Half-yearly financial report at 30 June 2023

PLC S.p.A.
Registered office in Acerra - Via delle Industrie, 100

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

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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.

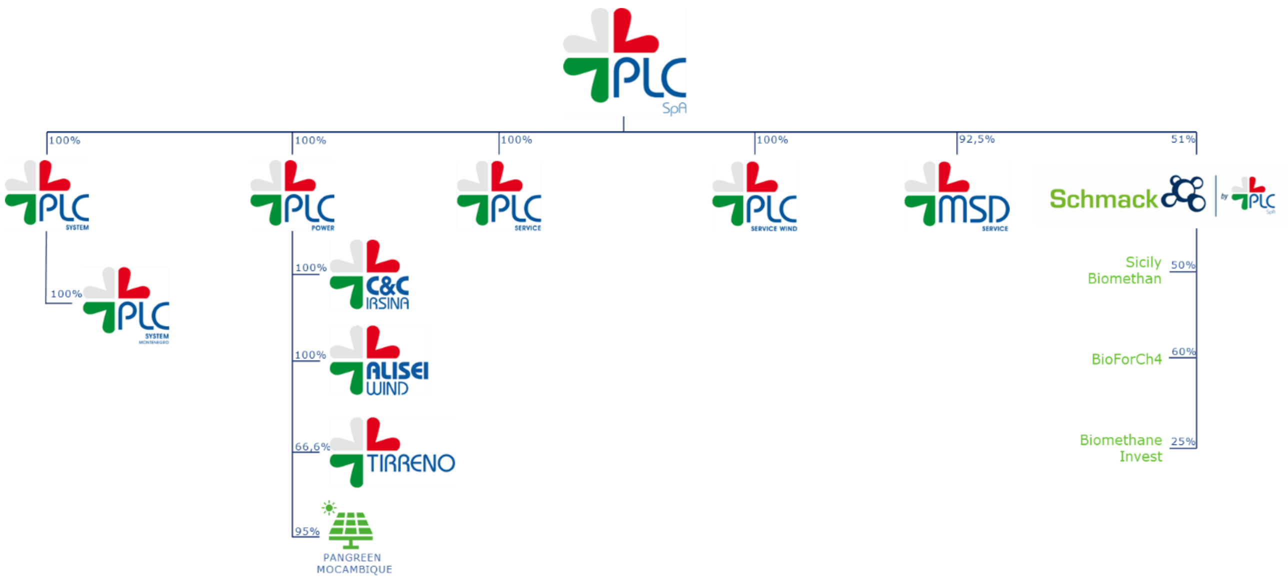
Via Meravigli, 12

20123 Milan

[1] appointed by the Shareholders' Meeting of 30 April 2021
[2] appointed by the Shareholders' Meeting of 30 April 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 by co-option by the Board of Directors on 23 June 2022 and confirmed in office by the Shareholders' Meeting on 31 May 2023

1.2 OWNERSHIP STRUCTURE OF THE PLC GROUP

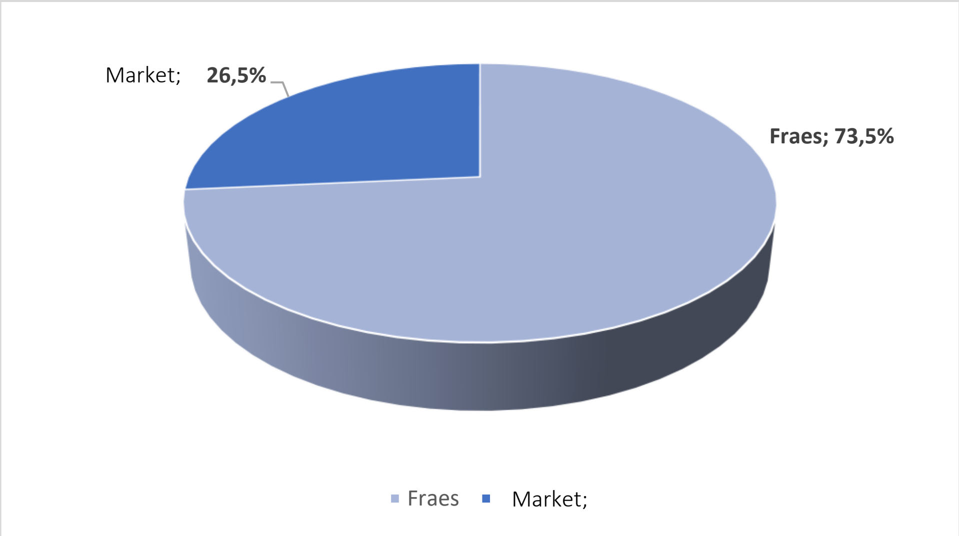


The companies in the Monsson Perimeter (specifically: Monsson Operation LTD, which held the shareholdings in Monsson Operation SRL, Monsson Operation GMBH, Monsson Operation AB; Monsson Operation SRL holds the shareholdings in Wind Power Energy SRL, Monsson Turkey Limited Sirkety, Monsson Energostroy 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 were sold on 05 April 2023.

Idroelettrica 2014 S.r.l. Unipersonale was excluded from the Group's shareholding structure as it was sold on 25 September 2023 and treated in accordance with IFRS 5 "Discontinued Operations" in the Financial Report as at 30 June 2023.

1.3 SHAREHOLDERS

The situation concerning the shareholding of PLC S.p.A. ("**Company**" or "**Parent Company**" or "**Issuer**") at the date of approval of the Half-Yearly Financial Report at 30 June 2023 is as follows[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 ANALYSIS OF THE OPERATING PERFORMANCE AND OUTLOOK

The PLC Group operates in the market for renewable energies, with particular reference to the photovoltaic, wind, biomethane and biogas sectors, as well as that of high and medium voltage electrical infrastructures serving power generation or industrial plants in which it carries out engineering, procurement, construction and testing activities ("Engineering & Construction Segment"), monitoring activities and ordinary and extraordinary maintenance and technological modernisation of electrical infrastructures, wind turbines, wind and photovoltaic parks, biogas and biomethane power plants ("Services Segment") as well as development activities of new plants for the production of energy from renewable sources up to the obtaining of authorisations ("Development Segment").

The market context

The first half of 2023 was characterised by a slightly improving global scenario, although conditioned by the continuing geopolitical crisis generated by the Russia-Ukraine conflict.

After witnessing a gradual recovery of economic growth in the second half of 2022, the significant rise in interest rates because of the inflationary pressure that characterised much of 2022 led to a global economic slowdown affecting both household consumption and corporate investment policies. Moreover, the race to raise interest rates does not seem to be over, as the policies adopted by the ECB and the Fed suggest. On the other hand, growth in market prices of raw materials and electricity declined gradually, although only for some materials, and prices of some components returned to levels close to those before the Russia-Ukraine crisis. However, the macroeconomic scenario still appears uncertain: central banks' concerns about containing inflation through a restrictive monetary policy could generate an excessive economic slowdown that could trigger a recessionary spiral.

Nonetheless, the renewable energy sector confirms itself as a rapidly expanding market as an essential element for achieving the objectives of the energy transition and energy independence of the European bloc. 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.

The latest regulatory developments, including the issuing of implementing decrees in the biogas and biomethane sector and the regulation of the so-called "Solar Belt", have consolidated investors' interest in the renewables sector in Italy, although some critical issues related to the authorisation process remain, with a direct impact on the development time of new initiatives.

The PLC Group

The results of the PLC Group, in the first half of 2023, with operating revenues of Euro 32,410 thousand, positive EBITDA of Euro 718 thousand and an overall loss for the period of Euro 1,827 thousand, highlight the return to positive operating margins, in line with the objectives of the 2023-2027 Business Plan, and the gradual overcoming of the critical issues that had heavily conditioned the results of 2022, confirming the competitiveness and credibility of the PLC Group in the reference markets as well as the exceptional nature of the negative results of the previous year. The focus on organic growth in the domestic market, the sale of Monsson Operation Ltd and its subsidiaries, and the start of activities related to the contracts signed between the end of last year and the first half of 2023, allowed for a return to positive economic operating results, both in the Engineering & Construction Segment and in the Services Segment. The backlog of projects in the portfolio grew further and amounted to approximately Euro 93 million at 30 June. The contracts currently in the portfolio fully cover the expected revenues for 2023 and about 60% of those for 2024.

The half-year figures for the Engineering & Construction Segment were positive again, with a clearly growing volume of business, although still suffering from a lengthening of the closing time for some PLC System S.r.l. orders started in previous years and the delayed start-up of some biomethane projects.

The Services Segment, also in the first half of the current year, confirmed its growth trend in O&M Italy, both in the sector of traditional renewable sources and biogas and biomethane, demonstrating its greater stability compared to external exogenous factors. The strong growth in photovoltaic plant revamping activities should be highlighted, which was also confirmed by the acquisition in early July of two major orders.

The economic result for the period is still negatively affected by the accounting effects of extraordinary transactions, carried out in line with the objectives of the 2023-2027 Business Plan, specifically: - about Euro 387 thousand related to the sale of the Monsson Perimeter (finalised on 5 April 2023), which had its economic effects on this consolidated half-year report up to the date of sale. This result has been presented in accordance with IFRS 5 under the heading "Profit/loss for the period from discontinued operations" and the comparative period has also been restated in accordance with the same accounting standard.

- about Euro 971 thousand relative to the write-down of the asset held by Idroelettrica 2014 S.r.l. Unipersonale (write-down of Euro 580 thousand made to align the book values with the transfer value) and the write-down of previously capitalised development costs of Pangreen Mozambique Ltd. following the no longer applicability of the assumptions that had led to their capitalisation, in view of the prospective sale of the company. For more details regarding the prospective sale of Idroelettrica 2014 Unipersonale S.r.l. and Pangreen Mozambique Ltd, please refer to the paragraph "Significant events occurring after 30 June 2023" below.

The Group's net financial position improved slightly from Euro (2,925) thousand at 31 December 2022 to Euro (2,848) thousand at 30 June 2023, despite the disbursements (and subsequent waivers of credit) made in favour of Monsson in Q1 2023 amounting to about 1,880 thousand.

Business outlook

Also, for the second half of the year, a rather uncertain macroeconomic context is expected, characterised by a high level of interest rates with possible further increases. Nonetheless, considering the strategic nature of the renewable energy sector, the clear market feedback for the PLC Group as well as the positive operating results recorded, the Board of Directors confirmed the closing economic forecast for the financial year 2023 and the previously communicated 2023 guidance.

The reasons that contributed to the negative results of the past financial year 2022 appear to have been largely overcome, and there are currently no critical issues regarding the Group's outlook.

