Company and the corporate bodies, subsidiaries and investee companies, and supports each Director in studying particular issues that are of interest to them in carrying out their mandate. Furthermore, the Chairman of the Board of Directors can take the initiatives deemed useful so that the Directors can increase their knowledge of the Company's situation and dynamics for the purpose of more effective performance of their role.

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The Board, generally on an annual basis, assesses the adequacy of the organisational, administrative and accounting structure of the Issuer and its subsidiaries of strategic importance, with particular reference to the internal control and risk management system. The evaluation process involves the Control, Risks and Sustainability Committee carrying out a preliminary check which, for this purpose, can avail itself of the support of the Head of the Internal Audit Function and of the Manager in charge of Financial Reporting of the Company. The results of this verification are presented at the next meeting of the Board, which takes them into account in its evaluation.

The remuneration of the Company's chief executive officers and of the other directors holding particular offices is determined by the Board, with the opinion of the Board of Statutory Auditors and subject to the proposal of the Appointments, Remuneration and Stock Option Plans Committee.

With reference to the Financial Year, the Board - in its meeting of 28 April 2023 and at the same time as the approval of the draft financial statements - carried out an assessment of the general management trend taking into account, in particular, the information received from the delegated bodies.

As previously highlighted, the Board is the competent body for examining and approving the transactions of the Issuer and its subsidiaries that have a significant strategic, economic, equity or financial importance identified based on general criteria established by Board.

In particular, the Board, in its meeting of 30 April 2021, identified the following operations of significant strategic importance to be submitted to the prior opinion of the Board pursuant to art. 1, Recommendation 1, letter e) of the Code:

- extraordinary transactions (such as, by way of example and not limited to, acquisitions, disposals, establishment of joint ventures, etc.) carried out by the Italian and foreign subsidiaries, for an amount individually greater than 2% of the total assets resulting from the consolidated financial statements at 31 December of each year; and
- ordinary operations pertaining to the normal conduct of business (such as, by way of example and not limited to, procurement contracts relating to the construction of plants, the management and maintenance of plants, etc.) always carried out by the Italian and foreign subsidiaries, for an individual amount exceeding 5% of total revenues, calculated by differentiating the revenues relating to the services segment and the

revenues relating to the construction segment (based on the consolidated financial statements at 31 December of each year).

It is also specified that, with reference to contracts lasting more than one year, the calculation of the value will be carried out for the entire duration of the contract in the case of fixed-term contracts or, in the case of permanent contracts, in relation to the presumed payments for the duration of the single Financial Year (or, if the notice period for withdrawal is greater than one year, for the entire longer duration of this period).

The Board also has the right to examine and approve in advance Company transactions in which one or more directors have an interest on their own behalf or on behalf of third parties.

In the meeting of 28 June 2021, the Board updated the "*Procedure for Related Party Transactions*", which entered into force on 1 July, which governs the approval and execution of transactions with related parties carried out by Issuer, directly or through subsidiaries, in order to ensure the transparency and substantial and procedural correctness of the transactions. For more information, please refer to section 10 of this Report.

With reference to the authorisations for the performance, by the directors, of relevant activities pursuant to art. 2390 of the Italian Civil Code, it is recalled that, in the meeting of 30 April 2021, the ordinary shareholders' meeting resolved to authorise the members of the Board of Directors to take on other offices pursuant to art. 2390, first paragraph, of the Italian Civil Code, without prejudice to compliance with the additional legal obligations imposed on them. In this regard, the Board will assess any problematic cases and report any critical issues where necessary to the Shareholders' Meeting.

It should also be noted that in the meeting of 19 March 2021 the outgoing Board of Directors formulated a *"Shareholder guideline for the renewal of the Board of Directors for the three-year period 2021-2023"*, deeming it appropriate to raise the number of Company's directors from 6 to 7, also due to its structure and operational needs, as well as the potentially offshoot positive effects in terms of broadening the debate in the board meeting. On this point, it should be noted that the Shareholders' Meeting agreed with and acknowledged the guideline of the Board by proceeding to appoint 7 directors in the Shareholders' Meeting of 30 April 2021.

In addition to the above, no cases emerged during the Financial Year in relation to which the Board deemed it necessary or appropriate to draw up reasoned proposals to be submitted to the Shareholders' Meeting for the definition of a corporate governance system more functional to the needs of the company.

On the proposal of the Chairman, in agreement with the Chief Executive Officer, on 26 January 2022 the Board of Directors adopted a policy for managing dialogue with the entirety of the shareholders (the "**Dialogue Policy**"), which specifies the ways of managing dialogue between the Company and current and potential shareholders. For more information, please refer to section 12 of this Report.

Below are the descriptions relating to the further prerogatives attributed to the Board of Directors regarding: composition (Paragraph 4.3), operation (Paragraph 4.4), appointment and self-assessment (Paragraphs 4.1 and 7.1), remuneration policy (Paragraph 8); internal control and risk management system (Paragraph 9).

4.2 APPOINTMENT AND REPLACEMENT (pursuant to art. 123-bis, paragraph 1, letter l), first part, TUF)

With regard to the appointment and replacement of directors, art. 12 of the Articles of Association provides that:

"The Company is managed by a Board of Directors made up of 5 to 19 members, who remain in office for the period established upon being appointed, in any case not exceeding three years.

Their office expires on the date of the Shareholders' Meeting called to approve the financial statements for the last year of their term of office and may be re-elected. Their office will cease and will be re-elected or replaced in accordance with the law and the articles of association.

Directors must meet the requirements of the law and the relevant regulatory provisions; of these, a minimum number corresponding to the minimum required by the law must meet the independence requirements set out in art. 148, paragraph 3, of Italian Legislative Decree no. 58/1998.

If the requirements are no longer met, the director's office will end. If a director ceases to meet the independence requirement defined above, he/she shall not be disqualified if the requirements continue to be met by the minimum number of directors who, according to current legislation, must meet that requirement. Before appointing them, the Shareholders' Meeting shall determine the duration and number of members of the Board. If the number of Directors has been determined to be less than the maximum number provided for, the Shareholders' Meeting, during the period of the Board's term of office, may increase this number by voting with the majorities required by law, without complying with the procedure provided for in this article, provided that the Board of Directors is always made up of a number of members who meet the requirements of art. 148, paragraph 3, of Italian Legislative Decree no. 58/1998 at least equal to the minimum required by law. The office of the new directors appointed in this way will expire together with those in office at the time of their appointment.

The appointment of the Board of Directors shall be made, in compliance with the currently applicable regulations concerning the gender balance, on the basis of lists presented by the shareholders in the manner specified below, in which the candidates shall be listed by means of a progressive number.

The lists presented by the shareholders, signed by those who present them, must be deposited at the registered office of the Company, available to anyone who so requests, at least twenty-five days before the date set for the Shareholders' Meeting on first call and shall be subject to the other forms of publicity provided for by the legislation in force at the time.

Each member, the shareholders subscribing to a relevant shareholders' agreement pursuant to art. 122 of Legislative Decree no. 58/1998, the parent company, the subsidiaries and those subject to common control pursuant to art. 93 of Legislative Decree no. 58/1998, may not present or participate in the presentation, not even through a third party or trust company, of more than one list, nor may they vote for different lists, and *each candidate may appear on only one list under penalty of ineligibility. Subscriptions and votes expressed in violation of this prohibition shall not be assigned to any list.*

Only shareholders who, alone or together with other shareholders submitting lists, treasury shares representing at least 2.5% of the share capital with voting rights in the ordinary Shareholders' Meeting or, if different, the maximum percentage allowed by law or regulations, shall have the right to submit lists.

*Together with each list, within the respective terms indicated above, they must deposit: **(i)** an indication of the identity of the shareholders who submitted the lists, the percentage shareholding held by them as a whole; **(ii)** declarations in which the individual candidates accept their candidacy and certify, under their own responsibility, that there are no reasons for ineligibility or incompatibility, as well as the existence of the requirements prescribed for the respective offices; **(iii)** exhaustive information on the personal and professional characteristics of each candidate with an indication, if any, of his or her suitability to qualify as independent pursuant to art. 148, paragraph 3, of Legislative Decree no. 58/1998.*

Lists with a number of candidates equal to or greater than three must consist of candidates belonging to both genders, so that at least two fifths of the candidates belong to the least represented gender (this number is rounded up to the next higher unit, with the exception of lists consisting of three candidates), or the different percentage required by current legislation.

Furthermore, within the deadline set by the regulations applicable to the publication of the lists by the Company, the appropriate certification issued by an authorised intermediary pursuant to law must be filed, proving the ownership, at the time the list is filed with the Company, of the number of shares necessary for its presentation.

The lists must indicate which directors meet the independence requirements.

Lists submitted without complying with the above provisions shall be deemed not to have been submitted.

The election of the Board of Directors will be carried out as follows:

a) the Directors to be elected, with the exception of one (1), are drawn from the list that obtained the highest number of votes, in the progressive order in which they appear in the list itself;

b) the remaining Director is taken from the minority list that is not connected in any way, even indirectly or with the list referred to in letter a) above, or with those who presented or voted for the list referred to in letter a) above, and that has obtained the second highest number of votes. For this purpose, no account shall be taken, however, of lists that have not obtained a percentage of votes equal to at least half of that required for the presentation of lists, as referred to in the eighth paragraph of this article.

If the candidates elected in the manner indicated above do not ensure the appointment of a number of Directors meeting the independence requirements established for statutory auditors by art. 148, paragraph 3, of Italian Legislative Decree no. 58/1998 equal to the minimum number established by law in relation to the total number of Directors, the non-independent candidate last elected in numerical order from the list that received the highest number of votes, as per letter a) of the preceding paragraph, shall be replaced by the first independent *candidate not elected from the same list in numerical order or, failing that, by the first independent candidate in numerical order not elected from the other lists, according to the number of votes obtained by each list. This replacement procedure will take place until the Board of Directors is composed of a number of members who meet the requirements of art. 148, paragraph 3, of Italian Legislative Decree no. 58/1998 at least equal to the minimum required by law. If, finally, this procedure does not ensure the result indicated above, the replacement will take place by resolution passed by the Shareholders' Meeting by a relative majority, subject to the presentation of candidates who meet the above requirements.*

If, moreover, the composition of the Board of Directors is not ensured with the candidates elected in the manner indicated above, in compliance with the currently applicable regulations in force concerning the gender balance, the candidate of the most represented gender last elected in progressive order from the list that received the highest number of votes shall be replaced by the first candidate of the least represented gender not elected from the same list in progressive order. This replacement procedure will take place until the composition of the Board of Directors is ensured in compliance with the currently applicable regulations in force regarding the gender balance. If, finally, this procedure does not ensure the result indicated above, the replacement shall take place by resolution passed by the Shareholders' Meeting by a relative majority, following the presentation of candidates belonging to the least represented gender.

If only one list is submitted, if no list is submitted, or if only lists are submitted by persons who hold, even jointly, a controlling interest of a relative majority and/or persons associated with the latter pursuant to the provisions of art. 144-quinquies of Consob Regulation 11971/99, the Shareholders' Meeting shall pass resolutions with the majorities required by law, without complying with the above procedure, without prejudice to compliance with the currently applicable regulations in force concerning the gender balance. However, they are subject to different and additional provisions provided by mandatory rules of law or regulations.

If one or more directors should leave office during the year, provided that the majority of them are still made up of directors appointed by the Shareholders' Meeting, the procedure provided for in art. 2386 of the Italian Civil Code will be carried out, as indicated below:

a) the Board of Directors shall proceed with the replacement of the members of the same list to which the outgoing directors belonged and the Shareholders' Meeting shall resolve, with the majorities required by law, in accordance with the same criterion;

b) if there are no previously unelected candidates or candidates with the necessary requisites remaining on the aforesaid list, or in any case if for any reason it is not possible to comply with the provisions of letter a), the Board of Directors shall replace them, just as the Shareholders' Meeting shall subsequently replace them with the majorities required by law without voting from a list.

In any case, the Board and the Shareholders' Meeting will proceed with the appointment in order to ensure ***(i)*** *the presence of independent directors in the minimum overall number required by the current pro tempore regulations, and* ***(ii)*** *compliance with the pro tempore regulations in force regarding gender balance.*

The Shareholders' Meeting may, however, resolve to reduce the number of members of the Board to that of the Directors in office for the remainder of their term of office. If, for any reason, at least half of the directors appointed by the Shareholders' Meeting cease to hold office, the office of the entire Board shall be deemed to have ceased; in this case, the remaining directors must urgently call a Shareholders' Meeting to appoint a new Board.

The Board will also remain in office until the Shareholders' Meeting has resolved to renew it; until that time, the Board of Directors may only carry out acts of ordinary administration.

The members of the Board of Directors are entitled to a fee, to be included in the Company's costs; this fee is established by the Shareholders' Meeting and will remain unchanged until further notice.

The members of the Board of Directors are also entitled to the reimbursement of expenses incurred in connection with their duties".

It is recalled here that the Code provides for the definition and adoption of a succession plan for executive directors by large companies. In this regard, also in consideration of the qualification of the Company as a company with concentrated ownership, the nature of the shareholding structure of the Company, the individual relationship between the Company and the directors, as well as the unique characteristics, in this case, of each of these relationships and subjects as well as of the statutory and regulatory rules envisaged for the appointment and renewal of the Board of Directors, the Board has assessed that it does not have to adopt a succession plan for executive directors. If during the Financial Year one or more executive directors resign, they will be replaced according to the provisions of the Articles of Association.

At the date of this Report, there are no provisions in the Articles of Association allowing for the submission of a list by the outgoing Board for the renewal of the administrative body.

As regards further information on the role of the Board of Directors and the internal Board Committees in the functional processes of self-assessment, appointment and succession with reference to the members of the administrative body and/or top management, please refer to Section 7 of this Report.

4.3 COMPOSITION (pursuant to art. 123-bis, paragraph 2, letter d) and d-bis, TUF)

Pursuant to art. 12 of the Articles of Association, the Company is managed by a Board of Directors composed of a number of members not less than 5 and not more than 19, with adequate competence and professionalism. The directors remain in office for the period set by the shareholders' meeting resolution for appointment, up to a maximum of 3 financial years and can be re-elected. Their office will cease and they will be re-elected or replaced in accordance with the law and the Articles of Association.

On 30 April 2021, the Company's Ordinary Shareholders' Meeting unanimously appointed, for three financial years and, therefore, until the date of approval of the financial statements ending on 31 December 2023, a Board consisting of 7 Directors.

The members of the Board were identified from among the candidates proposed in the only list filed at the registered office by the majority shareholder Fraes S.r.l., owner, at the date of filing the list, of a total of 19,087,545 ordinary shares of the Company, equal to 73.53% of the share capital with voting rights at the Shareholders' Meeting. The quorum required for the submission of lists on the occasion of the last appointment was 2.5%, as established by Consob resolution no. 44 of 29 January 2021.

In the meeting of 30 April 2021, the Board appointed Giuseppe Maria Garofano as Honorary Chairman until the date of the Shareholders' Meeting called to approve the financial statements at 31 December 2023.

It should also be noted that:

(i) on 28 March 2022, Mr. Luciano Maria Garofano tendered his resignation effective as of 29 March 2022, due to supervening professional commitments, and he also resigned the powers previously granted to him in relation to the identification and preliminary investigation in connection with extraordinary finance and extraordinary transactions;

(ii) on 27 April 2022, Mr. Scoppio, tendered his resignation effective as of 4 May 2022, for strictly personal reasons, as well as for the possibility of pursuing new professional opportunities, from the position of Director, Chief Executive Officer and director in charge of the internal control system of the company PLC S.p.A.