Engineering & Construction Segment

The PLC Group carries out **Engineering, Procurement and Construction (EPC)** activities mainly through PLC System S.r.l., which acts as general contractor in the construction of electricity infrastructures and electricity generation plants from renewable sources, and Schmack Biogas S.r.l., which carries out the same activities in the biogas and biomethane sectors. The PLC Group also deals, through specific SPVs ("Special Purpose Vehicles"), with the construction of "turnkey" plants for the production of electricity from renewable sources, with the aim of selling, through sale of investments in SPVs, its assets to investors, utilities, or Independent Power Producers according to the **Built, Operate and Transfer (BOT)** model.

At 30 June 2023, the backlog of construction activities amounted to approximately Euro 60 million, to be realised by the end of 2024.

The half-year figures for the Engineering & Construction Segment are positive, although they are still affected by a lengthening of the closing time for some PLC System S.r.l. orders started in previous years and related to the construction of some wind farms. However, these orders are well advanced and their residual impact on PLC System's turnover is marginal. On the other hand, the other open orders, mainly related to the construction of substations started in the first half of 2023 (11 contracts for a total value of over Euro 47 million), show positive margins in line with forecasts.

On the other hand, there was a delay in the start of construction activities in the biogas and biomethane sector compared to forecasts, mainly due to the time it took for the market to adopt the new incentive regulations approved in late 2022. The circumscribed nature of the events that affected the first half of the 2023 financial year, together with the favourable market for renewables, nevertheless suggests a gradual full recovery of the Construction Segment.

Development Segment

The PLC Group, through its subsidiary PLC Power S.r.l. and through the aforementioned SPVs, carries out the development activities of new energy production plants from renewable sources, until authorisation is obtained, to be offered to the market according to the BOT Business model, while maintaining in-house both the creation of the Balance of Plant of the plants themselves and the subsequent management and maintenance thanks to multi-year O&M contracts. In this way, without increasing its risk profile, the PLC Group has integrated the typical EPC value chain upstream, directly addressing the end investor market and maximising the value of its skills.

The figures for the half-year period show a negative normalised operating margin of Euro 95 thousand, which, however, is to be considered "ordinary" due to the type of activity carried out, which implies the passage of an authorisation process (which can last several years) during which costs are incurred without revenues being generated. Instead, the latter will be taken over in a lump sum when the titles necessary to start construction of the wind and photovoltaic plants are sold once all final authorisations have been obtained. It is expected that the activities implemented during the financial year 2023 and earlier will produce the expected results during 2024.

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

- two 46 MW wind power plants in the Basilicata region;
- a 15 MWp photovoltaic plant in the Sicily region;
- two wind power plants totalling 114 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.

To date, the pipeline of photovoltaic projects in the "solar belt" includes around 100 MWp at various stages of development.

With reference to the development in the biogas and biomethane sector, the Group, through its subsidiary Schmack, participates in the authorisation process of 4 anaerobic digestion plants of 500 Sm3/h and 528 Sm3/h, also in this case at different 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 and industrial plants, through PLC Service S.r.l., PLC Service Wind S.r.l. and Schmack Biogas S.r.l..

The segment's half-year figures were very positive, confirming the PLC Group's ability to respond promptly and effectively to the needs of a very competitive and rapidly changing market. At 30 June 2023, the backlog of service activities amounted to about Euro 33 million, of which about Euro 7 million related to the biogas and biomethane sector.

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. 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 the Acerra control room (in May 2023, the new room based on state-of-the-art digital technology became operational) and the end customer is periodically informed, through special reports, of the performance trend. The main logistical centres through which the activities are carried out are in Italy in Acerra (NA), San Pietro Vernotico (BR), Lentini (SR), Borgo Montello (LT), Monreale (PA), Castel di Iudica (CT), Raffadali (AG), Bolzano and Verona.

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

The Services Segment contributed positively to the consolidated results, thus confirming the capacity of its recurring component to generate results capable of stabilising overall profitability, guaranteeing the objectives set and creating value for the Group, while ensuring adequate capital strengthening. The outlook for the second half of the year is also very positive due to the increase in volumes generated by the technological modernisation of photovoltaic plants as a result of recently signed major contracts.

Trading Segment

During the first half of 2023, the PLC Group continued its activities in the field of dispatching services from renewable sources through its subsidiary MSD Service S.r.l., which currently operates only one plant.

2.2 SIGNIFICANT EVENTS OCCURRING AFTER 30 JUNE 2023

Sale of Idroelettrica 2014 S.r.l. Unipersonale and start of sale negotiations Pangreen Mozambique Ltd

On 15 September 2022, the hydroelectric power plant owned by Idroelettrica 2014 S.r.l. Unipersonale, a company controlled by PLC System S.r.l., located in Località Brotano in the Municipality of Pergola (PU) and San Lorenzo in Campo (PU), suffered extensive damage due to the storm that affected the territory of the Marche Region, causing a flood phenomenon of the Cesano river. Following this event, and in consideration of the significant investments required to restore the plant, the financial statements at 31 December 2022 included an impairment loss of Euro 490 thousand for the hydroelectric plant, in order to align the book value with the "recoverable amount". Consistent with the strategy of disposal of non-core assets (also referred to in the financial statements from 31 December 2022 at the time of the sale of Monsson Operation Ltd and its subsidiaries), in early 2023, talks were initiated with specialised operators in the hydroelectric sector interested in the acquisition, and on 25 September, the sale of the company shares took place. The net consideration for the sale of the entire share capital was Euro 400 thousand. Furthermore, the buyer has undertaken to pay PLC System S.r.l. the amount of the indemnity for the aforementioned damages once it has been settled by the insurance company. In the consolidated financial statements, the sale resulted in a write-down of about Euro 580 thousand made to align the book values to the sale value.

In the preparation of the financial statements as at 30 June 2023, the assets and liabilities relating to Idroelettrica 2014 Unipersonale S.r.l. were treated as "Discontinued Operations" in accordance with IFRS 5. The comparative period was also restated in accordance with the same accounting standard.

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

In addition, negotiations are currently proceeding for the sale of Pangreen Mozambique Ltd, a subsidiary of PLC Power S.r.l., a corporate vehicle with the purpose of developing a photovoltaic project in Mozambique. In view of the lack of progress on the project, which has suffered significant delays compared to the initially estimated timeframe, negotiations for the sale of 95% of the capital held by PLC Power S.r.l. to the minority shareholder are in their final stages. In the preparation of the consolidated financial statements as at 30 June 2023, development costs previously capitalised were written down, with a negative impact of about Euro 391 thousand.

Signing of new contracts relating to the "Services" and "Engineering & Construction" segments

In July 2023, the subsidiary PLC Service signed, among others, two new contracts with major industry players for a total value of about Euro 18 million for the revamping of photovoltaic plants. These contracts will take effect during the 2023 financial year and in the first half of 2024. More specifically:

- on 21 July, PLC Service S.r.l. was awarded the revamping of 19 plants held by vehicles controlled by Acea Sun Capital, a company 60% controlled by the English private equity fund Equitix and 40% by the Acea Group. The contracts cover turnkey revamping activities, including the supply of the main components, including photovoltaic panels. There are 19 plants covered by the assignment, all located in Puglia and only 1 in Marche. The total contract price amounts to more than Euro 12 million;
- on 26 July, an agreement was signed with ERG, a leading independent producer of energy from renewable sources in Italy, for the revamping and repowering of three photovoltaic plants of over 13 MWp located in Apulia and Molise. The total contract price amounts to more than Euro 5.5 million. As part of the transaction, PLC Service S.r.l. will also be entrusted, for a three-year period, with the Operation&Maintenance activities of 29 plants owned by ERG, including the three mentioned above, for a total of about 35 MW and a total value of about Euro 1.1 million.

Also in July, the subsidiary PLC Service Wind signed a 3-year contract for the performance of O&M activities on a 40 MWp wind farm for a total value of about Euro 1.5 million.

During the month of September, PLC System S.r.l. signed a new contract with WPD Construction Italia s.r.l., a WPD Group company, for the construction of the utility substation for a wind farm with a capacity of more than 30 MWp, located in Licata (AG). The total contract price exceeds Euro 3.8 million.

Transfer of the registered office of the parent company PLC S.p.A.

On 25 July, the Board of Directors of the parent company PLC S.p.A. approved the transfer of its registered office from Milan, Via Ripamonti 1/3 to Acerra, Via delle Industrie 100.

PLC System new loan

At the beginning of September 2023, the subsidiary PLC System s.r.l. signed an unsecured loan with BPM for Euro 1.5 million, with a three-year term, with SACE guarantee, at variable rate (Euribor 3M + 2.1% spread).

Information on the Impacts of Coronavirus (Covid-19)

To date, several risk factors deriving from Covid-19 and linked to new variants of the virus remain, albeit to a limited extent. In the first half of 2023, 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 changing regulatory frameworks.

At present, the expected impacts are considered limited.

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. The PLC Group does not have significant direct exposure to the affected markets and the first half of 2023 was not significantly impacted by indirect effects on the supply chain. 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.

2.3 ANALYSIS OF THE ECONOMIC, EQUITY AND FINANCIAL RESULTS OF THE GROUP AT 30 JUNE 2023

RECLASSIFIED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

RECLASSIFIED COMPREHENSIVE INCOME STATEMENT (figures in thousands of Euros)	01.01.2023 30.06.2023	01.01.2022 30.06.2022
Revenues from core business	**32.410**	**26.106**
Other operating revenues	619	682
Total revenues	**33.029**	**26.788**
Operating costs	(31.095)	(26.627)
Other operating costs	(1.216)	(1.847)
GROSS OPERATING MARGIN (EBITDA)	**718**	**(1.686)**
EBITDA %	*2%*	*-6%*
Amortisation, depreciation and write-downs	(1.275)	(1.320)
OPERATING RESULT (EBIT)	**(557)**	**(3.006)**
Net financial income (charges)	(176)	(11)
Income from (Charges on) equity investments	(21)	(4)
Income taxes	(108)	400
Profit (loss) for the period from continuing operations	**(862)**	**(2.621)**
Profit (loss) for the period from discontinued operations	(965)	(1.815)
PROFIT (LOSS) FOR THE PERIOD	**(1.827)**	**(4.436)**
Total other components of comprehensive income	(69)	394
COMPREHENSIVE INCOME STATEMENT	**(1.896)**	**(4.042)**

In accordance with IFRS 5, the results for the period attributable to Idroelettrica 2014 s.r.l. Unipersonale and the companies of the Monsson perimeter have been reclassified to “profit (loss) for the period from discontinued operations”. The comparative period was also restated in accordance with the same accounting standard.