On 23 June 2022, the Board of Directors, following the resignation of Mr. Michele Scoppio, having obtained the evaluations of the Appointments, Remuneration and Stock Option Plans Committee, unanimously appointed by co-optation, in accordance with the law and the Articles of Association, with the approval of the Board of Statutory Auditors, Mr. Diego Percopo as Chief Executive Officer of the Company, as of 1 July 2022 and until the date of the Shareholders' Meeting called to approve the financial statements at 31 December 2023, granting him the relevant powers. The Board of Directors also appointed Mr. Percopo as Director in charge of setting up and maintaining the internal control and risk management system.

Moreover, on the same date, the Company's Board of Directors, following the resignation of Mr. Luciano Maria Garofano, having acknowledged the favourable opinion of the Appointments, Remuneration and Stock Option Plans Committee, unanimously appointed by co-optation, in accordance with the law and the Articles of Association, with the approval of the Board of Statutory Auditors, Mr. Andrea Sassi as Director of the Company, again as of 1 July 2022 and until the date of the Shareholders' Meeting called to approve the financial statements at 31 December 2023.

As a result of the resolutions adopted by the Company's Board of Directors, the number of members of the Company's Board of Directors was brought back to seven, in compliance with the provisions of the Articles of Association and the resolution passed by the Shareholders' Meeting on 30 April 2021.

The current Board is therefore composed as follows:

	Board of Directors											
Post held	**Member**	**Year of birth**	**Date of first appointment**	**In office From**	**In office until**	**List**	**Exec.**	**Non exec.**	**Indep. - Code**	**Indep. - TUF (Consolidated Law on Finance)**	**(*)**	**Number of other positions held during 2022**
Chairman	Francesco Esposito	1953	26 March 2018	30 April 2021	Approval of the 2023 Financial Statements	M	X				14/14	5
CEO	Diego Percopo	1975	23 June 2022	23 June 2022	Approval of the 2023 Financial Statements	M	X				5/5	1
Director	Chiara Esposito	1978	26 March 2018	30 April 2021	Approval of the 2023 Financial Statements	M	X				14/14	0
Director	Graziano Gianmichele Visentin	1950	28 April 2010	30 April 2021	Approval of the 2023 Financial Statements	M		X	X	X	12/14	11
Director	Marina D'Artibale	1965	26 March 2018	30 April 2021	Approval of the 2023 Financial Statements	M		X	X	X	14/14	1
Director	Claudia Crivelli		30	30 April	Approval of the 2023	M		X	X	X	14/14	0

			April 2021	2021	Financial Statements							
Director	Andrea Sassi		23 June 2022	23 June 2022	Approval of the 2023 Financial Statements	M		X	X	X	4/5	0
***												
CEO	Michele Scoppio	1975	26 March 2018	30 April 2021	4 May 2022	M	X				6/7	N/A
Director	Luciano Maria Garofano	1975	26 March 2018	30 April 2021	29 March 2022	M	X				5/5	N/A

The number of meetings held by the Board and the internal board committees during the Financial Year are shown below:

Board of Directors	**Control, Risks and Sustainability Committee**	**Appointments, Remuneration and Stock Option Plans Committee**	**Board Committee for Transactions with Related Parties**
14	6	8	0

Information is provided below on the personal and professional characteristics of each director (art. 144-*octies* and 144-*decies* of the Consob Issuers' Regulations) in office at the date of this Report.

Francesco Esposito

Born in Naples in 1953, he graduated as an electrical engineering technician from State industrial and technical institute A. Volta in Naples.

After obtaining his diploma, he immediately began his professional career, at a high level, with the major energy sector operators on the Italian market, holding various positions, from Project Management to Technical Management.

Diego Percopo

Born in Naples on 5 November 1973, he graduated in Economics and Commerce in 1996 from the Federico II University of Naples.

Executive manager in the energy and utilities sector, with more than 10 years of income statement responsibility and about 10 years of management consulting experience. A professional with a track record of success in setting up new companies and guiding them on their growth path. Extensive management expertise in strategy and business planning, business development and M&A, finance, post-merger integration, engineering and construction, asset management and O&M.

He worked for about 10 years at Bain&Company, and then led, as Chief Executive Officer, EF Solare Italia (a joint venture of F2i and an additional investment fund) from the start-up phase to a leading position in the Italian solar market and entry into foreign markets in 2020.

In 2021, he held the position of Chief Executive Officer at Elgea, a company of the Autostrade per l'Italia Group, dedicated to the construction and management of plants for the production of electricity from renewable sources by enhancing motorway areas.

As of 1 July 2022, he will hold the position of Chief Executive Officer of PLC S.p.A..

Chiara Esposito

Born in Naples in 1978, she obtained her scientific diploma in 1996. Two years later in 1998 she began her professional career at PLC System S.r.l. dealing with relations and contracts with customers, becoming coordinator of trade fairs and company technical events and company contact person for training courses and school internships; over time she acquired mastery of the tasks assigned to her and became Head of the Technical Service of that company.

This position was held until 2005, before being transferred in 2006 to PLC Service S.r.l., also part of the Group, holding the position of Marketing Manager and Human Resources Manager, always taking care of customer management and relations, also covering other roles up until today, such as:

- manager of internal and external personnel management;
- Chief operating officer.

At present, she is manager of PLC S.p.A. and head of the General Affairs Department.

Graziano Gianmichele Visentin

Born in Albano Laziale in 1950, he graduated in Law from the University of Pavia and in Economic Sciences and Financial Security - Faculty of Law from the Tor Vergata University in Rome.

He is qualified as a chartered accountant and auditor.

For four years he managed some departments of the Tax Police; for two years he was an official in the Tax Affairs Department of the "old Banco Ambrosiano"; for four years he was head of Tax Services of Banca Cattolica del Veneto; for nine years he was director of Tax Affairs and Financial Statements of the COIN Group; for two years, general manager of Premafin Finanziaria; in 1985, in Treviso, he founded "Visentin & Partners - Studio Legale e Tributario", a firm that provides corporate and tax consultancy, including international consultancy for large corporate groups and M&A.

He is a lecturer at the National School of Administration - SNA (extraordinary transactions) and Chairman of the Commission "Extraordinary transactions" of the National Council of Chartered Accountants.

He has gained significant experience as a director and member of the board of statutory auditors of companies (banking, insurance, sim -stock brokerage firms-, sgr -asset management companies-, financial, commercial and industrial), some of which are listed on the stock exchange (Premafin Finanziaria; Fondiaria SAI; Milano Assicurazioni; Alleanza Assicurazioni; Gruppo Coin; Alerion; Ascopiave; Marcolin; Roncadin; Richard Ginori 1735; Indesit Company; Piaggio & C.).

Marina D'Artibale

Born in Taranto in 1965, she graduated with honours in Economics and Business in Rome, at the University "La Sapienza", in 1988. She is qualified to practice as a Chartered Accountant and Auditor.

She has developed significant experience as a Director of US multinationals, with experience in various business sectors from Finance to Supply Chain and Logistics, Information Systems, Sales and Marketing Management, moving on to become General Manager at Johnson & Johnson CH BU. She is currently Senior Advisor in Eurogroup Consulting where she deals with Processes and Organisation, Strategy, Digitalisation and Marketing.

In 2015, she was included in the training programme "In the Boardroom" of Valore D, dedicated to women and men who sit and will sit on the boards of directors and control bodies of Italian listed companies, which has trained 500 women in 10 years. She is currently President of the Network Alumnae et Alumni IntheBoardroom by Valore D.

She has been a member of the Board of Directors of companies in the Johnson & Johnson Italy group and Pfizer Italia.

During her career she has managed several complex projects in the area of Internal Control and Corporate Governance.

She was Market Operations Director at Pfizer CH where she was responsible for the start-up of the OTC business and led several restructuring and merger projects.

She began her career with Arthur Andersen in 1988 in corporate auditing and certification of financial statements.

Claudia Crivelli

She was born in Lugano in 1973 and graduated *magna cum laude* in Law from the University of Basel and, subsequently, obtained a Master of Laws (LL.M.) in commercial and corporate law from the London School of Economics. She is licenced to practice as a lawyer both in Italy and in Switzerland.

She worked for years in leading Italian law firms where she mainly dealt with M&A and Corporate Governance, but also with banking and restructuring. She also worked in-house, as head of the legal area of TE Wind S.A.

In recent years she has taken on positions as an independent director in listed companies.

Andrea Sassi

Member of the Milan Bar Association.

Graduated in Law with top marks at the University of Milan and at Seton Hall University in Newark (NJ - USA); Master in Economics and Business Law at Cattaneo University in Castellanza (VA). From 1999 to 2003, he worked with Studio Chiomenti and from 2003 to 2011, with the law firm Norton Rose Fulbright. Since 2011, he has been a partner in the law firm 4Legal. He deals with corporate and commercial law, as well as secondary (regulatory) legislation applicable to banks, insurance companies, pension funds, and mutual funds. He is an expert in real estate and energy law and was a lecturer in corporate law at the Sole24Ore Business School for several years.

Following the usual annual audit, the following is a list of the positions of Director or Statutory Auditor held by the current Directors in other companies listed on regulated markets (including foreign markets), in financial, banking, insurance or large companies:

Member	List of additional offices
Francesco Esposito	1. Director of PLC South Africa Ltd.[1] 2. Chairman of the Board of Directors of Schmack Biogas S.r.l.[2] 3. Director of Monsson Operation LTD[3] 4. Director of Monsson Operation S.r.l.[4]

[1] Termination of office due to the completion of the voluntary liquidation procedure of PLC South Africa Ltd on 10 March 2023.

[2] Office held until 22 December 2022.

[3] Resignation from office following the sale of the entire shareholding held by the Company in Monsson Operation LTD completed on 5 April 2023.

[4] Resignation from office following the sale of the entire shareholding held by the Company in Monsson Operation LTD completed on 5 April 2023.

	5. Director of Wind Power Energy S.r.l.[5]
Diego Percopo	1. Chairman of the Board of Directors of Schmack Biogas S.r.l.[6]
Graziano Gianmichele Visentin	1. Sole Statutory Auditor of Whirpool Italia S.r.l. 2. Standing Auditor of Ricerca 12 S.p.A. 3. Standing Auditor of Air One S.p.A. 4. Standing Auditor of Compagnia Aerea Italiana S.p.A. 5. Standing Auditor of Eurostazioni S.p.A. 6. Standing statutory of H-Farm S.p.A. 7. Director of Piaggio & C. S.p.A. 8. Director of 21 Investimenti SGR S.p.A. 9. Standing Auditor of Ricerca Finanziaria S.p.A. 10. Standing statutory of Centomilacandele S.c.p.A. In liquidation 11. Standing Auditor of Texa S.p.A.
Marina D'Artibale	1. Sole Director of San Damiano Dental S.r.l.

Diversity criteria and policies in the composition of the Board and in the company organisation

In accordance with art. 2, Recommendation 8 of the Code, over one third of the Board is made up of directors of the least represented gender. The Issuer and its subsidiaries are aware of the importance of human capital; the sustainable approach is therefore also expressed through the adoption of policies aimed at its protection and evolution. The Issuer and its subsidiaries adopt principles of equality and equal opportunities in the management of human resources and firmly reject any type of discrimination against their employees and collaborators. In addition, all employees of the Issuer and its subsidiaries adhere to the Code of Ethics of the PLC Group, available at the following link: [Code of Ethics (plc-spa.com)](), and promote compliance with the principles of equality and equal opportunities in personnel selection and recruitment activities. In fact, in internal and external relations behaviour that is discriminatory based on political and trade union opinions, religious orientation, racial or ethnic origins, nationality, age, sex, sexual orientation and personal and social conditions are not allowed. For detailed data on the monitoring of equal treatment and opportunities between genders within the entire company organisation, please refer to the sustainability reports published from time to time on the Company's institutional website.

[5] Resignation from office following the sale of the entire shareholding held by the Company in Monsson Operation LTD completed on 5 April 2023.

[6] Office held from 22 December 2022.

Maximum number of offices held in other companies

As the Company does not qualify as a large company pursuant to the Code, the Board did not deem it appropriate to define general criteria regarding the maximum number of administration and control positions that can be taken on in other companies - listed or unlisted - by its members. In fact, without prejudice to the duty of each Director to personally assess the compatibility of the administration and control positions held with the diligent performance of the tasks taken on as director of the Issuer, it was considered possible to leave the shareholders presenting the lists for the appointment of the directors wide discretion in the choice of candidates, possibly also taking into account, if need be, the criteria proposed by the Code. The Board also believes, due to the professional profiles and the contribution provided during the Financial Year, that the current members do not hold a number of positions as such not to allow the proper performance of their duties in the Company.

4.4 OPERATION OF THE BOARD OF DIRECTORS (pursuant to art. 123-bis, paragraph 2, letter d), TUF)

In accordance with the provisions of the Recommendations of the Code, as well as with the Regulations of the Board, the Chairman of the Board - also with the help of the Secretary – endeavours to ensure that the members of the Board are provided, with the appropriate methods and timing, the documentation and information necessary to act in an informed manner in performing their duties. To ensure that the directors act in an informed manner and to ensure a correct and complete evaluation of the facts brought to the attention of the Board, the documentation and information is sent to the Directors on the same date the meeting is called, where possible, and in any case, as a rule, by the third day prior to the day fixed for the meeting, except in cases of urgency in which the documentation is made available as soon as possible, duly taking into account the possibility where any confidentiality and price sensitivity requirements linked to certain topics (in compliance with the applicable laws and regulations), as well as any urgency related to certain topics (on which the Board is called to rule upon) may make those practices not recommended or not allowed.

The rules governing the call and conduct of board meetings are contained in the Regulations of the Board and in art. 14 of the current Articles of Association, both already recalled. In particular, the aforementioned board regulation provides that the Board of Directors be convened by the Chairman or by the Chief Executive Officer or, on behalf of the latter, also by another Director or by the Secretary or other person in charge, through a notice containing an indication of the day, time and place of the meeting, as well as the items on the agenda on which to discuss and approve, in compliance with the provisions of art. 14 of the Articles of Association and individual directors may request the Chairman to include items on the agenda.

It is possible that the meetings of the Board of Directors may be held by video-conference or audio-conference, or that only some Directors participate through one of these methods, provided that all the participants can be identified, that it is ascertained (unless otherwise specified in legal and regulatory provisions in force at the time) that the Chairman and Secretary are in the same place and that the participants are allowed to follow the discussion and to intervene in the discussion of the topics and to express their vote, as well as to view any documentation distributed during the meeting in real time. The Chairman or the Chief Executive Officer may invite employees of the Company or subsidiaries or other persons or external consultants, whose presence is deemed useful in relation to the matters to be discussed, to participate in the Board of Directors' meeting.

These persons will in any case be required to comply with the confidentiality obligations envisaged for Board meetings.

The meeting of the Board of Directors is conducted by the Chairman or by the Chief Executive Officer in the manner deemed most appropriate by them to allow the Board's work to be performed in the best possible manner. The related resolutions are adopted in accordance with the law and the Articles of Association.

Furthermore, pursuant to art. 14 of the Articles of Association, the Board meets whenever the Chairman, or whoever takes his place, deems it appropriate, or if a written request is made to the Chairman by at least two Directors or at least one Auditor.

The meetings of the Board are called by the Chairman, or on his behalf also by another Director or by the Secretary, by registered letter, telegram, fax or e-mail, to be sent at least three days before the date set for the meeting and, in urgent cases, also by telegram, fax or e-mail, to be sent at least one day before the date set for the meeting. In the absence of such formalities, the meeting is deemed to be validly constituted with the presence of all the Directors in office and all the standing members in office of the Board of Statutory Auditors.

Board meetings are held at the company's registered office or at another place indicated in the notice of call.

It should be noted that during the Financial Year to which this Report refers, some Board meetings were held by means of telecommunications in compliance with the applicable *pro tempore* regulations.

The Board resolves on matters that concern it, with the presence of the majority of the directors in office and by a majority of the votes of those present and, in the event of a tie, the Chairman's vote prevails.