The consolidated financial results at 30 June 2023, compared to the comparative period, show an overall improvement in business performance, particularly in the Engineering & Construction Segment.

The Services Segment confirmed its growth trend, increasing volumes and margins compared to the same period last year.

Operating revenues at 30 June 2023 amounted to a total of Euro 32,410 thousand, while EBITDA was positive for Euro 718 thousand.

The Comprehensive income statement, negative for Euro 1,896 thousand, reflects the effects of extraordinary transactions (sale of Monsson and Idroelettrica 2014, write-down of development costs of Pangreen Mozambique) described in paragraph 2.1 above.

The breakdown of EBITDA by operating segment is shown below.

RECLASSIFIED COMPREHENSIVE INCOME STATEMENT (figures in thousands of Euros)	Construction	Services	Holding	Trading	01.01.2023 30.06.2023
Revenues from core business	17.523	12.429	-	2.458	32.410
Other operating revenues	43	294	283	-	619
Total revenues	17.566	12.723	283	2.458	33.029
Operating costs	(16.252)	(9.769)	(2.645)	(2.429)	(31.095)
Other operating costs	(434)	(688)	(92)	(3)	(1.216)
GROSS OPERATING MARGIN (EBITDA)	880	2.266	(2.454)	26	718
EBITDA %	*5%*	*18%*	*n.a.*	*1%*	*2%*

RECLASSIFIED COMPREHENSIVE INCOME STATEMENT (figures in thousands of Euros)	Construction	Services	Holding	Trading	01.01.2022 30.06.2022
Revenues from core business	10.983	11.494	-	3.630	26.106
Other operating revenues	325	248	109	-	682
Total revenues	11.308	11.741	109	3.630	26.788
Operating costs	(12.145)	(9.213)	(1.655)	(3.614)	(26.627)
Other operating costs	(1.216)	(546)	(83)	(2)	(1.847)
GROSS OPERATING MARGIN (EBITDA)	(2.053)	1.982	(1.629)	14	(1.686)
EBITDA %	*-18%*	*17%*	*n.a.*	*0%*	*-6%*

Engineering & Construction Segment

RECLASSIFIED COMPREHENSIVE INCOME STATEMENT (figures in thousands of Euros)	01.01.2023 30.06.2023	01.01.2022 30.06.2022
Revenues from core business	17.523	10.983
Other operating revenues	43	325
Total revenues	17.566	11.308
Operating costs	(16.252)	(12.145)
Other operating costs	(434)	(1.216)
GROSS OPERATING MARGIN (EBITDA)	880	(2.053)
EBITDA %	*5%*	*-18%*

The Engineering & Construction Segment recorded revenues of Euro 17,523 thousand and EBITDA of Euro 880 thousand, showing a clear turnaround compared to the same period last year, despite the protracted closure times of some PLC System S.r.l. orders started in previous years, and the delayed start-up of some Schmack projects, returning to make a positive contribution to the Group's EBITDA. The favourable market moment for the renewable energy sector, its competitiveness and the excellent reputation of PLC System made it possible to overcome the critical issues encountered in 2022, which were also linked to the negative general economic context.

RECLASSIFIED COMPREHENSIVE INCOME STATEMENT (figures in thousands of Euros)	PLC System S.r.l. (*)	Schmack Biogas S.r.l.	01.01.2023 30.06.2023
Revenues from core business	**16.045**	**1.478**	**17.523**
Other operating revenues	-	43	43
Total revenues	**16.045**	**1.521**	**17.566**
Operating costs	(14.397)	(1.855)	(16.252)
Other operating costs	(376)	(58)	(434)
GROSS OPERATING MARGIN (EBITDA)	**1.272**	**(392)**	**880**
EBITDA %	***8%***	***-26%***	***5%***

(*) together with its subsidiaries

RECLASSIFIED COMPREHENSIVE INCOME STATEMENT (figures in thousands of Euros)	PLC System S.r.l. (*)	Schmack Biogas S.r.l.	01.01.2022 30.06.2022
Revenues from core business	**6.460**	**4.523**	**10.983**
Other operating revenues	270	55	325
Total revenues	**6.730**	**4.578**	**11.308**
Operating costs	(8.023)	(4.121)	(12.144)
Other operating costs	(1.175)	(42)	(1.217)
GROSS OPERATING MARGIN (EBITDA)	**(2.468)**	**415**	**(2.053)**
EBITDA %	***-37%***	***9%***	***-18%***

(*) together with its subsidiaries

Services Segment

RECLASSIFIED COMPREHENSIVE INCOME STATEMENT (figures in thousands of Euros)	01.01.2023 30.06.2023	01.01.2022 30.06.2022
Revenues from core business	12.429	11.494
Other operating revenues	294	248
Total revenues	**12.723**	**11.741**
Operating costs	(9.769)	(9.213)
Other operating costs	(688)	(546)
GROSS OPERATING MARGIN (EBITDA)	**2.266**	**1.982**
EBITDA %	***18%***	***17%***

Figures are shown net of intra-group balances

In the first half of 2023, the Services Segment generated revenues of Euro 12,723 thousand and EBITDA of Euro 2,266 thousand, both higher than the comparable figure.

RECLASSIFIED COMPREHENSIVE INCOME STATEMENT (figures in thousands of Euros)	PLC Service / PLC Service Wind	Schmack	01.01.2023 30.06.2023
Revenues from core business	9.867	2.562	12.429
Other operating revenues	250	44	294
Total revenues	10.117	2.606	12.723
Operating costs	(7.437)	(2.331)	(9.769)
Other operating costs	(630)	(58)	(688)
GROSS OPERATING MARGIN (EBITDA)	2.050	217	2.266
EBITDA %	*20%*	*8%*	*18%*

RECLASSIFIED COMPREHENSIVE INCOME STATEMENT (figures in thousands of Euros)	PLC Service / PLC Service Wind	Schmack	01.01.2022 30.06.2022
Revenues from core business	9.129	2.365	11.494
Other operating revenues	248		248
Total revenues	9.377	2.365	11.741
Operating costs	(7.174)	(2.039)	(9.213)
Other operating costs	(504)	(42)	(546)
GROSS OPERATING MARGIN (EBITDA)	1.699	283	1.982
EBITDA %	*18%*	*12%*	*17%*

The overall growth trend of the Services segment is confirmed in terms of both revenues and margins, particularly in the area of services in the infrastructure and photovoltaic sectors, thanks to the increase in high "lump sum" value-added activities, while the biogas and biomethane sector shows a slight decrease in margins due to the mix of activities performed.

Trading Segment

RECLASSIFIED COMPREHENSIVE INCOME STATEMENT (figures in thousands of Euros)	01.01.2023 30.06.2023	01.01.2022 30.06.2022
Revenues from core business	2.458	3.630
Other operating revenues	-	-
Total revenues	2.458	3.630
Operating costs	(2.429)	(3.614)
Other operating costs	(3)	(2)
GROSS OPERATING MARGIN (EBITDA)	26	14
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 decrease in revenues and corresponding operating costs compared to the comparative period is related to the decrease in energy prices.

Holding Segment

RECLASSIFIED COMPREHENSIVE INCOME STATEMENT (figures in thousands of Euros)	01.01.2023 30.06.2023	01.01.2022 30.06.2022
Revenues from core business	-	-
Other operating revenues	283	109
Total revenues	283	109
Operating costs	(2.645)	(1.655)
Other operating costs	(92)	(83)
GROSS OPERATING MARGIN (EBITDA)	(2.454)	(1.629)
EBITDA %	*n.a.*	*n.a.*

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, Procurement, Research & Development, Business Development. Compared to the comparative period, the Segment recorded an increase in operating costs of about Euro 990 thousand, determined as described below:

- about Euro 550 thousand deriving from the reinforcement of some staff functions, the centralisation of some organisational functions previously located in operating companies (Procurement, Research & Development, Business Development), as well as the transfer to PLC S.p.A. of the Group's CEO (previously the function was carried out by the CEO of PLC System, who also bore the relative cost).

These initiatives are part of the objective to strengthen the operating model defined in the 2023-2027 Business Plan;

- about Euro 210 thousand related to the cost of the Board of Directors. In fact, while in the first half of 2023, this cost was recorded in its entirety, in the same period of 2022, a lower cost was recorded as a result of the adjustment, following the exit of certain directors in the early months of 2022, of the cost set aside for the premium relating to the 2021 financial year;
- about Euro 130 thousand generated by transaction costs related to the sale of the investee company Monsson;
- about Euro 50 thousand arising from the technical support contract for the new ERP system that went into operation in July 2022.

RECLASSIFIED CONSOLIDATED FINANCIAL POSITION STATEMENT

RECLASSIFIED FINANCIAL POSITION STATEMENT (figures in thousands of Euros)	30.06.2023	31.12.2022
Net tangible assets	6.381	7.743
Net intangible assets	8.833	8.917
Equity investments	16	17
Other non-current assets	1.720	2.095
Fixed assets	**16.950**	**18.772**
Net working capital	(5.018)	(2.248)
Assets held for disposal	1.074	(80)
NET INVESTED CAPITAL	**13.006**	**16.444**
Net financial position	(2.848)	(2.925)
NET FINANCIAL POSITION	**(2.848)**	**(2.925)**
SHAREHOLDERS' EQUITY	**10.158**	**13.519**

The consolidated financial position statement at 30 June 2023 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 30 June 2023 amounted to Euro 13,006 thousand compared to Euro 16,444 thousand at 31 December 2022. The negative change of Euro 3,438 thousand was mainly due to (i) the change in net working capital of Euro 2,770 thousand, mostly attributable to the increase in contractual liabilities of the Engineering & Construction Segment assets as a result of the start-up of new orders in the first half of the year; (ii) the change in non-current assets due to the effects of the extraordinary transaction that led to the deconsolidation of the Monsson Perimeter pursuant to IFRS 5.

CONSOLIDATED NET FINANCIAL POSITION

CONSOLIDATED NET FINANCIAL POSITION (figures in thousands of Euros)	30.06.2023	31.12.2022
Liquidity	6.625	8.420
Current financial debt	(4.591)	(5.030)
Non-current financial debt	(3.496)	(5.139)
Net financial position before IFRS16	**(1.462)**	**(1.749)**
Financial liabilities IFRS 16	(1.385)	(1.176)
NET FINANCIAL POSITION	**(2.848)**	**(2.925)**

The PLC Group's net financial position as of 30 June 2023 is negative for Euro 2,848 thousand (negative for Euro 1,462 thousand net of financial payables recognised in application of IFRS 16) and recorded a positive variation of Euro 77 thousand compared to 31 December 2022.

The total amount of financial indebtedness decreased by Euro 2,083 thousand due to repayments made in accordance with the amortisation schedules.

2.4 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".

In fact, the Special Projects division'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 react quickly to the technological change under way.

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, which was admitted for subsidies with concession decree no. 0002655 of 15 July 2020, received subsidised financing in the amount of Euro 404 thousand (of which Euro 280 thousand pertaining to PLC Service S.r.l.) against a total project cost of Euro 2,018 thousand and a non-repayable contribution of Euro 790 thousand (of which Euro 420 thousand pertaining to PLC Service S.r.l.).

The project ended on 31 August 2022, and on 20 January 2023, the final audit was held with the CNR technical and accounting inspectors, who found that the results achieved were indeed consistent with the planned objectives. The meeting showed how the PON M4.0 project has strongly contributed to the company's progress in its digitalisation process in the O&M segment by making a technological leap towards Industry 4.0. Subsequent activities to this meeting focused on the preparation of the technical-accounting documents to be submitted to the MISE for the disbursement of the non-repayable contribution (SAL 2 and final SAL), as well as on obtaining the 2022 tax credit for R&D investments in Southern Italy (Mezzogiorno). This work led to the disbursement of SAL 2 in the amount of Euro 154 thousand and a tax credit in the amount of Euro 105 thousand, while for the final SAL all the documentation was prepared necessary to obtain the benefit by the last quarter of 2023 in the amount of approximately Euro 120 thousand. In addition, the industrialisation process was started of AR/VR technology (remote assistance through video-assisted calling via Smart Glasses and computer platforms) applied to O&M.

Initial feedback from technicians on the use of this technology has been very positive.

Project MAIA 4.0 - Maintenance with Artificial Intelligence Applications

In 2023, in the wake of the previous project "PON MISE M4.0 - *Augmented reality and artificial intelligence for advanced maintenance of RES plants*", the PLC Group, through its subsidiary PLC Service, won the MiMiT "Agreements for Innovation" tender, submitting a new industrial technology project worth approximately Euro 6.0 million and with a duration of 42 months. The aim of the new R&D project is to introduce further innovative technological solutions, in partnership with research organisations, universities and software houses, for the constant improvement of the products, processes and services offered to our customers, always with a view to sustainability and digitalisation.

During the new project - *"Platform 4.0 for the development and provision of advanced services in the RES area and for the support of energy market activities*" (MAIA 4.0) - research and development activities will be carried out on the basis of the results of PON M4.0 and the state-of-the-art analysis of the group's processes (O&M processes, warehouse management systems, storage systems, etc.). The final objective will be to define the structure of an advanced system of:

- *Operation & Maintenance Planning & Management (OMPM)* to integrate, on a single macro-platform, all the advanced technologies developed during the project, interfacing them with the company's existing and ongoing management systems.
- Implementation of the test system for the integration of *BESS* (Battery Energy Storage System) and participation in the electrical energy markets that can enable the development of the company's business lines in the sector.
- *Predictive Maintenance System*, for a new method of plant management, not only based on corrective actions, but aimed at developing predictive activities. The activity will focus on identifying AI (Artificial Intelligence) standards, models and technologies for analysing data and developing predictive solutions to optimise the manufacturability of managed plants.
- *Immersive environment and Academy.* There is a need for operators to interact correctly and efficiently on the machines. The training of the resources that will be called upon to use and manage these new systems and working methodologies is crucial to make operators' activities efficient and safe by exploiting immersive reality for simulations on critical tasks.

To date, PLC Service and partners have started the experimental literature research phase to contextualise the state-of-the-art "as-is" technologies on the market. In particular, the first project SAL is expected to be prepared at the end of the year 2023.

40.5 kV project - Realisation of the first prototype delivery station according to the new connection standards dictated by TERNA

The PLC Group, through its subsidiary PLC System, is building a lean, reliable and secure turnkey solution for future connections to the Terna 36 kV grid (operating voltage), in compliance with Resolution 439/2021/R/eel and the updated Annexes A.2, A.17 and A.68 of the Network Code. Against a backdrop of strong RES penetration, in order to meet the forthcoming EU Fit for 55 targets, a substantial increase in connection requests with a maximum power of less than 100 MW is expected in the coming years. In this scenario, PLC foresees an increasing number of installations according to the new 40.5 kV (isolation voltage) standard, which would allow the market share to be expanded and new business to be attacked at the same time.

Other projects in development

In addition, the Special Projects Division completed most of the activities related to the construction of the new Control Centre at the Acerra site. In particular, the following processes were completed during the first half of 2023:

- Implementation of new infrastructure (Control Centre)
- Implementation of IT infrastructure for the management of the new control centre
- Configuration on the new platform of plants managed in O&M by the PLC Group
- Training of dedicated personnel in the use of the new Ekogrid digital platform (Scada 4.0)
- Live debugging of systems imported into the platform and constant testing of the platform

The migration process of the TLC business is nearing completion and the Group expects to finish it in the second half of 2023. When fully operational, all activities related to technical support and field engineering of plants will be managed remotely.

The development costs incurred during 2022 and the first half of 2023 amounted to approximately Euro 400 thousand and are fully capitalised.

2.5 BRANCH OFFICES

PLC S.p.A. has a local unit located in Acerra (NA) ASI area Località Pantano in via delle Industrie 272/274.

2.6 CORPORATE GOVERNANCE

In 2022, the Company implemented 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” of the Financial report at 31 December 2022.

2.7 TREASURY SHARES

At 30 June 2023, PLC S.p.A. did not hold any of its treasury shares, nor did it buy or sell them during the year.

2.8 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.

2.9 MAIN RISKS AND UNCERTAINTIES

In general terms, the equity and economic-financial situation of the PLC Group is influenced by a series of risk factors specific to the 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 reference legal and regulatory framework in order to identify possible risks or opportunities to maximise the Group's profitability.

In 1997, with the signing of the Kyoto Protocol of the 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 member state has prepared its own *National Integrated Energy and Climate Plan* (PNIEC) 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.

<u>Significant regulatory and institutional updates</u>

- *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 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 to produce electricity from agricultural biogas undergoing revamping.

In particular, through the allocation of incentives (capital grants and feed-in tariffs) totalling Euro 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 timeframes 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 Euro 125.06/MWh).

▪ *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 Euro 8 billion. The

Italian government is currently evaluating the extension to 2026 of the incentive mechanism provided for in RES Decree 1.

- *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 Euro 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.

* * *

It should be noted that on 17 July 2023, the PLC Group, although not subject to the mandatory preparation of the "Consolidated non-financial statement" required by Articles No. 3 and 4 of Legislative Decree No. 254/2016, published the Consolidated Sustainability Report as at 31 December 2022, 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 momentous challenge of the energy transition, given its position in the renewable energy chain, has decided to inform its stakeholders of its future economic, environmental and social objectives and how they will practically impact its business and governance model, with the aim of communicating the real value created by the entire organisation and the impact on all stakeholders.

<u>Financial Risks</u>

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, management is continuing to monitor 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 the additional information on financial risks required by IFRS 7, reference should be made to subsequent paragraph 3.2.5.

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. undertook 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. challenged the arbitral award, in court and in the court of appeal. However, the claim for reimbursement of the costs incurred by the company was always rejected. Appropriate evaluations regarding a possible appeal to the Supreme Court are underway. Alongside this judgment, PLC System S.r.l. also took action against the works director, which during the first half of the year, resulted in an 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.

2.10 INFORMATION PURSUANT TO LAW 124/17

In accordance with the provisions of Law No. 124 of 4 August 2017, Article 1, paragraph 125, it is noted that in the first half of the year, the Group did not receive any grants from public administrations, except for as outlined in paragraph 2.4 "Research and development activities".

2.10.1 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.
Considering the current forecasts on the economic and financial results for the entire year 2023, it is not expected that situations of non-compliance with both covenants will arise as at 31 December 2023.

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. Considering the current forecasts on the economic and financial results for the entire year 2023, it is not expected that situations of non-compliance with both covenants will arise as at 31 December 2023.

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

2.11 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 based on 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 2023-2027 Business Plan approved by the Board of Directors on 22 December 2022 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 DECREE 1 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 production of energy from renewable sources to achieve the European 2030 targets defined in the National Integrated Energy and Climate Plan (PNIEC).

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

Engineering, Procurement, Construction (EPC) refers to the typical contract in the Engineering & 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 submarine 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	30.06.2023	*of which from related parties*	31.12.2022	*of which from related parties*
Non-current assets					
Tangible assets	A	6.381	-	7.743	-
Goodwill	B	4.750	-	4.752	-
Intangible assets	C	4.083	-	4.165	-
Equity investments accounted for using the equity method	D	5	-	6	-
Equity investments in other companies	E	11	-	11	-
Deferred tax assets	F	184	-	332	-
Receivables and other non-current assets	G	1.437	*301*	1.637	*211*
Other non-current financial assets		-	-	-	-
Non-current derivative instruments	H	99	-	127	-
Total non-current assets		**16.950**		**18.773**	
Current assets					
Inventories	I	5.779	-	4.444	-
Contract assets	I	8.427	-	5.054	-
Trade receivables	J	16.187	*42*	20.245	*4*
Financial receivables	K	98	*5*	102	*9*
Other receivables	L	4.900	*4*	3.547	-
Cash and cash equivalents	N	6.625	-	8.420	-
Other current financial assets		-	-	-	-
Current derivative instruments		-	-	-	-
Total current assets		**42.016**		**41.812**	
Non-current assets held for sale / disposal	NN	1.410	-	4.016	-
TOTAL ASSETS		**60.376**		**64.601**	

FINANCIAL POSITION STATEMENT (figures in thousands of Euros)	Notes	30.06.2023	*of which from related parties*	31.12.2022	*of which from related parties*
Share capital and reserves		12.110	-	28.368	-
Profit (loss) for the period attributable to the Group		(1.713)	-	(14.841)	-
Group shareholders' equity		**10.397**		**13.527**	
Minority interests in shareholders' equity		(239)	-	(8)	-
TOTAL SHAREHOLDERS' EQUITY	M	**10.158**		**13.519**	
Non-current liabilities					
Non-current financial liabilities	N	4.391		6.101	*206*
Provisions for non-current risks and charges	O	858	-	1.017	-
Employee severance indemnity	P	2.700	-	2.506	-
Deferred tax liabilities and other non-current taxes	Q	337	-	359	-
Payables and other non-current liabilities		-	-	-	-
Non-current derivative instruments		-	-	-	-
Total non-current liabilities		**8.286**		**9.983**	
Current liabilities					
Current financial liabilities	N	5.083	*209*	5.245	-
Provisions for current risks and charges		-	-	-	-
Trade payables	R	21.100	*9*	20.960	*19*
Contract liabilities	S	9.303	-	5.475	-
Other payables	T	6.111	*49*	5.323	-
Current derivative instruments		-	-	-	-
Total current liabilities		**41.597**		**37.003**	-
Non-current liabilities held for sale / disposal	NN	335	-	4.096	- -
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**60.376**		**64.601**	