The Chairman shall ensure that adequate information is provided on the matters to be dealt with, also availing himself of the help of presentations and slides prepared for the purpose, as well as of the possible participation of the managers of the Issuer and/or Group companies in charge of the competent corporate functions, depending on the matter to be dealt with on the agenda (some Board meetings were attended during the Financial Tear, for example, by the Manager in charge of Financial Reporting, the Head of Legal and Corporate Affairs, the Head of Business Development, the Head of Management and Control, the management representatives of some subsidiaries), consultants and/or external experts.

At the date of this Report, the provisions of the Regulations of the Board, also taking into account its recent approval, have been duly observed.

14 meetings were held by the Board during the Financial Year. The participation percentages of each director in the Board meetings held during the Financial Year are shown below.

Post held	Member	% Board of Directors
Chairman	Francesco Esposito	100
CEO[7]	Diego Percopo	100
Director	Chiara Esposito	100
Director	Graziano Gianmichele Visentin	85.71
Director	Marina D'Artibale	100
Director	Claudia Crivelli	100
Director[8]	Andrea Sassi	80
Director[9]	Luciano Maria Garofano	100
CEO[10]	Michele Scoppio	85.71

The average duration of Board meetings for the Financial Year is 80 minutes.

For the current year, in addition to the meetings of 16 February, 1, 6, 8, 16, 31 March 2023 and 26 and 28 April 2023, just one further meeting is scheduled, as shown in the calendar of corporate events for 2023 sent to Borsa Italiana S.p.A. and published on the Company website, which provides for the following time references: 29 September 2023 for approval of the half-yearly financial report at 30 June 2023.

4.5 ROLE OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

In the meeting of 30 April 2021, the Board resolved to attribute to the Chairman of the Board, Mr. Francesco Esposito, due to his specific role in the Company's business and his particular expertise, all the powers and attributions deriving from the office by law and by the Articles of Association. In particular, the Chairman of the Board of Directors is entitled to represent the Company before third parties and in court as well as using the corporate signature, all the powers for the ordinary management of the Company, to be exercised with single signature and for amounts not exceeding individually €500,000.00 and with joint signature with the Chief Executive Officer for individual amounts not exceeding €5 million, it being understood that for making money

[7] Mr. Percopo was co-opted as Director and Chief Executive Officer of PLC S.p.A. by resolution of the Board of Directors of 23 June 2022 and effective as of 1 July 2022.

[8] Mr. Sassi was co-opted as Director and Chief Executive Officer of PLC S.p.A. by resolution of the Board of Directors of 23 June 2022 and effective as of 1 July 2022.

[9] On 28 March 2022, Mr. Garofano tendered his resignation from the position of Director of PLC S.p.A., as well as from his other positions held within PLC S.p.A.'s subsidiaries, effective as of 29 March 2022.

[10] On 27 April 2022, Mr. Scoppio resigned, effective as of 4 May 2022, from his position as Director, Chief Executive Officer and Director in charge of the internal control system of PLC S.p.A., as well as from his other positions held within PLC S.p.A.'s subsidiaries.

transfers between the accounts held by the Company, as well as for making money transfers in favour of subsidiaries and associates, a joint signature with the Chief Executive Officer is always required.

The Chairman of the Board of Directors is also attributed, by way of example and not limited to, the following powers:

- proposing to the collective bodies the guidelines of the company's policy and the planning of the company's activities;
- supervising the progress of corporate affairs, verifying the correct implementation of the guidelines and resolutions of the collective bodies;
- ensuring that the Directors are provided with sufficient information to enable them to pass formal resolutions and, in general, to exercise their powers of management, direction and control of the activities of the Company and the Group;
- representing the Company at shareholders' meetings of companies and entities in which the Company participates, exercising the right to vote;
- coordinating the commercial, technical and financial activities of the Company and of the companies in which it has majority or minority interests, with the right to grant and take out loans with said entities in order to optimise the Group's financial resources;
- entering into, signing, accepting, modifying and terminating contracts with third parties relating to the corporate purpose;
- acquiring and disposing of shareholdings in companies and entities, whether incorporated or to be incorporated;
- entering into, modifying and terminating agreements for the opening of credit, loan and financing agreements in general, assets and liabilities, and agreeing credit facilities and other banking facilities;
- requesting, negotiating and stipulating with banks, financial and insurance institutions, the issue, by them, of guarantee deposits and/or sureties connected with the exercise of the company's activities;
- issuing sureties in favour of third parties in the interest also of the investee companies;
- entering into, amending and terminating current account and deposit agreements, and carrying out credit and debit operations within the limits of the credit lines granted;
- making deposits and withdrawals both on available funds and overdrafts within the limits of the credit facilities granted, by cash or by letter or by the issue of cheques and money orders issued or transferred to the Company's order;
- collecting the sums due to the Company from both private individuals and any Public Administration, or from other public or private Entities, issuing the relative receipts;

- hiring and/or dismissing and/or transferring employees, including executives (in the latter case subject to the opinion of the Remuneration Committee limited to executives with strategic responsibilities), deciding and changing their qualifications, functions, salaries (including benefits and ancillary remuneration), and liquidations, categories and duties, applying disciplinary measures against employees within the terms, limits and with the formalities provided for by law, collective and labour agreements and internal staff regulations. He can represent the Company in trade union negotiations, enter into trade union agreements with trade union representatives and with worker and category associations and negotiate trade union disputes and/or employment relationships with the right to settle and reconcile with trade unions or the Local Directorate of Labour. He will also be able to maintain relations with welfare institutions with reference to all the staff employed, ensuring compliance with the relative legal obligations on the matter;
- entering into, modifying and terminating purchase contracts, contracts for the supply of goods and services, tenders, leases, including financial leases, even of multi-year duration, with the warning that the contractual relationships relating to or in any case connected to the same transaction, even if to be completed by means of several acts, contribute to forming the maximum amount;
- concluding and signing transactions, reaching arbitration compromises;
- actively and passively representing the Company before any administrative, fiscal and judicial authority, ordinary and special, in any procedure, at any level and place, and therefore with the power to sign any procedural act, with the power to deliberate, propose and sign any request or defence, appeals for any purpose, any procedural act, including in executive, bankruptcy, composition and moratorium procedures;
- granting special powers of attorney and operational powers of attorney to Company employees or third parties within the scope of the powers conferred;

Mr. Esposito, in his role as Chairman of the Board of Directors, also has the mandate as employer with an unlimited amount of expenditure in accordance with Legislative Decree no. 81/08.

In addition, the Chairman of the Board of Directors, with the help of the Secretary, oversaw:

- the pre-meeting information and the complementary information provided during the meetings so that they were suitable to allow the directors to act in an informed manner in performing their role, allowing all the directors to speak, when requested, and to formulate all questions deemed necessary and/or appropriate, always receiving the necessary and timely clarifications;
- coordination between the activities of the internal Board Committees and the Board of Directors, ensuring that the statements of the competent Committees were represented during the Board meetings;

- in agreement with the Chief Executive Officer, that the executives of the Issuer and those of the subsidiaries attend the board meetings to provide appropriate information on the items on the agenda, inviting them to participate in the board meetings and asking them to prepare presentations and documentation in support of the discussion to be left on the records of the Issuer;
- the communication to all the members of the administration and control bodies, after the appointment and during the mandate, of all the initiatives, also through the periodic presentation of the information on the general management trend and its foreseeable evolution, which could provide them with adequate knowledge of the business of the Issuer and its subsidiaries, also with a view to the sustainable success of the Issuer, also providing information regarding risk management and the reference regulatory and self-regulatory framework;
- the self-assessment process of the management body, with the support of the Appointments, Remuneration and Stock Option Plans Committee, so that it is adequate and transparent, allowing the self-assessment process, as structured by the Committee and the related results, to be an issue subject to discussion by the entire Board of Directors and the Board of Statutory Auditors.

Furthermore, the Chairman, with the support of the competent corporate functions, provides information on any legislative and regulatory changes regarding the Company and the corporate bodies, subsidiaries and investee companies, and supports each Director in studying particular issues that are of interest to them in carrying out their mandate. The Chairman of the Board of Directors can also take the initiatives deemed useful so that the Directors can increase their knowledge of the Company's situation and dynamics for the purpose of more effective performance of their role. In this regard, it should be noted that all the members of the Board and of the Board of Statutory Auditors were also invited - during the Financial Year - to the training session relating to the updating of the Company's 231 Model held on 14 March 2022, by the Law Firm which supported the Issuer in the preparatory activities for the update.

In addition, the Chairman of the Board, despite being the holder of management powers, is not deemed to be the main person responsible for the management of the Issuer, since a CEO is also present on the Board, substantially holding the same powers, which can be exercised separately. At the date of this Report, the Chairman of the Board does not hold shares in the Issuer.

Board Secretary

Pursuant to art. 13 of the Articles of Association - and in accordance with art. 3 of Recommendation 18 of the Code - the Board of Directors appoints and dismisses, on the proposal of the Chairman, a Secretary, who can also be chosen from among people outside the Company and the Board of Directors, and establishes the duration of his office. The current Secretary is Mr. Fausto Tramontin, head of the Issuer's Legal and Corporate Affairs Function, appointed by the Board of Directors in the meeting on 1 December 2021.

The Secretary has a solid background in the legal and economic field, as well as a consolidated experience in the management of corporate activities and compliance.

The Secretary supports the activities of the Chairman and provides, with impartial judgement, assistance and advice to the Board of Directors on every aspect relevant to the proper functioning of the corporate governance system. The Secretary has the following powers, already carried out during the Financial Year:

- drawing up the minutes of each meeting of the Board of Directors and signing them together with the Chairman;
- overseeing the conservation of the minutes and of the company books;
- supporting the activity of the Chairman;
- providing impartial assistance to the Board of Directors on every aspect relevant to the proper functioning of the corporate governance system.

In case of absence of the Secretary, the Board of Directors, on the occasion of the individual Board meeting and on the proposal of the Chairman, designates an interim replacement.

4.6 EXECUTIVE DIRECTORS

Chief Executive Officer

Pursuant to art. 13 of the Articles of Association, the Board of Directors can delegate its powers to one or more Chief Executive Officers and/or General Managers, determining the limits of the delegation and the signature and representation powers.

At the meeting held on 30 April 2021, the Board of Directors resolved to appoint as Chief Executive Officer Mr. Michele Scoppio, who resigned on 27 April 2022, effective 4 May 2022.

Following the resignation of Mr. Scoppio, as previously mentioned, the Board of Directors co-opted Mr. Diego Percopo as a member of the Board of Directors, also appointing him as the new Chief Executive Officer and granting him the same powers as those already granted to Mr. Scoppio.

In addition to all the powers and attributions deriving from the office pursuant to the law and the Articles of Association, said powers include those of representing the Company before third parties and in court as well as using the corporate signature and for the ordinary management of the Company, to be exercised (i) with single signature for amounts not exceeding individually €500,000.00 and (ii) with joint signature with the Chairman of the Board for individual amounts not exceeding €5 million, it being understood that for making money transfers between the accounts held by the Company, as well as for making money transfers in favour of subsidiaries and associates, a joint signature with the Chairman of the Board of Directors is always required.

The powers of the Chief Executive Officer also include, by way of example and not limited to, the following:

- proposing to the collective bodies the guidelines of the company's policy and the planning of the company's activities;
- supervising the progress of corporate affairs, verifying the correct implementation of the guidelines and resolutions of the collective bodies;
- ensuring that the Directors are provided with sufficient information to enable them to pass formal resolutions and, in general, to exercise their powers of management, direction and control of the activities of the Company and the Group;
- representing the Company at shareholders' meetings of companies and entities in which the Company participates, exercising the right to vote;
- coordinating the commercial, technical and financial activities of the Company and of the companies in which it has majority or minority interests, with the right to grant and take out loans with said entities in order to optimise the Group's financial resources;
- entering into, signing, accepting, modifying and terminating contracts with third parties relating to the corporate purpose;
- acquiring and disposing of shareholdings in companies and entities, whether incorporated or to be incorporated;
- entering into, modifying and terminating agreements for the opening of credit, loan and financing agreements in general, assets and liabilities, and agreeing credit facilities and other banking facilities;
- requesting, negotiating and stipulating with banks, financial and insurance institutions, the issue, by them, of guarantee deposits and/or sureties connected with the exercise of the company's activities;
- issuing sureties in favour of third parties in the interest also of the investee companies;
- entering into, amending and terminating current account and deposit agreements, and carrying out credit and debit operations within the limits of the credit lines granted;
- making deposits and withdrawals both on available funds and overdrafts within the limits of the credit facilities granted, by cash or by letter or by the issue of cheques and money orders issued or transferred to the Company's order;
- collecting the sums due to the Company from both private individuals and any Public Administration, or from other public or private Entities, issuing the relative receipts;
- hiring and/or dismissing and/or transferring employees, including executives (in the latter case subject to the opinion of the Remuneration Committee limited to executives with strategic responsibilities), deciding and changing their qualifications, functions, salaries (including benefits and ancillary remuneration), and liquidations, categories and duties, applying disciplinary measures against employees within the terms, limits and with the formalities provided for by law, collective and labour

agreements and internal staff regulations. He can represent the Company in trade union negotiations, enter into trade union agreements with trade union representatives and with worker and category associations and negotiate trade union disputes and/or employment relationships with the right to settle and reconcile with trade unions or the Local Directorate of Labour. He will also be able to maintain relations with Welfare institutions with reference to all the staff employed, ensuring compliance with the relative legal obligations on the matter;

- entering into, modifying and terminating purchase contracts, contracts for the supply of goods and services, tenders, leases, including financial leases, even of multi-year duration, with the warning that the contractual relationships relating to or in any case connected to the same transaction, even if to be completed by means of several acts, contribute to forming the maximum amount;
- concluding and signing transactions, reaching arbitration compromises;
- actively and passively representing the Company before any administrative, fiscal and judicial authority, ordinary and special, in any procedure, at any level and place, and therefore with the power to sign any procedural act, with the power to deliberate, propose and sign any request or defence, appeals for any purpose, any procedural act, including in executive, bankruptcy, composition and moratorium procedures;
- granting special powers of attorney and operational powers of attorney to Company employees or third parties within the scope of the powers conferred.

Mr. Percopo is the Issuer's chief executive officer and does not hold any other positions in other listed issuers; therefore, no interlocking directorate situations exist.

Executive Committee

The Board did not set up an Executive Committee.

Reporting to the Board

In accordance with the provisions of art. 17 of the Articles of Association which, in turn, incorporates the provisions referred to in paragraph 1 of art. 150 of the Consolidated Law on Finance, the Chief Executive Officer has reported (and reports), on a quarterly basis, on the activities and on the operations of greatest economic, financial and equity significance carried out by the Company and its subsidiaries, declaring, if applicable, the existence of a conflict of interest with itself or third parties and the existence of atypical or unusual transactions.

Other executive directors

At the meeting of 30 April 2021, the Board resolved to assign human resource management duties to the Director Chiara Esposito - without prejudice to the competences and powers envisaged for the Appointments, Remuneration and Stock Option Plans Committee -, with the attribution of the following powers:

- hiring and/or dismissing and/or transferring employees, excluding executives, deciding and changing their qualifications, functions, salaries (including benefits and ancillary remuneration), and liquidations, categories and duties, apply disciplinary measures against employees within the terms, limits and with the formalities provided for by law, collective and labour agreements and internal staff regulations. She can represent the Company in trade union negotiations, enter into trade union agreements with trade union representatives and with worker and category associations and negotiate trade union disputes and/or employment relationships with the right to settle and reconcile with trade unions or the Local Directorate of Labour. She will also be able to maintain relations with Welfare institutions with reference to all the staff employed, ensuring compliance with the relative legal obligations.