3.1.2 INCOME STATEMENT

INCOME STATEMENT (figures in thousands of Euros)	Notes	01.01.2023 30.06.2023	*of which from related parties*	01.01.2022 30.06.2022	*of which from related parties*
Revenues from core business	AA	32.410	-	26.106	-
Other operating revenues	BB	619	-	682	-
Costs for raw materials	CC	(11.586)	-	(11.359)	-
Service costs	DD	(11.719)	(9)	(8.378)	(9)
Personnel costs	EE	(7.790)	-	(6.890)	-
Other operating costs	FF	(1.216)	-	(1.847)	-
GROSS OPERATING MARGIN (EBITDA)		718		(1.686)	
Amortisation and depreciation	GG	(884)	-	(1.081)	-
Revaluations (write-downs)	HH	(391)	-	(239)	-
OPERATING RESULT (EBIT)		(557)		(3.006)	
Financial income	II	111	14	160	6
Financial charges	JJ	(287)	(3)	(171)	(3)
Income from (Charges on) equity investments					
Dividends		-	-	-	-
Share of the result of equity investments in shareholders' equity	KK	(21)	-	(4)	-
Gains (losses) on equity investments		-	-	-	-
Income taxes	LL	(108)	-	400	-
Profit (loss) for the period from continuing operations		(862)		(2.621)	
Profit (loss) for the period from discontinued operations	NN	(965)	-	(1.815)	-
PROFIT (LOSS) FOR THE PERIOD		(1.827)		(4.436)	
pertaining to the Group		(1.645)	-	(4.429)	-
attributable to minority interests		(182)	-	(6)	-
Weighted average number of ordinary shares in the period		25.960.575	-	25.960.575	-
Earnings per share (in Euro)		(0,070)	-	0,114	-
Diluted earnings per share (in Euro)		(0,07)	-	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	01.01.2023 30.06.2023	01.01.2022 30.06.2022
PROFIT (LOSS) FOR THE PERIOD		(1.827)	(4.436)
Other components of comprehensive income			
Components that cannot be reclassified to the income statement		(91)	448
Tax effect of non-reclassifiable components		25	(125)
Total components that cannot be reclassified to the income statement		(66)	323
Components reclassifiable to the income statement		(3)	71
Tax effect on reclassifiable components		-	-
Total components reclassifiable to the income statement		(3)	71
Total other components of comprehensive income	MM	(69)	394
COMPREHENSIVE INCOME STATEMENT		(1.896)	(4.042)
pertaining to the Group		(1.714)	(4.036)
attributable to minority interests		(182)	(6)

3.1.4 CASH FLOW STATEMENT

CASH FLOW STATEMENT (figures in thousands of Euros)	01.01.2023 30.06.2023	01.01.2022 30.06.2022
Comprehensive income/(loss) from continuing operations	(930)	(4.042)
Comprehensive income/(loss) from discontinued operations	(965)	-
Comprehensive income / (loss)	(1.895)	(4.042)
(Capital Gain)/Loss from assets sold	-	-
Fair Value Adjustment	-	-
Amortisation, depreciation and impairment of fixed assets	884	1.449
Write-downs (Revaluations) of financial assets	-	-
Write-downs (Revaluations) of fixed assets	720	239
Associates' share of comprehensive income	-	6
Charges (Net financial income)	(176)	189
Dividends	-	-
Other non-monetary items included in the income statement	(1.428)	-
Net changes in working capital		
Contract assets	(3.374)	7.090
Inventories	(1.336)	(290)
Trade receivables and other receivables	2.902	2.503
Trade payables and other payables	4.755	(4.036)
Change in other provisions and deferred tax assets and liabilities	698	325
Gross Cash Flow	1.750	3.434
Interest paid	(171)	(271)
Interest received	51	73
Income taxes (paid) received	(20)	(113)
Income taxes	108	171
CASH FLOW FROM OPERATING ACTIVITIES [A]	1.719	3.294
(Investments) in tangible and intangible fixed assets	(1.421)	(2.736)
Divestment of tangible and intangible fixed assets	-	466
(Acquisitions) net of cash acquired	-	-
Divestments net of cash transferred	-	-
(Investments) in other companies and financial assets	-	-
Divestments in other companies and financial assets	-	(62)
Dividends received	-	-
CASH FLOW FROM INVESTING ACTIVITIES [B]	(1.421)	(2.331)
Increase/(Reduction) of Share Capital net of ancillary charges	-	-
Other changes in shareholders' equity	-	(34)
Obtainment of loans, financing and other financial liabilities	964	710
(Repayments) of loans, financing and other financial liabilities	(3.054)	(2.123)
Repayments of loans, financing and other financial assets	-	6
(Disbursement) of loans, financing and other financial assets	-	-
Dividends paid	-	-
CASH FLOW FROM FINANCING ACTIVITIES [C]	(2.090)	(1.441)
NET CHANGE IN CASH AND CASH EQUIVALENTS [A+B+C]	(1.792)	(478)
Cash and cash equivalents at the beginning of the period	8.420	10.729
Cash and cash equivalents for discontinued operations	(3)	(200)
Cash and cash equivalents at the end of the period	6.625	10.051

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 31.12.2021	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	-	-	-	-	-	(34)	-	-	(34)	-	(34)
Profit (loss) at 30.06.2022	-	-	-	-	-	-		(4.429)	(4.429)	(6)	(4.435)
Other components of comprehensive income (loss)	-	-	-	-	71	-	323	-	394	-	394
Profit (loss) for the period	-	-	-	-	*71*	-	*323*	*(4.429)*	*(4.035)*	*(6)*	*(4.041)*
SHAREHOLDERS' EQUITY AT 30.06.2022	27.026	5.405	12.484	(21.434)	1.055	4.070	133	(4.429)	24.310	3	24.313

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 31.12.2022	27.026	5.405	12.484	(21.434)	1.522	4.094	266	(15.836)	13.527	(8)	13.519
Allocation of 2022 net income/(loss)	-	-	-	-	-	(15.836)	-	15.836	-	-	-
Other changes in shareholders' equity	-	-	-	12	(1.428)				(1.416)	(49)	(1.465)
Profit (loss) at 30.06.2023	-	-	-	-	-	-	-	(1.645)	(1.645)	(182)	(1.827)
Other components of comprehensive income (loss)	-	-	-	-	(3)	-	(66)		(69)		(69)
Profit (loss) for the period	-	-	-	-	*(3)*	-	*(66)*	*(1.645)*	*(1.714)*	*(182)*	*(1.896)*
SHAREHOLDERS' EQUITY AT 30.06.2023	27.026	5.405	12.484	(21.422)	91	(11.742)	200	(1.645)	10.397	(239)	10.158

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

3.2.1 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The condensed interim consolidated financial statements of the PLC Group have been prepared in accordance with the provisions of IAS 34 - Interim Financial Reporting and using the same consolidation principles and recognition and measurement criteria as those adopted for the Annual Financial Report as at 31 December 2022, to which reference should be made.

In preparing the condensed interim consolidated financial statements as at 30 June 2023, the Directors considered the going concern assumption to be fulfilled. Although there was a loss for the period, there were no critical issues or points of attention concerning the Group's ability to continue as a going concern; the net financial position, amounting to Euro 2,848 thousand, improved compared to 31 December 2022.

The condensed interim consolidated financial statements at 30 June 2023 were authorised for publication by the Board of Directors on 29 September 2023.

It is specified that the assets and liabilities and the result for the period relating to Idroelettrica 2014 s.r.l. Unipersonale and the result for the period attributable to the companies in the Monsson perimeter have been treated in accordance with IFRS 5. The comparative period was also restated in accordance with the same accounting standard.

Going concern assumption

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

From an economic point of view, the actual loss is significantly affected by the accounting effects of the disposals of the Monsson Perimeter and Idroelettrica 2014 S.r.l. Unipersonale, which do not assume a recurring character. The operating result for the first half of the year is positive and marks the Group's return to operating margins.

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 and Group's equity balance, despite the actual loss, is adequate to the performance of its business activities.

Considering the foregoing, the Directors considered the going concern assumption to be respected and therefore prepared the condensed interim consolidated financial statements using the standards and criteria applicable to operating companies.

ADOPTION OF APPROVED ACCOUNTING STANDARDS AND INTERPRETATIONS, EFFECTIVE FROM 1 JANUARY 2023

The accounting standards adopted for the preparation of the consolidated interim financial statements are consistent with those used for the preparation of the consolidated financial statements at 31 December 2022, except for the adoption of new standards and amendments effective 1 January 2023. The Group has not arranged for the early adoption of any new standards, interpretations or amendments issued but not yet in force.

Several changes apply for the first time in 2023, but did not have an impact on the Group's condensed interim consolidated financial statements.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a new accounting standard for insurance contracts that considers recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts issued in 2005. IFRS 17 applies to all types of insurance contracts (e.g., life, non-life, direct insurance and reinsurance), regardless of the type of entity that issues them, as well as to certain guarantees and financial instruments with discretionary investment features; some exceptions apply with respect to scope. The overall objective of IFRS 17 is to provide a more useful and consistent accounting model for insurance contracts for insurers. In contrast to the requirements of IFRS 4, which are largely based on the maintenance of previous local accounting standards, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct investment features (the variable commission approach)
- A simplified approach (the premium allocation approach) mainly for short-term contracts.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting standards and error correction. They also clarify how entities use valuation techniques and inputs to develop accounting estimates.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to assist entities in applying materiality judgements to accounting standard disclosures. The amendments aim to help entities provide more useful accounting standard disclosures by replacing the requirement for entities to disclose their "significant" accounting standards with a requirement to disclose their "material" accounting standards and by adding guidance on how entities apply the concept of materiality in making accounting standard disclosure decisions.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Taxes narrow the scope of the exception to initial recognition so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

3.2.2 SCOPE OF CONSOLIDATION

Name	Registered Office	Date of closure of the financial year	Currency	Share capital	Result 06.2023	Shareholders' equity 30.06.2023	% held		Through
							Direct	Indirect	
PLC S.p.A.	Milan (IT)	30.06.2023	EUR	27.026.480	(1.734.793)	39.352.297			
Subsidiaries consolidated on a line-by-line basis									
PLC System S.r.l.	Acerra - NA (IT)	30.06.2023	EUR	10.000.000	(417.911)	7.750.145	100%		
Idroelettrica 2014	Acerra - NA (IT)	30.06.2023	EUR	10.000	(581.671)	378.003		100%	PLC System S.r.l.
Montenegro D.o.o.	Podgorica - Montenegro (ME)	30.06.2023	EUR	2.000	(6.544)	35.548		100%	PLC System S.r.l.
PLC Power S.r.l.	Acerra - NA (IT)	30.06.2023	EUR	100.000	(187.562)	1.416.131	100%		
C&C Irsina S.r.l.	Acerra - NA (IT)	30.06.2023	EUR	100.000	(6.304)	152.003		100%	PLC Power S.r.l.
Alisei Wind S.r.l.	Acerra - NA (IT)	30.06.2023	EUR	130.000	(7.408)	73.832		100%	PLC Power S.r.l.
Tirreno S.r.l.	Porto Empedocle - AG (IT)	30.06.2023	EUR	10.000	(6.136)	(118.277)		66,6%	PLC Power S.r.l.
Pangreen Moçambique LDA	Maputo (MZ)	30.06.2023	MZN	20.000	(1.384.629)	24.726.063		95%	PLC Power S.r.l.
PLC Service S.r.l.	Acerra - NA (IT)	30.06.2023	EUR	100.000	570.751	1.684.061	100%		
PLC Service Wind S.r.l.	Acerra - NA (IT)	30.06.2023	EUR	100.000	(111.417)	181.873	100%		
MSD Service S.r.l.	Acerra - NA (IT)	30.06.2023	EUR	10.000	21.133	(718)	92,5%		
Schmack Biogas S.r.l.	Bolzano (IT)	30.06.2023	EUR	204.081	(293.339)	1.757.749	51%		
BioForCH4 S.r.l.	Canino - VT (IT)	30.06.2023	EUR	10.000	(12.330)	(8.216)		60%	Schmack Biogas S.r.l.
Associates consolidated using the equity method									
Sicily Biomethan S.r.l.	Castelvetrano - TP (IT)	30.06.2023	EUR	13.000	(594)	11.039		50%	Schmack Biogas S.r.l.
Biomethane Invest S.r.l.	Milan (IT)	30.06.2023	EUR	100.000	(23.130)	(13.015)		25%	Schmack Biogas S.r.l.
Associated companies sold									
Monsson Operation Ltd	Dublin (IE)	05.04.2023	EUR		8.411				
Monsson Operation Gmbh	Hamburg (DE)	05.04.2023	EUR		(113.879)				Monsson Operation Ltd
Monsson Operation S.r.l.	Costanta (RO)	05.04.2023	RON		(1.688.498)				Monsson Operation Ltd
Monsson Energy AB	Stockholm (SE)	05.04.2023	SEK		(11.066)				Monsson Operation Ltd
Monsson Turkey Limited Sirket	Istanbul (TR)	05.04.2023	TRY		-				Monsson Operation S.r.l.
Wind Power Energy Srl	Costanta (RO)	05.04.2023	RON		(67.839)				Monsson Operation S.r.l.
Monsson Energostroy LLC	Tyumen (RU)	05.04.2023	RUB		(2.319)				Monsson Operation S.r.l.
Monsson Poland SP.ZO.o	Warsaw (PL)	05.04.2023	PLN		(8.604)				Monsson Operation S.r.l.
Associated company liquidated									
PLC South Africa Ltd	Johannesburg - South Africa (ZA)	10.03.2023	ZAR		(587.061)				PLC System S.r.l.

The scope of consolidation at 30 June 2023 changed compared to 31 December 2022 following the sale of the Monsson Perimeter effective 5 April 2023.

It should also be noted that, at 30 June 2023, Idroelettrica 2014 s.r.l. Unipersonale is classified as an asset held for sale.

Finally, the subsidiary PLC South Africa Ltd was liquidated on 10 March 2023 with a negative effect on the consolidated income statement of Euro 29 thousand.

3.2.3 NOTES ON THE CONSOLIDATED RESULTS AT 30 JUNE 2023

A. TANGIBLE ASSETS

The balance of tangible assets at 30 June 2023 was Euro 6,381 thousand (Euro 7,743 thousand at 31 December 2022).

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
Valore netto al 31.12.2022	**3.100**	**1.213**	**129**	**1.250**	**30**	**1.235**	**786**	**7.743**
Increases	-	-	43	187	31	123	426	810
Decreases	-	-	-	-	-	(397)	-	(397)
Depreciation and write-downs	(53)	-	(10)	(116)	(38)	-	(257)	(474)
Other changes and exchange rate differences from translation	(89)	(1.212)	-	-	-	-	-	(1.301)
Valore netto al 30.06.2023	**2.957**	**1**	**162**	**1.322**	**23**	**961**	**955**	**6.381**

Increases for the year, for Euro 810 thousand, mainly refer to (i) the purchase of machinery and equipment for sites for Euro 187 thousand; (ii) the purchase of instrumentation for the new Acerra control room for Euro 123 thousand; and (iii) for Euro 426 thousand, rights to use the car and vehicle fleet leases. Decreases amounting to Euro 397 thousand essentially refer to the write-down of development costs previously capitalised by Pangreen Mozambique Ltd., while "Other changes" refer to the reclassification under IFRS 5 of the plant and land of Idroelettrica 2014 S.r.l. Unipersonale.

B. GOODWILL

Goodwill at 30 June 2023 amounted to Euro 4,750 thousand (Euro 4,752 thousand at 31 December 2022).

GOODWILL (figures in thousands of Euros)	31.12.2022	Increases	Decreases	Reclassifications	30.06.2023
Acquisition of Monsson Operation Perimeter	-	-	-	-	-
Reverse merger operation	4.710	-	-	-	4.710
Idroelettrica acquisition	2	-	-	(2)	-
Pangreen acquisition	-	-	-	-	-
MSD Service acquisition	40	-	-	-	40
Total	4.752	-	-	(2)	4.750

Impairment

As required by the relevant accounting standards, at 30 June 2023, 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 30 June 2023, the market capitalisation of the Group, equal to Euro 36,345 thousand, is higher than the shareholders' equity of the same date, equal to Euro 10,086 thousand.

Consistent with previous years, the recoverability of the carrying values of the CGUs was verified by comparing the net book value of each CGU with its relative recoverable value, 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 and geographic area 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, appropriately updated (i) replacing the flows for the 2023 financial year with the expected results of the second half of the year (ii) and taking into account, in line with the requirements of ESMA Public Statements of 13 May 2022 and CONSOB Warning Notice no. 3/22 of 19 May 2022, the discontinuity factors connected to the current geopolitical and energy context. These forecasts consider management's future expectations in relation to the respective business segments, as well as actual results.

Cash flows are calculated based on 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 to consider the share of net invested capital (NIC) and cash flows not allocated to individual CGUs.

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 30 June 2023 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 30 June 2023 were updated from those used on 31 December 2022 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	30.06.2023	31.12.2022	30.06.2022
Construction Segment - Italy	10,08%	9,73%	8,85%
Services Segment - Italy	10,40%	10,01%	9,17%
Level 2 WACC	10,33%	9,83%	9,82%

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 other CGUs revealed a surplus of recoverable value (headroom) over the book value.

C. INTANGIBLE ASSETS

The balance of intangible assets at 30 June 2023 was Euro 4,083 thousand (Euro 4,165 thousand at 31 December 2022).

INTANGIBLE ASSETS (figures in thousands of Euros)	Customer lists	Development costs	Other intangible assets	Intangible assets in progress	Total
Valore netto al 31.12.2022	380	1.443	1.979	363	4.165
Increases	-	224	45	59	328
Decreases	-	-	-	-	-
Amortisation and write-downs	(63)	(215)	(132)	-	(410)
Other changes and exchange rate differences from translation	-	-	1.049	(1.049)	-
Valore netto al 30.06.2023	317	1.452	2.941	(627)	4.083

The increases for the year, amounting to Euro 328 thousand, refer: (i) for Euro 45 thousand to investments in software mainly related to the new management software at Group level; (ii) for Euro 169 thousand to development costs related to the MAIA project implemented by PLC Service S.r.l. and for Euro 55 thousand to internal costs capitalised by Schmack Biogas S.r.l. in relation to the new ERP management software; (iii) for Euro 52 thousand to costs incurred in relation to the development of authorisations for wind and photovoltaic plants by the subsidiary PLC Power S.r.l..

D. EQUITY INVESTMENTS VALUED WITH THE EQUITY METHOD

EQUITY INVESTMENTS VALUED WITH THE EQUITY METHOD (figures in thousands of Euros)	% held	31.12.2022	Increases	Decreases	Reclassifications	30.06.2023
Sicily Biomethan S.r.l.	26%	7		(2)		5
Biomethane Invest S.r.l.	25%	-			-	-
Total		7	-	(2)	-	5

The balance of investments valued with the equity method at 30 June 2023 was Euro 5 thousand, substantially unchanged with respect to the balance at 31 December 2022.

E. EQUITY INVESTMENTS IN OTHER COMPANIES

EQUITY INVESTMENTS IN OTHER COMPANIES (figures in thousands of Euros)	31.12.2022	Increases	Decreases	30.06.2023
Equity investment in Banca del Sud	10	-	-	10
Other equity investments	1	-	-	1
Total	11	-	-	11

The item Equity investments in other companies amounted to Euro 11 thousand as at 30 June 2023, unchanged compared to 31 December 2022.

F. DEFERRED TAX ASSETS

Deferred tax assets at 30 June 2023 equal Euro 184 thousand (Euro 332 thousand at 31 December 2022).

DEFERRED TAX ASSETS (figures in thousands of Euros)	31.12.2022	Increases	Decreases	30.06.2023
Deferred tax assets	332	49	(197)	184
Total	**332**	**49**	**(197)**	**184**

Deferred tax assets relate to temporary differences between the book values and the fiscally recognised values of some items of the financial statements, mainly relating to the allocation to risk provisions (about Euro 143 thousand), the discounting of employee severance indemnity pursuant to IAS 19 (about Euro 41 thousand) and the tax effect recognised on certain consolidation entries.

In particular, decreases refer for Euro 197 thousand to the release of taxes relative to the provision set aside for the restoration of the plant and the write-down in 2022 of the asset of Idroelettrica 2014 Unipersonale S.r.l.

G. RECEIVABLES AND OTHER NON-CURRENT ASSETS

NON-CURRENT RECEIVABLES (figures in thousands of Euros)	30.06.2023	31.12.2022
Non-current receivables from related parties	301	211
Non-current receivables from others	1.136	1.426
Total	**1.437**	**1.637**

The item "Receivables and other non-current assets", amounting to Euro 1,437 thousand at 30 June 2023 (Euro 1,637 thousand at 31 December 2022) 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 Euro 99 thousand at 30 June 2023 (Euro 127 thousand at 31 December 2022).