At the same meeting, the Board also resolved to assign to the Director Luciano Maria Garofano powers in the matter of identification and investigation in relation to extraordinary finance and extraordinary transactions, with the attribution of the following powers:

- representing the Company in negotiations with credit institutions in relation to the granting of credit lines;
- representing the Company in the investigation and negotiation of extraordinary transactions, with the power to sign - subject to a resolution of the Board - agreements of confidentiality and expressions of interest to third parties.

It should be noted, however, that Mr. Garofano, on 28 March 2022, due to unforeseen professional commitments, tendered his resignation from the position of Director of PLC S.p.A., as well as from his other positions held within PLC S.p.A.'s subsidiaries, effective as of 29 March 2022.

At the date of this Report, the following were executive directors:

(i) Mr. Diego Percopo, by virtue of the position of Chief Executive Officer held by him directly within the Issuer;

(ii) Mr. Francesco Esposito, by virtue of the position of Chairman of the Board with proxies, held by him directly within the Issuer; and

(iii) Ms. Chiara Esposito, by virtue of the powers delegated to her by the Board, as mentioned above.

4.7 INDEPENDENT DIRECTORS AND LEAD INDEPENDENT DIRECTOR

At the date of this Report, 4 (four) members of the Issuer's Board of Directors are in possession of the independence requirements provided for by art. 147-*ter* of the Consolidated Law on Finance and the CG Code.

The Board shall assess the existence of the requirements of independence and non-enforceability of directors pursuant to the Consolidated Law on Finance and the Code at the first meeting held after their appointment and, in any case, at least once a year.

With regard to the directors appointed by the Shareholders' Meeting of 30 April 2021, the Board originally met, on the same date, to assess the existence of the independence requirements of Directors Graziano Gianmichele Visentin, Marina D'Artibale and Claudia Crivelli. This assessment was successful and, in this regard, a specific press release was also issued on 30 April 2021.

On 23 June 2022, the Board, *inter alia*, assessed the existence of the independence requirements also for the newly appointed Director Andrea Sassi. This assessment was positive, as per the press release of 23 June 2022.

The most recent assessment on the existence of the independence requirements for all the above-mentioned Directors was most recently carried out, concluding again with a positive outcome, during the Board meeting of 28 April 2023 (the same meeting at which, *inter alia,* this Report was approved).

With specific reference to the director Graziano Gianmichele Visentin, it should be noted that he declared that he did not formally possess the independence requirements provided for by art. 2 of the Code (having held the position of Director of the Issuer for a period of more than nine years in the last thirteen years). Considering the high ethical and professional qualities of the person concerned, as well as his exemplary work while in office and the constant autonomy of judgement, the Board of Directors has deemed it appropriate to evaluate the prevalence of substance over form and, therefore, to recognise the existence, for this Director, of the independence requirement pursuant to the Code.

Lastly, it should be noted that, in the meeting of 1 December 2021, the Board approved, on the proposal formulated by the Appointments, Remuneration and Stock Option Plans Committee, the following qualitative and quantitative criteria for assessing the significance of the additional relationships and remuneration envisaged by Recommendation no. 7, letter c) and d) of the Code, to be considered alternatively applicable:

a) performing additional professional services for the Company with respect to the services due by the director for the Company, by reason of his/her office, where the relative annual amount exceeds the sum of €90,000.00;
b) performing additional professional services for the Company with respect to the services due by the director for the Company, by reason of his/her office, where they represent more than 7.5% of the director's annual turnover or more than 7.5% of the annual turnover of the company or body of which the director

has control or is an executive director or of the professional firm, or of the consultancy company, of which he/she is a partner or shareholder;

c) personal and financial situations that may lead to conflicts of interest and even only potentially hinder the independence of judgement of the director, leaving the assessment case by case to the Board of Statutory Auditors.

The Board of Statutory Auditors normally verifies the correct application of the assessment criteria and procedures adopted by the Board to assess the independence of its members**.**

With reference to the supervisory activities carried out during the year, please refer entirely to the Report by the Board of Statutory Auditors on the PLC Financial Statements for the year, as published in accordance with the relevant laws and regulations.

Considering the provisions of art. 2, Recommendation 5 of the Code and due to the Company's qualification as a company with concentrated ownership, no special and additional meeting of the independent directors was held, in the absence of the other directors, with respect to the meetings of the Control, Risks and Sustainability Committee and the Appointments, Remuneration and Stock Option Plans Committee (which are, moreover, composed only of independent directors).

Lead Independent Director

At the date of this Report, the Board has not designated an independent director as lead independent director. With reference to art. 3, Recommendation 14 of the Code, the Company considered that it was not necessary to appoint such a figure, since a complete and timely flow of information between the directors is in fact guaranteed by company practice and procedures. In addition, regardless of this appointment, during the Financial Year all the independent directors of the Company were able to coordinate their activities and discuss any requests through participation in the Board's internal committees, the latter made up solely of independent and non-executive directors.

5. MANAGING CORPORATE INFORMATION

Procedure for handling Inside Information

The Company has adopted a procedure for internal management and external communication of confidential and/or inside information, which governs the management and handling of this information, as well as the procedures to be observed for communication, both internally and outside the Company, of documents and information regarding the Issuer and its subsidiaries, with particular reference to inside information.

This procedure effective from 24 April 2018 and last amended on 1 December 2020, defines, among others, the concept of "Inside Information" and identifies the general behaviour the recipients must have with regard to processing these types of information as well as the roles and responsibilities of the various heads of function. The same procedure also contains a descriptive part of the internal management procedures for confidential and inside information, an indicative part of the external communication procedures for confidential and inside information and a section dedicated to the sanctions to be imposed on the recipients in the event of abuse or violation of the law and the procedure. In compliance with the provisions of the aforesaid procedure, the directors, statutory auditors, managers and all employees of Group companies shall keep confidential any inside information relating to the Issuer and its subsidiaries of which they have become aware in the performance of their functions and shall comply with the procedures described in the document for the identification, internal management and communication to the market of such information.

The person in charge of fulfilling the disclosure obligations provided for by the procedure is the Head of Legal and Corporate Affairs. The procedure is published on the website www.plc-spa.comin the Internal risk management system / PLC section.

6. INTERNAL BOARD COMMITTEES (pursuant to art. 123-*bis*, paragraph 2, letter d), TUF)

At the date of this Report, the Company has established the following internal Board Committees:

- Appointments, Remuneration and Stock Option Plans Committee, for the details of which see Section 7.2 below;
- Control, Risks and Sustainability Committee, for the details of which see Section 9.2.

This Report, referring to the Financial Year, will show the structure of the internal committees during this period.

The Board has allocated the functions of the Committee for Transactions with Related Parties, for details of which see Section 10 below, as provided for in the *"Procedure for Related Party Transactions"* currently in force, to the Control, Risks and Sustainability Committee and/or to the Appointments, Remuneration and Stock Option Plans Committee, depending on whichever is competent in the subject matter of the transaction to be resolved.

Minutes of the meetings of each Committee are drawn up by the Chairman of the Committee.

All the Committees have investigative, proposal-making and advisory functions and assist the Board in matters falling within their respective competence.

Each Committee has its own internal operating regulations and the relative Chairman, or in his absence another member of the same Committee, reports to the entire Board on the Committee's activities at the next meeting.

The duties and composition of each Committee are established by resolution of the Board of Directors when they are established.

The Board determined the composition of the Committees by favouring the skills, experience and professionalism of the relative members, also avoiding an excessive concentration of offices with each member. For more specific information on the composition and professionalism of the Committee members, please refer to the Sections below.

For the sake of completeness, it should be noted that the functions attributed by the Code to the Committees have not been reserved for the entire Board of Directors.

7. SELF-ASSESSMENT AND SUCCESSION OF DIRECTORS – APPOINTMENTS, REMUNERATION AND STOCK OPTION PLANS COMMITTEE

7.1 Self-assessment and succession of Directors – Appointments, Remuneration and Stock Option Plans Committee

In accordance with art. 4, Recommendations 21 and 22 of the Code, the Board periodically assesses the size, composition and actual functioning of its internal board committees at least every three years, in view of the renewal of the board of directors, also considering the role played by the Board in defining strategies and monitoring management performance and the adequacy of the internal control and risk management system.

This self-assessment was most recently carried out by the Board in the meeting of 19 March 2021, with reference to the 2020 financial year. The self-assessment process was structured, with the support of the Appointments, Remuneration and Stock Option Plans Committee, but without resorting to external consultants, by submitting self-assessment questionnaires to all Board members and, subsequently, by examining the results that emerged. The questionnaire concerned the size, composition and tangible functioning of the management body and its committees, also considering the role it played in defining strategies and monitoring management performance and the adequacy of the internal control and risk management system. Based on the analysis of the results, no significant criticalities emerged, without prejudice to room for improvement with a view to continuous fine-tuning, aimed at refining the proper operation of the PLC management body and its committees.

With reference to the position expressed in view of the renewal of the Board of Directors, please refer to what has already been highlighted in the previous Section 4.1.

In compliance with art. 4, Recommendation 23, in view of the renewal of the Board of Directors, which took place during the 2021 financial year, the directors, also taking into account the results of the annual self-assessment, expressed their position to the shareholders on the size and composition of the Board of Directors, also in consideration of the diversity provided for by the applicable laws, regulations and the Code.

The position was disclosed in accordance with the law and is available at the following link: plc-relazione-sulle-materie-all-ordine-del-giorno-nomina-cda.pdf (plc-spa.com)

7.2 Appointments, Remuneration and Stock Option Plans Committee

On 30 April 2021, the Board established a single Appointments, Remuneration and Stock Option Plans Committee, made up of the following non-executive directors and in possession of the independence requirements pursuant to the Code and the Consolidated Law on Finance: Ms. Marina D'Artibale (Chairwoman), Ms. Claudia Crivelli and Mr. Graziano Gianmichele Visentin. All the aforementioned members of the Appointments, Remuneration and Stock Option Plans Committee are in possession of detailed knowledge and experience in accounting and financial matters, and/or in remuneration policies, deemed acceptable by the Board at the time of appointment.

Composition and operation

The composition of the aforementioned Committee complies with the criteria set out in the Code with reference to both the Appointments Committee and the Remuneration Committee. In accordance with art. 4, Recommendations 19 and 20 of the Code, in fact, the Appointments, Remuneration and Stock Option Plans Committee is made up of three independent Directors.

At the date of this Report, the Committee has not been assigned any functions and duties other than those envisaged by the Code.

The meetings of the Appointments, Remuneration and Stock Option Plans Committee are coordinated by the Chairman, are regularly minuted and the Chairman gives a statement at the next meeting of the Board of Directors.

During the Financial Year, the Appointments, Remuneration and Stock Option Plans Committee met 8 times, amongst other things, to resolve on: (**i**) the process of self-assessment of the members of the Board of Directors and its outcomes; (**ii**) the proposals for setting the performance objectives for the Financial Year to which the recognition of the variable remuneration and the identification of criteria for the precise determination of the aforementioned variable remuneration must be linked; (**iii**) approval of the Remuneration Report, pursuant to art. 123-*ter* of Legislative Decree no. 58/1998, as amended by Legislative Decree no. 49/2019 and art. *84-quater* of the Consob Issuers' Regulations; (**iv**) the resignation of the Directors, Mr. Luciano Maria Garofano and Mr. Michele Scoppio; (**v**) the appointment by co-optation of two new directors, Mr. Diego Percopo and Mr. Andrea Sassi, to replace the outgoing directors; (**vi**) the resignation of Ms. Mastelli from the roles of Investor Relator and Manager in charge of Financial Reporting and the appointment of Mr. Marco Aulisa as the new Investor Relator and Manager in charge of Financial Reporting.

The average duration of the Appointments, Remuneration and Stock Option Plans Committee meetings for the Financial Year was 41.25 minutes.

The number of meetings for the current year is 2, held on 6 and 26 April 2023. At these meetings, the Committee, amongst other things, resolved on: (**i**) the proposals to the Board with reference to the setting of the performance objectives for 2023 to which the recognition of the variable remuneration and the identification of criteria for the precise determination of the aforementioned variable remuneration must be linked; (**ii**) approval of the Remuneration Report for the Financial Year, pursuant to art. 123-*ter* of the Consolidated Law on Finance.

The Company's Directors shall abstain from attending Committee meetings at which proposals are made to the Board regarding their remuneration; if necessary, the Chairman and/or the Chief Executive Officer shall attend only as speakers, leaving at the time of voting.

Participation in Committee meetings by third parties is normally at the invitation of the Committee itself with reference to individual items on the agenda.

At least one representative of the Board of Statutory Auditors attended the Committee meetings, held during the Financial Year, at the invitation of the Committee.

The Board of Statutory Auditors participated in the meetings with a proposal-making and advisory contribution, making its knowledge and experience available to the Committee, allowing it to be kept updated also on the regulatory changes.

Structure of the Appointments, Remuneration and Stock Option Plans Committee					
Post held	**Member**	**Non-executive**	**Independence as per Code**	**Independence as per TUF**	**% investment**
P	Marina D'Artibale	X	X	X	100
M	Graziano Gianmichele Visentin	X	X	X	87.5
M	Claudia Crivelli	X	X	X	100

Functions of the Appointments, Remuneration and Stock Option Plans Committee.

The Committee presents proposals for the remuneration of chief executive officers and directors holding particular offices, monitoring the application of the decisions adopted.

At the date of this Report, the Committee performs functions and tasks in line with those envisaged by the Code, to which reference is made in this regard.

The activities carried out by the Committee regarding remuneration are described in detail in the Remuneration Report prepared pursuant to art. 123-*ter* of the Consolidated Law on Finance.

In performing its functions, the Committee was able to access the information of the corporate functions necessary for the performance of its duties, as well as to avail itself of external consultants (a right which, however, was never exercised during the Financial Year).

During the Financial Year, the Committee did not incur any expenses of any kind for the performance of its duties (e.g. consultancy, opinions, etc.).

8. REMUNERATION OF DIRECTORS

8.1 Remuneration of Directors

For the information of this section, for the relevant parts, please refer to the Remuneration Report published pursuant to art. 123-*ter* of the Consolidated Law on Finance.

In particular, for more information on:

- the remuneration of executive directors and top management, please refer to Section I para. 6.2 and 8 of the Remuneration Report;
- the remuneration of non-executive directors please refer to Section I para. 6.1 of the Remuneration Report;
- the accrual and disbursement of the remuneration, please refer to Section II, first part letter A of the Remuneration Report; and
- to the compensation of the directors in the event of resignation, dismissal or termination of the relationship following a take-over bid, please refer to Section I, para. 4 of the Remuneration Report.

8.2 Remuneration Committee

For the information of this section, please refer to Section 7.2 above and for the remaining relevant parts in Section I of the Remuneration Report published pursuant to art. 123-*ter* of the Consolidated Law on Finance.

9. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM – CONTROL AND RISKS COMMITTEE

The internal control and risk management system in place with the Issuer is divided into a set of rules, procedures and organisational structures aimed at ensuring, with reasonable certainty, through an adequate process of identification, measurement, management and monitoring of the main risks, the management of healthy and correct business consistent with the objectives set, also aimed at pursuing the Issuer's sustainable success.

The overall adequacy of the system contributes to ensuring the achievement of objectives such as the efficiency of corporate and business management, the completeness, reliability and timeliness of accounting and management information, compliance with the laws and regulations in force, as well as the protection of corporate assets and corporate integrity, also in order to prevent fraud to the detriment of the Company and the financial markets.

As part of its specific duties and responsibilities regarding the operation of the internal control system, the Board of Directors:

- has set up the Control, Risks and Sustainability Committee;
- has set up a Supervisory Body for monitoring the operation of the 231 Model;
- has appointed a Chief Executive Officer, who is responsible for supervising the operation of the internal control and risk management system;
- has appointed a Head of the Internal Audit Function;
- in accordance with the recommendations of the Code and the principles of governance of international best practice for listed companies, has approved the following documents:
    - the Procedure for Related Party Transactions;
    - the Procedure for handling Inside Information;
    - the Procedure for the fulfilment of the disclosure obligations set forth in art. 150, paragraph 1 of the Consolidated Law on Finance;
    - the Internal Dealing procedure;
    - the Code of Ethics of the PLC Group;
    - the Group Anti-corruption Policy;
    - the 231 Model consisting of: (i) General Part and (ii) Special Part.