NON-CURRENT DERIVATIVE INSTRUMENTS (figures in thousands of Euros)	30.06.2023	31.12.2022
Interest Rate Contracts	99	127
Total	**99**	**127**

It should be noted that with regard to derivative contracts, the PLC Group had active interest rate hedging contracts at 30 June 2023. The Group has opted for fair value measurement with changes recognised in the income statement; the decrease recorded compared to 31 December 2022 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)	30.06.2023	31.12.2022
Inventories of raw materials	6.453	5.099
Inventory write-down provision	(674)	(655)
Inventories of raw materials	5.779	4.444
Contract assets	8.427	5.054
Total	14.206	9.498

Inventories

At 30 June 2023, inventories amounted to Euro 5,779 thousand (Euro 4,444 thousand at 31 December 2022). Inventories, which include raw materials intended for EPC activities and spare parts mainly intended for O&M activities, recorded an increase linked to the increase in activities in the Services and Engineering & Construction segments and are exposed net of a provision write-down equal to Euro 674 thousand.

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

INVENTORY WRITE-DOWN PROVISION (figures in thousands of Euros)	31.12.2022	Increases	Decreases	30.06.2023
Inventory write-down provision	(655)	(23)	4	(674)

Contract assets

Contractual assets at 30 June 2023 amounted to Euro 8,427 thousand (Euro 5,054 thousand at 31 December 2022). 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 increase compared to the previous year derives from the progressive advancement of the orders already in the portfolio during the previous year, as well as from the start of the new orders entered into the portfolio in the first half of 2023.

J. TRADE RECEIVABLES

Trade receivables at 30 June 2023 amounted to Euro 16,187 thousand, compared to Euro 20,245 thousand at 31 December 2022. The decrease with respect to 31 December 2022 is the consequence of collections related to contracts in the Engineering & Construction Segment that were completed by 30 June or were close to completion at that date. Trade receivables are shown net of the related bad debt provision, amounting to Euro 1,021 thousand, which decreased because of the favourable settlement of certain disputed credit positions.

TRADE RECEIVABLES (figures in thousands of Euros)	30.06.2023	31.12.2022
Trade receivables from related parties	42	4
Trade receivables from others	17.166	21.290
Bad debt provision for receivables from others	(1.021)	(1.049)
Trade receivables from others	16.145	20.241
Total	16.187	20.245

The movements in the bad debt provision are shown below.

BAD DEBT PROVISION (figures in thousands of Euros)	31.12.2022	Increases	Decreases	30.06.2023
Bad debt provision	(1.049)	-	28	(1.021)

Trade receivables from related parties are illustrated in paragraph 3.2.4.

K. CURRENT FINANCIAL RECEIVABLES

Current financial receivables at 30 June 2023 amounted to Euro 98 thousand (Euro 102 thousand at 31 December 2022), and mainly include the receivable from Panmed Italia S.r.l. for Euro 80 thousand.

CURRENT FINANCIAL RECEIVABLES (figures in thousands of Euros)	30.06.2023	31.12.2022
Current financial receivables from related parties	5	9
Current financial receivables from others	93	93
Bad debt provision - current financial receivables from others	-	-
Current financial receivables from others	93	93
Total	98	102

Financial receivables from related parties are illustrated in paragraph 3.2.4.

L. OTHER RECEIVABLES

The total balance of other receivables at 30 June 2023 was Euro 4,900 thousand (Euro 3,547 thousand at 31 December 2022).

OTHER CURRENT RECEIVABLES (figures in thousands of Euros)	30.06.2023	31.12.2022
Other receivables from related parties	4	-
Receivables - Augmented Reality project	266	266
Tax receivables	925	1.526
Advances, deposits and security deposits	2.848	1.166
Accrued income and prepaid expenses	560	423
Other receivables	297	165
Other receivables from others	4.896	3.547
Total	4.900	3.547

The increase in the item "Advances, deposits and security deposits" results from the advances paid to suppliers for the start-up of new orders in the first half of 2023. The decrease in tax receivables compared to 31 December 2022 is due for Euro 458 thousand to the reclassification of Idroelettrica in accordance with IFRS 5. The same at 30 June 2023 amounted to Euro 925 thousand (Euro 1,526 thousand at 31 December 2022) and related for Euro 277 thousand to tax credits accrued in the context of Industry and Innovation 4.0, PON MISE M4.0, Training 4.0, purchase of capital goods and software licences; for Euro 324 thousand to IRES/IRAP advances and for Euro 95 thousand to VAT credits.

Other receivables from related parties are illustrated in paragraph 3.2.4.

M. SHAREHOLDERS' EQUITY

Group consolidated shareholders' equity at 30 June 2023 amounted to Euro 10,397 thousand, of which Euro 239 thousand was attributable to minority interests. Changes in shareholders' equity related to (i) the overall negative result for the period for Euro 1,896 thousand and (ii) other changes in shareholders' equity for Euro 37 thousand. The stock market capitalisation of the PLC share at 30 June 2023, equal to Euro 36,345 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)	30.06.2023	31.12.2022
A. CASH AND CASH EQUIVALENTS	6.625	8.420
B. CASH AND CASH EQUIVALENTS	-	-
C. OTHER CURRENT FINANCIAL ASSETS	-	-
D. LIQUIDITY (A + B + C)	6.625	8.420
E. CURRENT FINANCIAL DEBT	(6)	(3)
Long-term financial liabilities	(4.584)	(5.027)
Financial liabilities IFRS 16	(491)	(412)
F. CURRENT PART OF NON-CURRENT FINANCIAL DEBT	(5.075)	(5.439)
G. CURRENT FINANCIAL DEBT (E + F)	(5.082)	(5.442)
H. NET CURRENT FINANCIAL DEBT (G - D)	1.543	2.978
Long-term financial liabilities	(3.496)	(5.139)
Financial liabilities IFRS 16	(894)	(764)
I. NON-CURRENT FINANCIAL DEBT	(4.391)	(5.903)
J. DEBT INSTRUMENTS	-	-
K. TRADE PAYABLES AND OTHER NON-CURRENT LIABILITIES	-	-
L. NON-CURRENT FINANCIAL DEBT (I + J + K)	(4.391)	(5.903)
M. NET FINANCIAL POSITION (H + L)	(2.848)	(2.925)

The net financial position of the PLC Group at 30 June 2023 was negative for Euro 2,848 thousand, marking a positive change of Euro 77 thousand compared to 31 December 2022.

The total amount of financial indebtedness decreased by Euro 2,083 thousand due to repayments made in accordance with the amortisation schedules, net of new financing disbursed.

The decrease in current financial debt also resulted from repayments made.

Loans outstanding at 30 June 2023

Shown below is a list of loans outstanding at 30 June 2023 for the capital share only.

Loans (figures in thousands of Euros)	Company	Last expiry date	Short-term portion	Long-term portion	Total remaining financing 30.06.2023
BNL loan	PLC S.p.A.	22/01/2025	1.250	956	2.206
BPM loan (MCC Guarantee 90%)	PLC S.p.A.	03/07/2024	579	146	725
Unicredit Factoring advance	PLC System S.r.l.	Subject to revocation	3		3
BPM loan (supplier advance)	PLC System S.r.l.	Subject to revocation	660	-	660
BPER loan (MCC Guarantee 80%)	PLC System S.r.l.	02/02/2027	591	999	1.590
BNL loan	PLC System S.r.l.	27/09/2023	250		250
BNL contract advance (overdraft for personal and business use)	PLC System S.r.l.	Subject to revocation	-		-
CREDEM loan	PLC System S.r.l.	03/04/2024	797	-	797
BNL loan	PLC Service S.r.l.	31/07/2029	142	798	939
BNL Loan FV (MCC Guarantee 90%)	PLC Service S.r.l.	28/06/2027	58	175	233
BNL Loan Casalbore Building (Sace Guarantee 80%)	PLC Service S.r.l.	31/03/2028	45	170	216
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	1	-	1
Shareholder loan Massimo Rossetto	Schmack Biogas S.r.l.	30/11/2023	52	-	52
Shareholder loan Nicolò Cariboni	Schmack Biogas S.r.l.	30/11/2023	157	-	157
Total			4.585	3.496	8.082

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 Euro 2,206 thousand and between PLC Service S.r.l. and Banca Nazionale del Lavoro S.p.A. for a residual Euro 939 thousand, require compliance with certain financial constraints (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 the date of the last verification (i.e. 31 December 2022) at least one of the two covenants was complied with.

Taking into account the negative result for the period, compliance with the financial covenants will be constantly monitored in the coming months; the closing economic forecasts for the financial year 2023 do not suggest non-compliance with either covenant.

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 30 June 2023, the provisions for risks and charges amounted to Euro 857 thousand (Euro 1,017 thousand at 31 December 2022) 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 and costs.

PROVISIONS FOR NON-CURRENT RISKS AND CHARGES (figures in thousands of Euros)	31.12.2022	Increases	Decreases	30.06.2023
Provision for contractual penalties	125	-	-	125
Other risk provisions	892	170	(330)	732
Total	1.017	170	(330)	857

The increases for the period, amounting to Euro 170 thousand, relate to the estimate of possible higher costs on certain activities related to long-term orders. The decrease of Euro 330 refers to the reclassification of the provision set up to restore the plant of Idroelettrica 2014 Unipersonale S.r.l., which was sold on 25 September 2023.

Other provisions for risks, which amounted to Euro 732 thousand at 30 June 2023, included Euro 632 thousand for provisions for risks on orders related to PLC System s.r.l. and Schmack s.r.l. and Euro 100 thousand for provision for litigation risks.

EMPLOYEE SEVERANCE INDEMNITY

The provision for employee severance indemnity ("**TFR**") at 30 June 2023 is equal to Euro 2,700 thousand (Euro 2,506 thousand at 31 December 2022).

EMPLOYEE SEVERANCE INDEMNITY (figures in thousands of Euros)	31.12.2022	Increases (Decreases)	Provisions	Utilizations	Actuarial gains/losses	30.06.2023
Employee severance indemnity	2.506	-	504	(359)	50	2.700

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, 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 advances TFR (Employee severance indemnity)	Advance request measure	Survival table (males)	Survival table (females)	Probability of disability (males)	Probability of disability (females)
PLC SPA	3,60%	2,50%	4,00%	3,00%	70,00%	M2019	F2019	0,00%	0,00%
PLC SYSTEM	3,60%	2,50%	4,00%	3,00%	70,00%	M2019	F2019	0,00%	0,00%
PLC SERVICE	3,60%	2,50%	4,00%	3,00%	70,00%	M2019	F2019	0,00%	0,00%
PLC SERVICE WIND	3,60%	2,50%	4,00%	3,00%	70,00%	M2019	F2019	0,00%	0,00%
SCHMACK BIOGAS	3,60%	2,50%	4,00%	3,00%	70,00%	M2019	F2019	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 increase compared to the previous year, for Euro 194 thousand, is attributable to the actuarial valuation at the reference date and to the new personnel hired.