In this regard, it should be noted that, pursuant to art. 114, paragraph 2, of the Consolidated Law on Finance, the Issuer notifies its subsidiaries of: (i) the Procedure for handling Inside Information; and (ii) the Procedure for the fulfilment of the disclosure obligations set forth in art. 150, paragraph 1 of the Consolidated Law on Finance.

In order to identify and monitor the main risks relating to the Issuer and its subsidiaries, in line with the strategies and objectives of sound and correct management set, the Issuer has adopted an approach to the management of corporate risks based on reducing the possibility of negative events occurring.

In particular, the objectives attributed to the Group's internal control system can be summarised as follows:

- ensuring the effective and efficient performance of company activities;

- guaranteeing the reliability, adequacy and correctness of the accounting records, as well as the safeguarding of the company's assets;
- ensuring compliance with current legislation and with the Group's internal regulations and procedures.

The elements that form the basis of the internal control system adopted by the Company, which is subject to continuous monitoring and updating, are as follows:

- separation of roles and functions in carrying out the operations considered more delicate in terms of the interests involved (segregation of functions);
- traceability of operations;
- control documentation (through the drafting of minutes/reports/mail/subscription etc.);
- management of decision-making processes based on criteria that are as objective as possible.

This system is implemented through policies, procedures, organisational structures and controls implemented by the Group companies on the most significant business processes in terms of risk.

The types of control implemented are divided into:

- automatic or manual line controls, both preventive with respect to the single transaction, and of the subsequent type;
- management controls carried out on the performance of companies and individual processes with respect to forecasts.

It should be noted that the Issuer and the entire Group, during the Financial Year, finalised the implementation of a new management system (so called "**ERP**") which has the further objective of strengthening, standardising minimum levels of control and making the Group's internal control and risk management system even more effective and efficient, with a view to continuous improvement.

In general, the Board is responsible for the management of the Issuer's internal control and risk management system, defines its guidelines, periodically assesses, at least annually, its adequacy, efficacy and effective functioning, making use, in exercising these functions, of the support of the Control, Risks and Sustainability Committee, of the Director in charge of supervising the operation of the internal control and risk management system, of the Head of the Internal Audit Function and the Head of the Organisation Function.

The assessment process starts from the results of the control activities entrusted to the Head of the Internal Audit Function, who reports regularly to the Control, Risks and Sustainability Committee which, in turn, also on the basis of the elements observed directly, informs the Board every six months with a specific report on the adequacy and effectiveness of the internal control system, formulating, where deemed appropriate, its previously shared recommendations also with the Director in charge of supervising the operation of the internal control and risk management system, also taking into account what may be highlighted by the Supervisory Body, Internal Audit, the independent auditors and the Board of Statutory Auditors in their respective periodic reports and/or in any joint meetings, periodically convened.

During the Financial Year, the Board of Directors issued a positive assessment of the adequacy, effectiveness and effective functioning of the internal control system. During the Financial Year and also after 31 December 2022, the control bodies such as the Control, Risks and Sustainability Committee, the Board of Statutory Auditors, the Internal Audit, the Supervisory Body, the independent auditors (EY S.p.A.), the Director in charge of the internal control system, the Manager in charge of Financial Reporting met several times in order to exchange information relating to the internal control system for which they are responsible. In this regard, the Internal Audit and the Supervisory Body prepared their own periodic reports and, after their examination, also with the direct participation of those directly involved, the Control, Risks and Sustainability Committee prepared and brought to the attention of the entire Board of Directors its own periodic report.

It is specified that the management and control system inherent to the risks relating to the financial reporting process, last updated on 26 January 2022, is an integral part, and is part of the broader internal control system of the Company and of the Group.

The internal control system for financial reporting is a set of activities designed to identify and evaluate actions and/or events that could compromise the soundness, accuracy, reliability and timeliness of financial information in the event of an occurrence.

The internal control system relating to the process of preparing financial information adopted by the Company is designed to ensure that the administrative and accounting procedures prepared guarantee, with "reasonable certainty", the effectiveness and efficiency of operating activities, the reliability of financial statements information, compliance with the laws and regulations in force and with the accounting standards of reference.

For the analysis of controls on financial reporting, reference was made to the model provided for by the CoSo Report Framework, which allows synergies to be exploited with the activities carried out as part of the analysis of the control system for the purposes of Italian Legislative Decree no. 231/2001 or with the activities carried out by the Internal Audit Function.

A brief description of the main features of said risk management and internal control system in relation to the financial reporting process is provided below.

Operational phases

The financial reporting control system is divided into the following operational phases:

- analysis of the control environment;
- risk assessment activity aimed at identifying and assessing the areas of risk in which events could occur that could compromise the achievement of the reliability of financial reporting. This activity - which considers both quantitative/dimensional aspects and qualitative aspects (specific, potential or past risk, linked to the activities carried out) - identifies the "relevant" Group companies and company processes;
- analysis of the control system, both at company and process level, both in terms of design and operation;

- the assessment of deficiencies in the control system for financial reporting and corrective actions. If deficiencies/anomalies in the financial reporting control system emerge from the verification of the operation of the controls, the Manager in charge of Financial Reporting (**i**) identifies and assesses the deficiencies found and (**ii**) coordinates the corrective actions to be taken for their closure.

Role and functions involved

The financial reporting control system is managed by the Manager in charge of Financial Reporting and involves, in various guises, the following corporate functions and roles:

- the heads of the various functions, who, in relation to their area of competence, ensure the completeness and reliability of the information flows to the Manager in charge of Financial Reporting for the purposes of preparing the financial and accounting information;
- the administrative bodies of the subsidiaries.

The Manager in charge of Financial Reporting also interacts with the corporate bodies and precisely with the Board, the Control, Risks and Sustainability Committee, the Board of Statutory Auditors, the Supervisory Body and the Head of the Internal Audit Function, as well as with the independent auditors.

The Manager in charge of Financial Reporting reports to the Control and Risks Committee, the Board and the Board of Statutory Auditors every six months regarding the adequacy and operation of the administrative and accounting system.

Based on the checks mentioned, no risks or situations emerged that were not already subject to monitoring by the Company.

The Manager in charge of Financial Reporting, together with the Chief Executive Officer, provides the certification required by art. 154-*bis*, paragraph 5, of the Consolidated Law on Finance.

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Having said that, the control system is - in principle - made up of 5 fundamental, interconnected components that are closely integrated with management processes. All five components, listed below, must coexist for the control system to be effective:

monitoring: all activities necessary to periodically evaluate and check the adequacy, operation and effectiveness of internal controls; the monitoring activity is done, among other things, through (i) the process owners in the certification phase, (ii) the Internal Audit Function as part of its activities to verify the adequacy and effectiveness of administrative procedures and accounting and (iii) the statutory auditor;

information & communication: the process is set up to ensure the accurate and timely collection and communication of information; this process provides, among other things, (i) the dissemination of the administrative and accounting procedures and the related training activities by the Company's internal functions, (ii) the sharing of the results of the internal audit activities both with the corporate functions audited and with the Manager in charge of Financial Reporting, the Control, Risks and Sustainability Committee and the Board of Directors, (iii) sharing the results of the activities of the company in charge of the statutory audit regarding the internal control system for financial reporting and the accounting system;

control activities: all practices and control procedures established to define the reduction of risks to a sustainable level, ensuring the achievement of company objectives;

risk assessment: the process aimed at ensuring the identification, analysis and management of business risks;

control environment: the environment in which individuals operate according to the culture of control dominant in the company organisation.

The objectives of these control activities must clearly be developed, implemented and effectively applied to the entire company organisation, in its various processes.

The Company has prepared a whistleblowing procedure for its employees and third parties. Whistleblowing is the reporting system with which anyone who wishes can contribute to the reporting of risks and/or situations potentially harmful to the Company such as fraud, generic risk or a potentially hazardous situation, by sending a specific report to the body responsible for management.

The ultimate goal of whistleblowing is to manage any reports in order to identify any problems that could arise from a significant corporate offence pursuant to Legislative Decree no. 231/2001.

The Company's Supervisory Body is responsible for managing the reports.

The above procedure falls within the scope of the internal control and risk management system tools adopted by the Company to combat corruption, ensure fairness and transparency in the conduct of business and the activities carried out and protect its position and reputation.

Whistleblowing therefore is an additional and important part of the internal control and risk management system.

On 9 March 2021, the Board, having consulted the Control and Risks Committee, the Board of Statutory Auditors and the Director in charge of supervising the operation of the internal control and risk management system, approved the three-yearly Internal Audit Function's plan (2021-2023) and during the Financial Year (and also subsequently) met with the Head of the Internal Audit Function to be updated on the activity carried out in 2022. In 2023, Internal Audit updated the Internal Audit Function's plan for the 2023 financial year, adjusting the originally planned actions also in light of the 2023-2027 Business Plan. After obtaining the opinion of the Control, Risks and Sustainability Committee, the Board of Directors approved the Internal Audit plan relating to 2023 in the meeting of 26 April 2023.

9.1 CHIEF EXECUTIVE OFFICER

As a result of the resignation tendered by Mr. Scoppio on 23 June 2022, the Board appointed as Executive director in charge of supervising the operation of the internal control and risk management system, effective from 1 July 2023 and until the date of the Shareholders' Meeting called to approve the financial statements at 31 December 2023, the Chief Executive Officer, Mr. Diego Percopo.

In accordance with Recommendation 32 of the Code, the Chief Executive Officer is in charge of supervising the operation of the internal control and risk management system, participates in the meetings and activities of the Control, Risks and Sustainability Committee and also constantly reports to the Head of the Internal Audit Function. In this role and context, pursuant to art. 6, Recommendation 34 of the Code:

a. takes care in identifying the main business risks, taking into account the characteristics of the activities carried out by the Company and its subsidiaries, and periodically submits them to the management body for examination;
b. implements the guidelines defined by the Board, taking care of the planning, implementation and management of the internal control and risk management system, as well as taking care of its adaptation to the dynamics of operating conditions and the legislative and regulatory landscape;
c. may entrust the Internal Audit Function with carrying out checks on specific operating areas and compliance with internal rules and procedures in the execution of company operations, simultaneously informing the Chairman of the Board, the Chairman of the Control, Risks and Sustainability Committee and the Chairman of the Board of Statutory Auditors;
d. promptly reports to the Control, Risks and Sustainability Committee regarding problems and critical issues that emerged in the performance of its business or of which it has in any case been informed so that the Committee can take the appropriate initiatives.

The Director in charge of the internal control and risk management system also participated, as a guest, in the meetings of the Control, Risks and Sustainability Committee, also taking part in discussions between the various control bodies such as: the Committee itself, the Internal Audit Function, the Board of Statutory Auditors, the Supervisory Body, the independent auditors, EY S.p.A.

9.2 CONTROL AND RISKS COMMITTEE

On 30 April 2021, the Board established a Control, Risks and Sustainability Committee, made up of the following non-executive directors and in possession of the independence requirements pursuant to the Consolidated Law on Finance and the Code: Mr. Graziano Gianmichele Visentin (Chairman), Ms. Claudia Crivelli and Ms. Marina D'Artibale.

Composition and operation of the Control, Risks and Sustainability Committee (pursuant to art. 123-*bis*, paragraph 2, letter d), TUF)

During the Financial Year, the Committee met 6 times to carry out evaluations and proposals, among other things, with regard to: (i) the corporate reorganisation; (ii) the accounting standards used to prepare the Company's financial statements; (iii) the meeting with the independent auditors; (iv) the opinion on the updating of the Organisation, Management and Control Model pursuant to Legislative Decree no. 231/2001 (general part and special part); (v) the review of the Internal Audit report for the 2021 financial year and the first half of 2022, as well as the 2022 Internal Audit Plan; (vi) the review of the Supervisory Body's report for the second half of 2021 and the first half of 2022; (vii) the opinion on the adoption of the Policy for managing dialogue with the entirety of the shareholders; (viii) the meeting with the Internal Audit Function and the Supervisory Body; (ix) the annual report of the Control and Risks Committee for 2021; (x) the updates regarding the Half-Yearly Financial Report at 30 June 2022 and the statutory audit activity; (xi) the Report of the Control, Risks and Sustainability Committee relating to the first half of 2022; (xii) the opinion regarding the adoption and/or updating of certain corporate procedures; (xiii) the Sustainability Report relating to the 2021 financial year.

The meetings of the Control, Risks and Sustainability Committee; are coordinated by the Chairman, are regularly minuted and the Chairman gives a statement at the next meeting of the Board of Directors.

The average duration of the Control, Risks and Sustainability Committee meetings for the Financial Year was 58.33 minutes.

The number of meetings for the current year is 3, held respectively on 15 February, 20 and 26 April 2023. Participation in Committee meetings by third parties usually takes place at the invitation of the Committee itself with reference to individual items on the agenda, also informing the Director in charge of the internal control system.

At least one representative of the Board of Statutory Auditors attended the Committee meetings, held during the Financial Year, at the invitation of the Committee.

The Board of Statutory Auditors participated in the above-mentioned Committee meetings with a proposal-making and advisory function, ensuring a constant flow between the two control bodies and, in particular, making its knowledge and experience available to the Committee, thus ultimately enabling the latter to be always and promptly updated (also with regard to regulatory changes).

All members of the Committee have adequate accounting and financial expertise.

Structure of the Control, Risks and Sustainability Committee					
Post held	**Name**	**Non-executive**	**Independence as per Code**	**Independence as per TUF**	**% investment**
P	Graziano Gianmichele Visentin	X	X	X	100
M	Marina D'Artibale	X	X	X	100
M	Claudia Crivelli	X	X	X	100

Functions attributed to the Control, Risks and Sustainability Committee

At the date of this Report, the Committee performs functions and tasks in line with those envisaged by the Code, to which reference is made in this regard:

a. it supports the Board in carrying out the tasks entrusted to the latter by the Code regarding internal control and risk management;

b. after consulting the Manager in charge of Financial Reporting, the statutory auditor and the control body, it assesses the correct use of the accounting standards and, in case of groups, their uniformity for the purpose of drawing up the consolidated financial statements;

c. it evaluates the suitability of periodic, financial and non-financial information, to correctly represent the business model, the strategies of the Company, the impact of its activities and the performances achieved, coordinating with any committee envisaged by Recommendation 1, letter a) of the Code;

d. it examines the content of periodic non-financial information relevant to the internal control and risk management system;

e. it expresses opinions on specific aspects relating to the identification of the main business risks and supports the assessments and decisions of the management body relating to the management of risks deriving from prejudicial facts of which the latter has become aware;

f. it examines the periodic reports and those of particular importance prepared by the Internal Audit Function;

g. it monitors the autonomy, adequacy, effectiveness and efficiency of the Internal Audit Function;

h. it may request that the Internal Audit Function carry out checks on specific operating areas, giving simultaneous communication to the Chairman of the Board of Statutory Auditors;

i. it reports to the management body at least on the occasion of the approval of the yearly and half-yearly financial report, on the activities carried out as well as on the adequacy of the internal control and risk management system.

During the Financial Year, the Committee dealt with the above activities with particular reference to the tasks of internal control, informing the Board of the activities carried out during the period, assessing the adequacy of the Issuer's internal control system, verifying the correct use of accounting standards and their uniformity for the purposes of preparing the consolidated financial statements. During the Financial Year, the Committee also dealt with and was involved in the activities aimed at the preparation and subsequent publication of the sustainability report relating to the 2021 financial year and the reporting of non-financial data for the Financial Year (starting from the update of the materiality analysis).

The Head of the Internal Audit Function, the independent auditors, the Supervisory Body, the Manager in charge of Financial Reporting and the Director in charge of the internal control system also participated in the meetings of the Control, Risks and Sustainability Committee, held during the Financial Year, at the invitation of the Committee.

In carrying out its functions, the Control, Risks and Sustainability Committee has the right to access the corporate information and functions necessary for the performance of its duties and to make use of external consultants.

The Control, Risks and Sustainability Committee does not have specific financial resources available to carry out its duties.

9.3 HEAD OF THE INTERNAL AUDIT FUNCTION

In the meeting of 6 August 2020, the Board of Directors appointed - in compliance with art. 6, Recommendation 33 letter b) of the Code, pursuant to which the Internal Audit Function can be entrusted to a person external to the Issuer, provided that he/she has adequate requisites of professionalism, independence and organisation - Mr. Renato Marro, partner of the Risk Advisory Services of the consulting company BDO Italia S.p.A., with mandate expiry scheduled for 31 December 2023.

The appointment was made on the proposal of the Director in charge of supervising the operation of the internal control and risk management system, subject to the favourable opinion of the Control and Risks Committee and after consulting the Board of Statutory Auditors.

The Board determined the remuneration of the Head of the Internal Audit Function in a manner consistent with company policies, making sure that the resources available to the Internal Audit Function are adequate for the performance of its duties.

The Head of the Company's Internal Audit Function at the date of this Report is not responsible for any operating area and does not hierarchically depend on any area manager.

The Head of the Company's Internal Audit Function has direct access to all information useful for the performance of his assignment, reports on his work to the Control, Risks and Sustainability Committee, to the Board of Statutory Auditors and to the Director in charge of supervising the operation of the internal control and risk management system.

The internal control activity done by the Head of the Internal Audit Function from the date of assignment was carried out in accordance with the mandate received from the Board and through sharing the plan of activities on which the Control and Risks Committee, after consulting the Chief Executive Officer and the Board of Statutory Auditors, issued a positive opinion[11].

In particular, as part of his activity, the Head of the Internal Audit Function:

a) verified, both on an ongoing basis and in relation to specific needs and in compliance with international standards, the operation and suitability of the internal control and risk management system, through an audit plan approved by the Board of Directors, based on a structured process of analysis and order of priority of the main risks;
b) prepared periodic reports containing adequate information on his activities, on the ways in which risk management is conducted as well as on compliance with the plans defined for their containment. The periodic reports contain an assessment of the suitability of the internal control and risk management system;
c) also at the request of the supervisory body, he promptly prepares reports on events of particular significance, or those that could occur up to the date of this Report;
d) he sent the reports referred to in letters b) and c) (where requested) to the chairmen of the Board of Statutory Auditors, the Control, Risks and Sustainability Committee and the Board of Directors, as well as to the Chief Executive Officer, except in cases in which the subject of these reports specifically concern the activities of such persons;
e) he verified, as part of the audit plan, the reliability of information systems including accounting.

At the start of the 2023 financial year, the Head of the Internal Audit Function:

- reported on his work and the results of the activities carried out to the Control, Risks and Sustainability Committee, to the Company's Board of Statutory Auditors, to the Director in charge of supervising the operation of the internal control and risk management system in a joint meeting between the control bodies which was also attended by the Supervisory Body and the independent auditors EY S.p.A.;
- submitted the audit plan for the 2023 financial year, which was approved during the Financial Year.

[11] It should be noted that the three-year plan (2021-2023) prepared by the Head of the Internal Audit Function, Mr. Marro, was presented to the Control and Risks Committee, which issued its positive opinion on it, on 5 March 2021.

9.4 ORGANISATIONAL MODEL PURSUANT TO ITALIAN LEGISLATIVE DECREE NO. 231/2001

The Issuer has adopted its own 231 Model and, during the Financial Year, approved the updating of corporate documents on the administrative liability of entities pursuant to Legislative Decree no. 231/2001.

This update was necessary, on the one hand, in light of the organisational changes that affected the Company after the approval of the last update and, on the other hand, following the introduction of further types of crime within the catalogue of predicate offences referred to in Legislative Decree no. 231/2001, so as to ensure its effectiveness in the face of changes in the company's activities and the risks associated with the offences monitored. The updated Model was approved on 26 January 2022.

The procedures and operating instructions for the control of the offence areas have also been revised.

The 231 Model is made up of the following documents:

(i) Code of Ethics of the PLC Group;

(ii) 231 Model - General Section;

(iii) 231 Model - Special Section.

Within the scope of the current 231 Model, all the categories of offences that are relevant pursuant to Legislative Decree no. 231/2001 have been analysed on the date of delivery of the relevant risk assessment report, such as, for example, the following offences: violation of the cybersecurity perimeter introduced in art. *24-bis* of Legislative Decree no. 231/2001 by Law no. 133 of 18 November 2019; tax offences provided for in art. *25-quinquiesdecies* of Legislative Decree no. 231/2001; offences introduced by Legislative Decree no. 75 of 14 July 2020 ("*Implementation of Directive (EU) 2017/1371 on the fight against fraud to the Union's financial interests by means of criminal law*").

Upon the outcome of this analysis, the following categories of offence deemed relevant for the Company were identified:

- computer crimes and unlawful data processing (art. 24-*bis* of Legislative Decree no. 231/2001);
- organised crime offences (art. 24-*ter* of Legislative Decree no. 231/2001);
- corporate crimes (art. 25-*ter* of Legislative Decree no. 231/2001);
- market abuse crimes (art. 25-*sexies* of Legislative Decree no. 231/2001);
- manslaughter or serious or very serious injuries committed in violation of the rules on the protection of health and safety at work (art. 25-*septies* of Legislative Decree no. 231/2001);
- receiving, laundering and using money, goods or benefits of illegal origin, as well as self-laundering (art. 25-*octies* of Legislative Decree no. 231/2001);
- crimes relating to violation of copyright (art. 25-*novies* of Legislative Decree no. 231/2001);

- inducement not to make statements or to make false statements to the judicial authority (art. 25-*decies* of Legislative Decree no. 231/2001);
- employment of illegally staying third-country nationals (art. 25-*duodecies* of Legislative Decree no. 231/2001);
- racism and xenophobia (art. 25-*terdecies* of Legislative Decree no. 231/2001);
- tax offences (art. 25-*quinquiesdecies* of the Decree);
- transnational crimes (art. 10, Law 146/2006).

On 28 June 2021, the Board appointed the new Supervisory Body, in the persons of Mr. Alfonso Dell'Isola (Chairman), Ms. Silvana Del Monaco and Mr. Fausto Tramontin, who will hold office for three financial years from appointment.

The updating of 231 Model also involved the subsidiaries PLC System S.r.l., PLC Service S.r.l., PLC Service Wind S.r.l. and Schmack Biogas S.r.l. which have each adopted their own organisation and management model, pursuant to Legislative Decree no. 231/01.

The documentation relating to the current 231 Model - General Section - of the Issuer and of the companies as identified above is available on the Company's institutional website, Internal risk management system section.

9.5 INDEPENDENT AUDITORS

The independent auditors of the Company at the date of this Report is EY S.p.A., appointed by the Shareholders' Meeting on 23 June 2015 for a term of 9 years and, therefore, until the date of the Meeting convened to approve the financial statements at 31 December 2023.

In the meeting of 13 July 2022, the Board of Directors, among other things, acknowledged and examined the additional report of the independent auditors and the related observations made by the Board of Statutory Auditors.

9.6 MANAGER IN CHARGE OF FINANCIAL REPORTING AND OTHER COMPANY ROLES AND FUNCTIONS

Given that the Issuer's Articles of Association envisage that the Manager in charge of Financial Reporting be appointed by the Board of Directors, subject to the mandatory opinion of the Board of Statutory Auditors, on 10 June 2021, the Board appointed Ms. Cecilia Mastelli to this position.

Subsequently, on 22 December 2022, due to the resignation submitted by Ms. Cecilia Mastelli on 28 November 2022, effective as of 31 December 2022, the Board appointed Mr. Marco Aulisa as the new Manager in charge of Financial Reporting, effective as of 9 January 2023, until the approval of the financial statements for the year ending 31 December 2023, unless revoked in advance, granting him - in line with what has already been determined for his predecessor - all the necessary powers and related organisational, directive, supervisory and control responsibilities, including the responsibility for maintaining, through constant updating, adequate administrative and accounting procedures for the preparation of the separate financial statements and the consolidated financial statements, which are the responsibility of this Function. It should be noted that, in order to avoid a vacancy in the office in the period between the effective date of Ms. Mastelli's resignation (i.e. 31 December 2022) and the effective date of Mr. Aulisa's employment (i.e. 9 January 2023), the Board also established that the position of Manager in Charge would be held, *ad interim*, during this period, by the Chief Executive Officer, Mr. Diego Percopo.

In accordance with the provisions of the Articles of Association, the Manager in charge of Financial Reporting meets the requisites of integrity required by current legislation for those who carry out administrative and management functions, as well as the requisites of professionalism characterised by specific competence in administrative, accounting and financial matters. The Manager in charge of Financial Reporting has the powers and means necessary to carry out his duties and an annual budget of €15,000.

9.7 COORDINATION BETWEEN THE PARTIES INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

During the Financial Year, coordination between the parties involved in the internal control and risk management system was ensured by the meetings, including informal ones, held between the members of these bodies, as well as by the periodic meetings in which all control bodies took part. Furthermore, after these the Chairman of the Control, Risks and Sustainability Committee and the Chairman of the Board of Statutory Auditors reported to the Board about the results of these meetings and any aspects for improvement that emerged from the discussions held.

The Company provides methods of coordination between the various parties involved in the internal control and risk management system (Board, Director in charge of supervising the operation of the internal control and risk management system, Control, Risks and Sustainability Committee, Board of Statutory Auditors, Supervisory Body, the Head of the Internal Audit Function, the Manager in charge of Financial Reporting, independent auditors and other corporate roles and functions with specific tasks regarding internal control and risk management), in order to maximise the efficiency of the internal control and risk management system and to reduce duplication of activities, as required by the Code.

As PLC's Directors are members of the Control, Risks and Sustainability Committee, and by participating in the Board meetings, they always have constant knowledge of the performance of the corporate activity on the one hand, while, on the other, they constantly inform the Board, during its meetings, of the activities carried out by the Committee.

Moreover:

(a) the Head of the Internal Audit Function participates in the Control, Risks and Sustainability Committee meetings;

(b) the Board of Statutory Auditors routinely participates in the Control, Risks and Sustainability Committee meetings;

(c) the Head of the Internal Audit Function sends the Audit Reports relating to the audits directly to the interested parties within the Company and reports on the outcome of the audits and the follow-ups carried out to the relevant control bodies, including the Control, Risks and Sustainability Committee.

The coordination between the subjects listed above is carried out through continuous discussion also in specific, periodic meetings, in which the individuals report on the activity carried out in the single reference period.

10. DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES

On 28 June 2021, the Board updated the "*Procedure for Related Party Transactions*", which entered into force on 1 July 2021, in compliance with the requirements laid down by the applicable laws and regulations.

The RPT Procedure - also taking into account the current composition of the internal board committees - provides that the RPT Committee (as defined in the aforementioned RPT Procedure), independently of the value of the transaction with related parties, must consist of three independent directors who are not related.

The RPT Procedure, which implements the definitions, principles and guidelines contained in the Consob Regulations on Related Party Transactions is available on the institutional website and includes, among other things:

i. the establishment of a register by the Company, in which the related parties of the Group are included;

ii. the distinction between:

- **a)** transactions of greater relevance, or those in which at least one of the "relevance indices" envisaged (value relevance index, asset relevance index and liability relevance index), is greater than the 5% threshold;
- **b)** transactions of small amounts, or those in which the relevance indices referred to in the previous letter a), applicable according to the specific transaction, are below the threshold: (i) equal to €80,000.00 in the case of contracts concluded with Related Parties who are physical persons; (ii) equal to €160,000.00 in the case of contracts concluded with Related Parties who are legal entities;
- **c)** transactions of lesser relevance, or by exclusion those other than the previous ones;
- **d)** transactions of greater relevance following the accumulation of transactions;

iii. the regulation, both of the composition and of the operation of the Related Parties Committee, whose functions were assigned by the Board most recently on 30 April 2021, to the Control, Risks and Sustainability Committee and/or to the Appointments, Remuneration and Stock Option Plans Committee depending on the competence for the subject of the approved transaction and as better illustrated above;

iv. the provision, due to its qualification as a smaller company pursuant to the Consob Related Party Regulation, that the procedure for approving transactions with related parties (which are not the responsibility of the Shareholders' Meeting, for which there are ad hoc provisions, and must not be authorised by it) is the same for both the transactions of greater relevance and for transactions of lesser relevance.

The procedure distinguishes, inter alia:

a) specific procedures for transactions with related parties put in place by the Issuer's subsidiaries;

b) the possibility of adopting framework resolutions relating to a series of homogeneous transactions with certain categories of related parties;

c) exclusion from the application of the procedure in question:

(i) to Shareholders' Meeting resolutions:

- referred to in art. 2389, first paragraph, of the Italian Civil Code, relating to the remuneration due to the members of the Board of Directors and the executive committee if appointed;
- regarding the remuneration of directors vested with particular offices falling within the total amount previously determined by the Shareholders' Meeting pursuant to art. 2389, third paragraph, of the Italian Civil Code;
- concerning the remuneration of the members of the Board of Statutory Auditors pursuant to art. 2402 of the Italian Civil Code;

(ii) to transactions involving a small amount, as defined therein;

(iii) to transactions approved by the Company and addressed to all shareholders on equal terms, including:

- capital increases with option rights, also in the service of convertible bond loans, and free share capital increases provided for in art. 2442 of the Italian Civil Code;
- full or partial demergers strictly speaking, with proportional share allocation criteria; and
- the reduction of the share capital by reimbursement to shareholders provided for in art. 2445 of the Italian Civil Code and purchases of treasury shares pursuant to art. 132 of the Consolidated Law on Finance;

(iv) the share-based compensation plans approved by the shareholders' meeting pursuant to art. 114-*bis* of the Consolidated Law on Finance and the related executive transactions;

(v) to resolutions, other than those indicated above, regarding the remuneration of directors vested with particular offices, as well as other executives with strategic responsibilities, provided that

(i) the Company has adopted a remuneration policy, with the involvement of the Company's Appointments, Remuneration and Stock Option Plans Committee, consisting exclusively of non-executive directors, the majority of whom are independent, approved by the Shareholders' Meeting; (ii) the remuneration awarded is identified in accordance with this policy and quantified based on criteria that do not involve discretionary assessments;

(vi) to ordinary transactions concluded at conditions equivalent to those of the market;

(vii) to transactions carried out with or between subsidiaries, including jointly, as well as transactions with associates, if there are no significant interests of other related parties of the Company in the subsidiaries or associated counterparties to the transaction. The assessment of the significance of the interests will be carried out by the Company from time to time, based on any equity and/or shareholding relations between the subsidiaries or associates and the other related parties of the Company.

In particular, the RPT Committee carries out the tasks assigned to it by the RPT Procedure and, in particular, holds an advisory and proposal-making role for the Board of Directors on RPT matters, also being able to make proposals to the Board of Directors regarding the amendment and/or revision of the RPT Procedure. Furthermore, the RPT Committee is called upon to verify - based on the information received from the Company - the correct application of the RPT Procedure and, in particular, the correct application of the conditions of exemption for transactions of greater relevance, as required by art. 10 of the RPT Procedure.

For the purpose of carrying out its duties, the RPT Committee may request the assistance of the Company's internal functions relevant for this purpose, or request and obtain the information deemed necessary.

The RPT Committee may be assisted, at the Company's expense, by one or more independent experts of its choice, as identified in the RPT Procedure.

To perform its activities, the RPT Committee may be recognised by the Board of Directors an annual budget to be included in the Company's budget, the use of which the RPT Committee will subsequently provide appropriate reporting during the next Board of Directors' meeting after its use. In this case, the expenses for independent expert opinions exceeding the amount established by the Board of Directors must be communicated in advance to the Chief Executive Officer or the Chairman of the Board of Directors.

For further details, please refer to the aforementioned RPT Procedure, available at the following link: procedura-operazioni-con-parti-correlate.pdf (plc-spa.com).

In any case, in accordance with the provisions of art. 2391 of the Italian Civil Code, the directors who have an interest (on their own behalf or on behalf of third parties, even potential or indirect) in the Company's operations, promptly and fully inform the Board about the existence and nature of this interest; communication can be made in any way, even orally, during board meetings, or by sending a written memorandum to the Chairman of the Board of Statutory Auditors.

If the Chief Executive Officers have an interest, they shall refrain from carrying out the transaction in question and refer the matter to the Board.

11. BOARD OF STATUTORY AUDITORS

11.1 Appointment and replacement

With reference to the appointment and replacement of the members of the Board of Statutory Auditors, art. 18 of the Articles of Association provides as follows:

"The Shareholders' Meeting shall appoint the Board of Statutory Auditors, composed of three standing members and two alternate members, who may be re-elected, and shall determine their remuneration. The powers, duties and duration shall be those laid down by law.

The Statutory Auditors must meet the requirements of current legislative and regulatory provisions.

The appointment of Statutory Auditors is carried out on the basis of lists submitted by the Shareholders in accordance with the procedures set out in the following paragraphs, in order to ensure that the minority can appoint one standing Statutory Auditor and one alternate Statutory Auditor, and in compliance with the currently applicable regulations governing gender balance.

The lists, which contain the names, marked with a progressive number, of one or more candidates, indicate whether each candidate is nominated for the office of Standing Auditor or for the office of Alternate Auditor.

The lists shall contain a number of candidates not exceeding the number of members to be elected. Each candidate may appear on only one list under penalty of ineligibility.

Lists with a total number of candidates equal to or greater than three must consist of candidates belonging to both genders so that at least two fifths belong to the less represented gender in the same list, (this number is rounded up to the next higher unit, with the exception of lists consisting of three candidates), or the different percentage required by the current pro tempore legislation, for candidates for the office of standing Auditor as well as the candidates for the office of alternate Auditor.

Lists may be presented by Shareholders who, alone or together with others, own a total number of shares with voting rights representing at least 2.5% (two point five per cent) of the share capital with voting rights in the Ordinary Shareholders' Meeting or, if different, the maximum percentage that may be permitted or referred to by law or regulations.

Each member, the shareholders subscribing to a relevant shareholders' agreement pursuant to art. 122 of Legislative Decree no. 58/1998, the parent company, subsidiaries and companies subject to joint control may not present or contribute to the presentation, even though a third party or trust company, of more than one list, *nor may they vote for different lists, and each candidate may appear on one list only, on pain of ineligibility. Subscriptions and votes expressed in violation of this prohibition shall not be assigned to any list.*

The lists, signed by those who present them, must be deposited at the registered office of the Company at least twenty-five days before the date set for the Shareholders' Meeting on first call and this will be mentioned in the notice of call, without prejudice to any further forms of publicity and without prejudice to further and different terms prescribed by the rules and regulations in force at the time.

Without prejudice to compliance with any further procedural responsibility prescribed by the laws and regulations in force, together with each list, the shareholders must at the same time submit to the company's registered office:

(i) information on the identity of the shareholders who submitted the lists, indicating the total percentage of shareholding held;

(ii) exhaustive information on the professional and personal characteristics of each candidate, the declarations in which the individual candidates accept their nominations and certify, under their own responsibility, that there are no reasons for ineligibility or incompatibility, as well as the existence of the requirements prescribed by current legislation for holding the office of auditor and the list of any administration and control positions held in other companies;

(iii) a declaration by the shareholders other than those who hold, even jointly, a controlling interest or a relative majority, certifying the absence of any relationship as provided for in art. 144-quinquies of Consob Regulation 11971/99 with the latter.

The first two candidates on the list that obtains the highest number of votes and the first candidate on the list that will be second in number of votes and that is not connected, even indirectly, with those who presented or voted for the list that obtained the highest number of votes will be elected as standing auditors.

The first alternate candidate on the list obtaining the highest number of votes and the first alternate candidate on the list obtaining the second highest number of votes pursuant to the preceding paragraph shall be elected as Alternate Auditors.

In the event of a tie between two or more lists, the eldest candidates shall be elected as Statutory Auditors until the number of posts to be filled is reached.

If the composition of the Board of Statutory Auditors is not ensured by the methods indicated above, in its standing members, in compliance with the currently applicable regulations concerning gender balance, the necessary replacements will be made, within the candidates for the office of standing auditor on the list that obtained the highest number of votes, according to the progressive order in which the candidates are listed.

The Chairman of the Board of Statutory Auditors shall be the candidate on the list that received the second highest number of votes, in accordance with the provisions of the preceding paragraphs.

If only one list is proposed or no list is proposed or if only lists are presented by persons who hold, even jointly, a controlling interest or relative majority and/or persons associated with the latter pursuant to the provisions of art. 144-quinquies of Consob Regulation 11971/99, the candidates on the list itself or those voted by the Shareholders' Meeting shall be elected Standing and Alternate Auditors, provided that they obtain a relative majority of the votes cast at the Shareholders' Meeting, without prejudice to compliance with the currently applicable regulations regarding gender balance.

In the event of termination of the office of an Auditor, the alternate auditor belonging to the same list as the auditor to be replaced shall take over.

If the regulatory and/or statutory requirements are no longer met, the Auditor shall cease to hold office.

In the event of the replacement of an Auditor, the alternate auditor belonging to the same list as the outgoing auditor shall take over, or, failing that, in the event of the cessation of the minority auditor, the candidate subsequently placed on the same list to which the outgoing auditor belonged or, alternatively, the first candidate on the minority list that obtained the second highest number of votes.

It is understood that the chairmanship of the Board of Statutory Auditors will remain in the hands of the minority auditor and that the composition of the Board of Statutory Auditors must comply with the currently applicable rules regarding gender balance.

When the Shareholders' Meeting is required to appoint standing and/or alternate auditors to complete the Board of Statutory Auditors, the following procedure shall be followed: if it is necessary to replace auditors elected from the majority list, the appointment shall be made by a relative majority vote without list constraints; if, on the other hand, it is necessary to replace auditors elected from the minority list, the Shareholders' Meeting shall replace them by a relative majority vote, choosing them from among the candidates indicated on the list of which the auditor to be replaced was a member, or on the list of minority shareholders that received the second highest number of votes.

If the application of these procedures does not allow, for any reason, the replacement of the auditors appointed by the minority, the Shareholders' Meeting shall proceed with a relative majority vote; however, in ascertaining the results of the latter vote, the votes of the shareholders who, according to the communications made pursuant to current regulations, hold, even indirectly or jointly with other shareholders who are parties to a relevant shareholders' agreement pursuant to art. 122 of Legislative Decree no. 58/1998, the relative majority of the votes that can be exercised at the Shareholders' Meeting, as well as of the shareholders who control, are controlled or are subject to joint control by the same or by the shareholders in a relationship whereby there is a significant influence with the shareholders who hold, even jointly, a controlling or relative majority shareholding pursuant to art. 144-quinquies of Consob Regulation 11971/99, shall not be included.

The replacement procedures referred to in the preceding paragraphs must in any case ensure compliance with the current rules on gender balance.

The members of the Board of Statutory Auditors attend the Shareholders' Meetings and the meetings of the Board of Directors and the Executive Committee, where established.

The Board of Statutory Auditors must meet at least every ninety days.

Meetings of the Board of Statutory Auditors may also be held by audio or video conference, provided that all participants can be identified and are allowed to follow the discussion and take part in real time in the discussion of the issues addressed. If these requirements are met, the Board of Statutory Auditors is considered to be held at the registered office, where at least one auditor must be present. The subjects strictly related to the activity of the company are: financial market law, commercial law, architecture, engineering.".

In addition to the provisions of the Consolidated Law on Finance applicable from time to time, the Issuer is not subject to the application of further rules.

11.2 Composition and operation of the Board of Statutory Auditors (pursuant to art. 123-*bis*, paragraph 2, letter d) and d-*bis*), TUF)

The ordinary Shareholders' Meeting of the Company, on 30 April 2021, unanimously appointed as members of the Company's Board of Statutory Auditors, who will remain in office for three years and, therefore, until the date of approval of the financial statements at 31 December 2023, the candidates proposed on the only list filed at the registered office presented by the shareholder Fraes S.r.l., owner of 73.53% of the Company's share capital.

The quorum required for the submission of lists on the occasion of the last appointment was 2.5%, as established by Consob resolution no. 44 of 29 January 2021.

The Board of Statutory Auditors met 12 times during the Financial Year.

The average duration of the Board of Statutory Auditors' meetings for the Financial Year was 95 minutes.

At the time of their appointment, the Shareholders' Meeting verified that the Statutory Auditors met all the requirements laid down by current legislation for taking office and the Board of Statutory Auditors in office at the date of this Report annually assessed the continued independence of its members, also in the light of all the criteria set out in the Code for Directors.

The assessment of the continuity of the independence requirements was lastly carried out, with a positive outcome, by the Board of Statutory Auditors at the meeting of 20 April 2023, and this was duly highlighted in the meeting of the Board of Directors on 28 April 2023.

Taking into account the size of the Company and the activities it carries out, the composition of the Board is adequate to ensure the independence and professionalism of its function, due to the high standing of its members in terms of previous action, professional experience and appropriate knowledge of the Issuer's sector of operations.

It should be noted that, as a result of the entry into force of Legislative Decree no. 39 of 27 January 2010, the Board of Statutory Auditors is vested with the following functions:

- examines the work plan prepared by the Head of the Internal Audit Function as well as the periodic reports prepared by him;
- evaluates the proposals made by the independent auditors to obtain assignment of the relevant engagement, as well as the work plan prepared for the audit and the results set out in the report and in any letter of suggestions;
- supervises the effectiveness of the audit process.

The Issuer believes that the current remuneration of the Statutory Auditors is commensurate with the commitment required as well as with the sector and size characteristics of the company.

The Issuer's Board of Statutory Auditors adheres to art. 6, Recommendation 37 of the Code so the Auditor who, on his/her own behalf or on behalf of third parties, has an interest in a specific transaction by the Issuer must promptly and comprehensively inform the other Auditors and the Chairman of the Board about the nature, terms, origin and extent of his interest.

During the Financial Year, the Board of Statutory Auditors monitored the independence of the independent auditors, verifying both compliance with the relevant legal provisions and the nature and extent of non-auditing services provided to the Issuer and its subsidiaries by the independent auditors themselves and by entities belonging to their network.

During the Financial Year, the Board of Statutory Auditors coordinated with the Company's Control, Risks and Sustainability Committee, planning in most cases joint meetings through the participation of the Chairman and/or at least one of its members in the meetings of the Control, Risks and Sustainability Committee.

The Board of Statutory Auditors has regularly coordinated both with the Internal Audit Function and with the Company's Supervisory Body.

At the date of this Report, the composition of the Company's Board of Statutory Auditors is as follows:

Post held	Member	Year of birth	Date of first appointment	In office from	In office until	List	Independence as per Code	Attendance to meetings of the Board	Number of other positions
Chairman	Massimo Invernizzi	1960	23 June 2015	30 April 2021	Approval of the 2023 Financial Statements	M	X	15/15	25
Standing Auditor	Claudio Sottoriva	1973	23 June 2015	27 June 2018	Approval of the 2023 Financial Statements	M	X	15/15	18
Standing Auditor	Maria Francesca Talamonti	1978	27 June 2018	27 June 2018	Approval of the 2023 Financial Statements	M	X	14/15	20
Alternate Auditor	Giovanni Pinna	1966	23 June 2015	27 June 2018	Approval of the 2023 Financial Statements	M	X	0	9
Alternate Auditor	Francesca Michela Maurelli	1971	27 June 2018	27 June 2018	Approval of the 2023 Financial Statements	M	X	0	4

In accordance with art. 2, Recommendation 8 of the Code, one third of the control body, where autonomous, is made up of members of the least represented gender. The Company has not applied other diversity criteria or adopted specific policies on diversity in relation to the composition of the administration and control bodies.

With regard to the induction programmes dedicated to the Board of Statutory Auditors, it is reiterated that the training session already indicated in Section 4.5 of this Report was also attended by the Board of Statutory Auditors.

Information is provided below on the personal and professional characteristics of each member of the Board of Statutory Auditors at the closing date of the 2022 Financial Year.

Massimo Invernizzi

Born in Milan in 1960.

He holds a degree in Business Economics from Bocconi University.

He is registered in the Register of Chartered Accountants of Milan and in the Register of Auditors.

He is a consultant to the Judge at the Court of Milan.

He advises on economic and business management matters, corporate finance, securities markets and corporate governance, company valuation and business lines for M&A transactions, contributions, transformations, disposals, share exchange valuations, valuation of tangible and intangible assets; court-appointed expert witness and party expert witness during arbitration and judicial proceedings; he is the judicial liquidator for the Court of Milan.

He is Extraordinary Commissioner for the Ministry of Economic Development.

He is a member of the Board of Directors and the Board of Statutory Auditors of joint stock companies operating in the industrial, financial and services sectors.

Claudio Sottoriva

Born in Ala (TN) in 1973.

He graduated with honours in Economics and Commerce at the Cattolica del Sacro Cuore University of Milan in 1997.

He is qualified to practice as a Chartered Accountant.

He holds a PhD in Business Economics from the Faculty of Economics of the University of Pavia.

He is registered in the Register of Chartered Accountants of Milan and in the Register of Auditors.

He is an adjunct professor of Methodologies and quantitative business decisions at the Faculty of Economics of the Cattolica del Sacro Cuore University of Milan; he carries out numerous academic and scientific research activities.

He is a member of the Italian Academy of Business Economics (AIDEA), the European Accounting Association (EAA) and the European Corporate Governance Institute (ECGI). He is registered with NedCommunity, the Italian association of non-executive and independent directors, members of the corporate governance and control bodies.

He is a member of the working group on international accounting standards of the Italian Accounting Body (OIC) and a member of the Italian Association for Financial Analysis (AIAF).

He is a member of the Master Corporate Governance Faculty of the Cattolica del Sacro Cuore University of Milan.

Specialisation in the various areas of financial statements and in company valuations in the context of extraordinary transactions.

He is registered in the Register of Technical Consultants of the Court of Milan and in the Register of Criminal Consultants of the Court of Milan.

Maria Francesca Talamonti

Born in Rome in 1978.

She graduated in Business Economics from LUISS Guido Carli University in Rome in 2002 and obtained a PhD in Business Economics from Roma Tre University in 2014.

She has been registered with the Rome Institute of Chartered Accountants since 2006 and with the Register of Auditors since 2007. She carries out, as a freelance professional, consulting activities in business, accounting, corporate and financial matters. In particular: valuation of companies, shareholdings and business units, preparation of recovery plans and certificates pursuant to art. 67, paragraph 3, letter d), art. 182-*bis* and art. 161 of the Bankruptcy Law, preparation of business plans, opinions and technical advice on accounting and corporate matters.

She is a member of the administrative and control bodies of listed and unlisted companies.

Giovanni Pinna

Born in Cagliari in 1966.

He graduated in Economics and Commerce in 1991 from the University of Cagliari.

He is registered with the Order of Chartered Accountants of Cagliari at no. 1247 A.

He has been a court-appointed expert witness for the Court of Cagliari since 1996.

He is a registered auditor.

He carries out his activities primarily in small and medium enterprises operating in national and international markets. The important collaborations developed also with leading practices have made it possible to improve particular experience in the areas of business consulting and business development strategy and in analysis, business evaluation, and related to extraordinary transactions and the restructuring of ownership structures.

Francesca Michela Maurelli

Born in Rome in 1971.

She graduated in Economics and Commerce at the La Sapienza University of Rome in 1994, specialising in economics and business.

Since 1999 she has been enrolled in the Register of Chartered Accountants of Rome (no. AA6936) and in the Register of Auditors (no. 105863).

She has been a technical consultant for the Civil Court of Rome and the Criminal Court of Rome since 2004.

She advises on strategic, organisational and financial aspects for private and public companies, with particular reference to the corporate and financial aspects of ordinary and extraordinary transactions (i.e. transformations, mergers, demergers, contributions, share capital increases) and restructuring plans both in and out of court. She also carries out court-appointed expert witness and party expert witness activities during the course of both criminal and civil proceedings.

She is a member of the administrative and control bodies of listed and unlisted companies.

Furthermore, below is a list of the other offices of director and statutory auditor held by the statutory auditors in office in other companies listed on regulated markets, including foreign ones, in financial, banking, insurance or large companies:

Member	List of offices
Massimo Invernizzi	1. Chairman of the Board of Statutory Auditors of Cinemeccanica S.p.A. 2. Chairman of the Board of Statutory Auditors of Servizi Energia Italia S.p.A. 3. Chairman of the Board of Statutory Auditors of Greenture S.p.A. 4. Chairman of the Board of Statutory Auditors of Cubogas S.r.l. 5. Chairman of the Board of Statutory Auditors of IES Biogas S.r.l. 6. Chairman of the Board of Auditors of the Javotte Bocconi Institute 7. Standing Auditor of Charme Capital Partners SGR S.p.A. 8. Standing Auditor of Cogentech S.r.l. 9. Standing Auditor of Orefici Finance S.p.A. 10. Standing Auditor of Rosfin S.p.A. 11. Sole Auditor of Bioenerys S.r.l. 12. Sole Auditor of Renerwaste S.r.l. 13. Sole Auditor of Renerwaste Lodi S.r.l. 14. Sole Auditor of Ecoprogetto Tortona S.r.l. 15. Sole Auditor of Ecoprogetto Milano S.r.l. 16. Sole Auditor of Agriwatt Castel Goffredo Società Agricola a r.l. 17. Sole Auditor of Emiliana Agroenergia Società Agricola S.r.l. 18. Sole Auditor of Società Agricola Carignano Biogas S.r.l. 19. SAE Italia S.r.l. International College 20. Iada S.r.l. Institute of Applied Art and Design 21. Director of Itaca Comunicazione S.r.l.

	22. Director of Sportmaster Consulting S.r.l. 23. Liquidator of Immobiliare Pietra S.r.l. in liquidation 24. Liquidator of Pomposi S.r.l. in liquidation subject to composition with creditors 25. Special Commissioner of Sipro Sicurezza Professionale S.r.l. in receivership
Claudio Sottoriva	1. Chairman of the Board of Statutory Auditors of Sella Personal Credit S.p.A. 2. Chairman of the Board of Statutory Auditors of Sella Leasing S.p.A. 3. Chairman of the Board of Statutory Auditors of Smartika S.p.A. 4. Chairman of the Board of Statutory Auditors of TOT S.p.A. 5. Chairman of the Board of Auditors of Fondazione Luigi Clerici 6. Standing Auditor of Banca Sella S.p.A. 7. Standing Auditor of IPG Photonics Italia S.r.l. 8. Standing Auditor of Nephis S.r.l. 9. Standing Auditor of Alkeemia S.p.A. 10. Alternate Auditor of Michelin Italia S.p.A. 11. Director of C.P.S. Consulenti S.r.l. società tra professionisti (company of professionals) 12. Single-member control body of the Casa di riposo per musicisti - Fondazione Giuseppe Verdi - ETS 13. Sole Auditor of Fondazione Casa dei Musicisti 14. Member of the Supervisory Body of the Fondazione Don Carlo Gnocchi (non-profit organisation) 15. Chairman of the Supervisory Body of Trentino Trasporti S.p.A. 16. Sole Director of Immobiliare Cinca S.r.l. 17. Sole Director of Immobiliare Delvin S.r.l. 18. Sole Director of Savona 50 S.r.l.
Maria Francesca Talamonti	1. Standing Auditor of Armonia SGR SpA. 2. Standing Auditor of Bettercity S.p.A. 3. Standing Auditor of Bluwater S.p.A. 4. Standing Auditor of Carige Reoco S.p.A. 5. Standing Auditor of D-Share SpA. 6. Standing Auditor of DigiTouch S.p.A. 7. Standing Auditor of iQera S.p.A. 8. Standing Auditor of Magicland S.p.A. 9. Standing Auditor of PS Parchi S.p.A.

	10. Standing Auditor of Raffineria di Gela S.p.A. 11. Standing Auditor of Raffineria di Milazzo S.c.p.A. 12. Standing Auditor of Sirti Digital Solutions S.p.A. 13. Standing Auditor of Siti Telco Infrastructures S.p.A. 14. Member of the Board of Auditors of the UITS – Italian Shooting Sports Union 15. Sole Director of Cosmo Spv S.r.l. 16. Sole Director of Vette SPV S.r.l. 17. Sole Director of Bramito SPV S.r.l. 18. Sole Director of Convento SPV S.r.l. 19. Sole Director of Ponente SPV S.r.l. 20. Sole Director of New Levante SPV S.r.l.
Giovanni Pinna	1. Standing Auditor of Iconium S.p.A. 2. Chairman of the Auditors of Fondo Pensioni Teatro alla Scala of Milan 3. Sole Auditor of Finma S.r.l. 4. Standing Auditor of Ifras S.p.A. 5. Director of Gest.Por.Tur S.r.l. 6. Chairman of the Board of Statutory Auditors of Alis Cargo Airlines S.p.A. 7. Sole Auditor of Geoparco S.c.a.r.l. 8. Standing Auditor of ILTA Alimentari S.p.A. 9. Chairman of the Board of Statutory Auditors of Sestile S.p.A.
Francesca Michela Maurelli	1. Chairwoman of the Board of Statutory Auditors of Autogrill S.p.A. 2. Standing Auditor of Crédit Agricole Italia S.p.A 3. Standing Auditor of Crédit Agricole Leasing S.r.l 4. Non-executive director of Oxy Capital Italia S.r.l.

12. RELATIONS WITH SHAREHOLDERS

The Issuer has set up a special section within its website in which the information concerning the Issuer that is relevant to its shareholders is made available to interested parties, so as to allow said shareholders to consciously exercise their rights.

At the date of this Report, the Issuer has identified Mr. Marco Aulisa as the person responsible for managing relations with shareholders (Investor Relations).

In compliance with art. 1, Recommendation 3 of the Code, the Board of Directors, on the proposal of the Chairman, formulated in agreement with the Chief Executive Officer, adopted on 26 January 2022 the *"Policy* *for managing dialogue with the entirety of shareholders*" (the "**Dialogue Policy**"), also taking into account the engagement policies adopted by institutional investors and asset managers.

The Issuer has always endeavoured to make access to the information of relevance to its shareholders timely and easy, highlighting its publication on the home page of its institutional website.

The Dialogue Policy is an integral part of the set of documents that make up the Company's internal control system and is published on the Company's website (http://www.plc-spa.com/it) in the "Investor relations/Corporate Governance/Dialogue with Shareholders" section, to which reference should be made for more details.

13. SHAREHOLDERS' MEETINGS

During the Financial Year, only one Shareholders' Meeting was held, on 27 April 2022 (behind closed doors, by means of attendance at the meeting exclusively through the appointed representative and pursuant to art. 106 of Decree Law no. 18 of 17 March 2020 *"Measures to strengthen the national health service and economic support for families, workers and businesses connected to the epidemiological emergency stemming from COVID-19"*, as subsequently amended and supplemented), the minutes of which have been duly published on the Company's website and to which all the members of the Board in office and all the members of the Board of Statutory Auditors in office took part in the prescribed forms.

With reference to the Financial Year, no shareholder has made proposals on topics not already covered by the Board of Directors, in the specific illustrative report, drawn up in accordance with the law, for the benefit of the Shareholders' Meeting.

The texts of the Articles of Association governing the mechanisms for the functioning of the Shareholders' Meeting, its main powers, the rights of shareholders and the manner in which they are exercised are shown below:

"Article 8 - Convening

The Shareholders' Meeting, legally convened and validly constituted, represents all shareholders and its resolutions, taken in accordance with the law and these Articles of Association, oblige all shareholders, even if absent or dissenting.

The Shareholders' Meeting is convened by the current Board of Directors by means of a notice, containing the information required by current legislation, to be published within the terms of the law:

- on the Company's website;

- with the other methods provided for by the rules and regulations in force at the time.

The Shareholders' Meeting may also take place outside the municipality in which the registered office is located, provided that it is in Italy or, if abroad, in another member state of the European Union.

The same call notice may indicate the date for the second and, in the case of an Extraordinary Shareholders' Meeting, the third call, if the portion of the share capital required to pass resolutions is not present at the previous meetings. In the absence of such an indication, the Shareholders' Meeting on second and/or third call must be reconvened in the manner and within the time limits required by law.

The Board of Directors may decide, if it deems it appropriate, that the Ordinary and Extraordinary Shareholders' Meetings be held following a single call. In the case of a single call, the majorities required by law shall apply.

The Shareholders' Meeting is Ordinary and Extraordinary and resolves on matters reserved to it by law or by the Articles of Association.

The Ordinary Shareholders' Meeting must be convened at least once a year within 120 days of the end of the financial year or, if the company is required to prepare consolidated financial statements or if particular requirements relating to the structure and purpose of the company so require, within 180 days of the end of the financial year.

In the report provided for under art. 2428 of the Italian Civil Code the reasons for this postponement are outlined by the Directors.

As an exception to the provisions of art. 104, paragraph 1, of Italian Legislative Decree no. 58 of 24 February 1998, in the event that the Company's securities are the subject of a take-over and/or exchange offer, the authorisation of the shareholders' meeting is not required for the performance of acts or transactions that may counteract the achievement of the objectives of the offer, during the period between the communication referred to in art. 102, paragraph 1, of the same Decree and the closure of the offer.

As an exception to the provisions of art. 104, paragraph 1-bis, of Italian Legislative Decree no. 58 of 24 February 1998, the authorisation of the shareholders' meeting is not necessary even for the implementation of any decision taken before the beginning of the period indicated in the previous paragraph which has not yet been implemented in whole or in part, which does not fall within the normal course of the Company's activities and whose implementation may counteract the achievement of the objectives of the offer.

Unless otherwise provided for by the law and the relevant regulatory provisions, the Board of Directors shall convene the Shareholders' Meeting within thirty days of the request when requested by shareholders representing at least five per cent of the share capital.

The request must be sent to the Chairman of the Board of Directors by registered letter and must contain a list of the items to be discussed and an indication of the requesting shareholders, attaching appropriate certification, in accordance with the laws and regulations in force, attesting to the individual shareholdings at the date of sending of the request.

The Shareholders' Meeting may be called by the Board of Statutory Auditors, subject to prior notification to the Chairman of the Board of Directors, if this power is exercised by at least two members of the said Board.

Article 9 - Right to attend and representation

The Shareholders' Meeting may be attended by those who demonstrate they are legitimately entitled to do so in accordance with the procedures provided for by current legislation. Those entitled to attend the meeting may be represented at the meeting in accordance with the law.

The Company may designate one or more persons for each Shareholders' Meeting to whom the entitled persons may grant a proxy, with voting instructions on all or some of the items on the agenda, in accordance with the procedures provided for by the applicable regulations, expressly indicating this in the call notice.

Notification to the Company of the proxy for participation in the Shareholders' Meeting may also be made by sending the document to the e-mail address indicated in the call notice.

Article 10 - Constitution of the meetings and validity of the Resolutions

The constitution of the Ordinary and Extraordinary Shareholders' Meeting and the validity of the resolutions are regulated by law, except for the appointment of the members of the Board of Directors and the Board of Statutory Auditors, to which Articles 12 and 18 of these Articles of Association apply.

The application of the exemption, provided for by current legislation, from the obligation to promote a take-over and/or exchange offer following mergers or demergers will be precluded only if the majority of shareholders who oppose the relative shareholders' meeting resolution - determined on the basis of the applicable legislation - represents at least 7.5% of the share capital with voting rights.

Article 11 - Chairmanship

The Shareholders' Meeting is chaired by the Chairman of the Board of Directors or, in the event of his absence or impediment, by the Deputy Chairman or, in the event of the latter's absence or impediment, by another person designated by the Shareholders' Meeting.

The Chairman is assisted by a Secretary, who may or may not be a shareholder, appointed by the Shareholders' Meeting: the assistance of the Secretary is not necessary when the minutes, in the cases of law or when the Chairman deems it appropriate, are drawn up by a Notary Public.

If he deems it necessary, the Chairman of the Shareholders' Meeting shall appoint two scrutineers from among the auditors or shareholders present.

The minutes signed by the Chairman and the Secretary provide full evidence.

The Chairman of the Shareholders' Meeting, also by means of special appointees, verifies the regularity of the constitution of the meeting, verifies the identity and legitimacy of those present, regulates the conduct of the proceedings, establishing procedures for discussion and voting and verifies the results of voting.

Resolutions are taken by show of hands, unless the Chairman deems the roll call or other forms of voting more appropriate.

The resolutions of the Shareholders' Meeting must be recorded in a special report, drawn up in accordance with art. 2375 of the Italian Civil Code, signed by the Chairman and the Secretary or the Notary".

For matters not illustrated in the Report on shareholders' rights, please refer to the laws and regulations in force and applicable at the time.

It should be noted that the Board has decided not to propose to the shareholders the adoption of regulations for the Shareholders' Meeting, reserving the right to make a periodic assessment of the possible adoption of the same in the future, also taking into account what has emerged from the Shareholders' Meetings already held. In this regard, it should be noted that the Chairman of the Shareholders' Meeting has always ensured, also by virtue of the statutory and legal prerogatives, that the meetings were held in an atmosphere of orderly general participation and strict respect for the rights of the shareholders, but also in mutual respect between the shareholders and with a balanced reconciliation of their rights with the decision-making function.

14. *ADDITIONAL CORPORATE GOVERNANCE PRACTICES* (pursuant to art. 123-*bis*, paragraph 2, letter a), second part, TUF)

With regard to those already indicated in the previous points, and to the adoption of the 231 Model, the Company has not applied any further corporate governance practices beyond the obligations established by legislative and regulatory provisions.

15. CHANGES SINCE THE END OF THE FINANCIAL YEAR OF REFERENCE

Without prejudice to the foregoing, also with reference to the resignation of Ms. Cecilia Mastelli, effective as of 31 December 2002, and the hiring of Mr. Marco Aulisa effective as of 9 January 2023, the effective date of the latter's appointment as Company's Investor Relator and Manager in charge, no further significant changes occurred in the Company's Corporate Governance system from the end of the Financial Year to the date of this Report.

16. CONSIDERATIONS ON THE LETTER OF 25 JANUARY 2023 OF THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE

The recommendations made by the Chairman of the Corporate Governance Committee in the letter of 25 January 2023 were first sent to the directors and Statutory Auditors and subsequently brought to the attention of the Board on 30 January 2023. During the meeting of 16 February 2023, in order to identify possible changes in governance or to fill any gaps in the application or in the explanations provided, the latter expressed some considerations regarding the implementation of the Code by the Company, believing that the administrative body respects the indications of the Code and has adopted adequate practices, in the awareness that, in any case, we must always strive for continuous improvement.

At the Board meeting of 28 April 2023, the Board approved this Report.