At 30 June 2023, the Group had 264 employees (248 at 30 June 2022 and 246 at 31 December 2022), of which 9 managers, 129 middle managers and clerks and 126 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)	30.06.2023	31.12.2022
Managers	9	7
Middle managers and clerical staff	124	114
Blue-collar workers	118	115
Total	**251**	**237**

P. DEFERRED TAX LIABILITIES AND OTHER NON-CURRENT TAXES

DEFERRED TAX LIABILITIES AND OTHER NON-CURRENT TAXES (figures in thousands of Euros)	31.12.2022	Increases	Decreases	30.06.2023
Deferred tax liabilities and other non-current taxes	359	-	(22)	337
Total	**359**	**-**	**(22)**	**337**

At 30 June 2023, the balance of deferred tax liabilities and other non-current liabilities amounted to Euro 337 thousand (Euro 359 thousand at 31 December 2022) and consisted of: (i) Euro 235 thousand for the residual amount of deferred tax liabilities calculated on the fair value of the authorisations related to the C&C Energy Transaction; (ii) Euro 132 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.

Q. TRADE PAYABLES

The balance of trade payables at 30 June 2023 was Euro 21,100 thousand (Euro 20,960 thousand at 31 December 2022). Trade payables to related parties are illustrated in paragraph 3.2.4.

TRADE PAYABLES (figures in thousands of Euros)	30.06.2023	31.12.2022
Trade payables to related parties	9	19
Trade payables to others	21.091	20.941
Total	**21.100**	**20.960**

R. CONTRACT LIABILITIES

Contract liabilities, amounting to Euro 9,303 thousand (Euro 5,475 thousand at 31 December 2022) 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 increase from 31 December 2022 is attributable to advance payments received on new orders.

S. OTHER PAYABLES

Other payables at 30 June 2023 amounted to Euro 6,111 thousand (Euro 5,323 thousand at 31 December 2022).

OTHER PAYABLES (figures in thousands of Euros)	30.06.2023	31.12.2022
Other payables to related parties	49	-
Other payables to related parties	**49**	**-**
Residual debt - purchase of Schmack Biogas S.r.l.	706	706
Payables to tax authorities	248	851
Accrued expenses and deferred income	543	664
Payables to social security institutions	524	767
Payables to directors	134	104
Other payables	3.907	2.230
Other payables to others	**6.062**	**5.323**
Total	**6.111**	**5.323**

Other payables mainly relate to payables to employees for wages, holidays and ROL (reduced working hours) not taken (Euro 1,816 thousand) and advances received from customers (Euro 1,898 thousand). The increase in the period was mainly due to higher advance payments received from customers on orders in the Services Segment.

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)	01.01.2023 30.06.2023	01.01.2022 30.06.2022
Revenues from related parties	-	-
Revenues - Construction Segment	17.523	10.983
Revenues - Services Segment	12.429	11.494
Revenues - Trading Segment	2.458	3.630
Revenues from other segments	-	-
Revenues from others	**32.410**	**26.106**
Total	**32.410**	**26.106**

Revenues at 30 June 2023 amounted to Euro 32,410 thousand (Euro 26,106 thousand at 30 June 2022). Revenues from the Engineering & Construction Segment are strongly up on the previous year (see paragraph "Analysis of performance and outlook - Engineering & Construction Segment"), the Services Segment is also up, while the decrease in revenues from dispatching activities performed by the subsidiary MSD Service S.r.l. is attributable to the decrease in electricity prices.

Below is a breakdown of revenues by geographic area, compared with the previous year.

REVENUES BY GEOGRAPHICAL AREA (figures in thousands of Euros)	ITALY	FOREIGN	01.01.2023 30.06.2023
Revenues - Construction Segment	17.523	-	17.523
Revenues - Services Segment	12.429	-	12.429
Revenues - Trading Segment	2.458	-	2.458
Revenues from other segments	-	-	-
Total	**32.410**	**-**	**32.410**
% impact on total revenue	*100%*	*0%*	*100%*

REVENUES BY GEOGRAPHICAL AREA (figures in thousands of Euros)	ITALY	FOREIGN	01.01.2022 30.06.2022
Revenues - Construction Segment	10.983	-	10.983
Revenues - Services Segment	11.494	-	11.494
Revenues - Trading Segment	3.630	-	3.630
Revenues from other segments	-	-	-
Total	**26.106**	**-**	**26.106**
% impact on total revenue	*100%*	*0%*	*100%*

BB. OTHER OPERATING REVENUES

Other revenues amounted to Euro 619 thousand at 30 June 2023 (Euro 682 thousand at 30 June 2022) and mainly include (i) the capitalisation of development costs relating to the PON MISE M4.0 project equal to Euro

202 thousand, (iii) the capitalisation of the costs of internal personnel employed in the development of the new management system for Euro 283 thousand.

OTHER OPERATING REVENUES (figures in thousands of Euros)	01.01.2023 30.06.2023	01.01.2022 30.06.2022
Other operating revenues from related parties	**-**	**-**
Revenues from BOT business	-	-
Other revenues	619	682
Other operating revenues from others	**619**	**682**
Total	**619**	**682**

CC. COSTS FOR RAW MATERIALS

COSTS FOR RAW MATERIALS (figures in thousands of Euros)	01.01.2023 30.06.2023	01.01.2022 30.06.2022
Raw material purchases from related parties	-	-
Purchase of raw materials from third parties	11.586	11.359
Total	**11.586**	**11.359**

Raw material costs at 30 June 2023, amounted to Euro 11,586 thousand (Euro 11,359 thousand at 30 June 2022), substantially stable due to the higher incidence of civil works with respect to the purchase of raw materials in the mix of activities performed.

DD. SERVICE COSTS

The breakdown of service costs totalling Euro 11,719 thousand (Euro 8,378 thousand at 30 June 2022) is shown below.

SERVICE COSTS (figures in thousands of Euros)	01.01.2023 30.06.2023	01.01.2022 30.06.2022
Service costs from related parties	9	9
Service costs from related parties	**9**	**9**
Services and other goods	9.553	6.497
Administrative and tax consulting	113	110
Legal and notarial consulting	209	130
Technical and professional consulting	285	169
Compensation of control bodies	109	108
Independent Auditors fees	134	97
Maintenance and utilities	408	350
Insurance	255	272
Rentals and other costs on third-party assets	581	600
Leases payable and charges	63	36
Service costs from others	**11.710**	**8.369**
Total	**11.719**	**8.378**

The item “Services and other goods” mainly includes (i) costs related to third-party services at plant construction sites, (ii) costs for third-party services related to ordinary and extraordinary maintenance services on plants under management. The increase is attributable to the increase in turnover for the period. 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. The increase in costs for “Technical and professional consultancy” is mainly due to personnel recruitment and consultancy related to tax credits.

EE. PERSONNEL COSTS

Personnel costs at 30 June 2023 amounted to Euro 7,790 thousand (Euro 6,890 thousand at 30 June 2022). The increase is mainly attributable to new hires during the reporting period, as well as salary adjustments.

FF. OTHER OPERATING COSTS

OTHER OPERATING COSTS (figures in thousands of Euros)	01.01.2023 30.06.2023	01.01.2022 30.06.2022
Other operating costs from related parties	-	-
Indirect taxes and fees	99	100
Write-down of receivables and inventory	(9)	(142)
Other Provisions	150	(10)
Other expenses	976	1.899
Other operating costs from others	1.216	1.847
Total	1.216	1.847

Other operating costs, at 30 June 2023, amounted to Euro 1,216 thousand (Euro 1,847 thousand at 30 June 2022), a significant reduction compared to the previous year. The item “Other operating costs” includes the estimate of expected losses on some multi-year contracts, as well as travel, trips, car fleet and vehicle expenses.

GG. AMORTISATION AND DEPRECIATION

AMORTISATION AND DEPRECIATION (figures in thousands of Euros)	01.01.2023 30.06.2023	01.01.2022 30.06.2022
Depreciation of tangible assets	474	380
Amortisation of intangible assets	410	701
Total	884	1.081

Amortisation and depreciation for the period amounted to Euro 884 thousand (Euro 1,081 thousand at 30 June 2022).

Amortisation of intangible assets mainly includes: (i) the amortisation of the customer list recognised to Schmack Biogas S.r.l. following the completion of the PPA required by IFRS 3, amounting to Euro 64 thousand, (ii) the amortisation of the Project P.O.N. MISE M4.0 for Euro 174 thousand and (iii) the amortisation of the new Group ERP for Euro 119 thousand.

HH. WRITE-DOWNS

The amount of write-downs of Euro 391 thousand (Euro 239 thousand at 30 June 2022) relates to the write-down of development costs previously capitalised by Pangreen Mozambique (see also paragraph 2.2 "Significant events occurring after 30 June 2023").

II. FINANCIAL INCOME

Financial income amounted to Euro 111 thousand at 30 June 2023 (Euro 160 thousand at 30 June 2022) and referred for Euro 51 thousand to income generated by hedging derivatives on PLC S.p.A. and PLC System S.r.l. loans and for the remainder to income from GSE for electricity produced by the photovoltaic plant owned by PLC System S.r.l. and to exchange rate differences from translation.

Financial income from related parties are illustrated in paragraph 3.2.4.

JJ. FINANCIAL EXPENSES

Financial expenses amounted to Euro 287 thousand at 30 June 2023 (Euro 171 thousand at 30 June 2022) and refer for Euro 245 thousand to interest expense on existing loans.

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 Euro 21 thousand (negative for Euro 4 thousand at 30 June 2022).

SHARE OF THE RESULT OF EQUITY INVESTMENTS IN SHAREHOLDERS' EQUITY (figures in thousands of Euros)	01.01.2023 30.06.2023	01.01.2022 30.06.2022
Sicily Biomethan S.r.l.	(1)	(1)
Biomethane Invest S.r.l.	(20)	(3)
Total	**(21)**	**(4)**

LL. INCOME TAXES

INCOME TAXES (figures in thousands of Euros)	01.01.2023 30.06.2023	01.01.2022 30.06.2022
Current income taxes	(153)	(58)
Deferred income taxes	45	458
Total	**(108)**	**400**

The balance of the tax item, negative for Euro 108 thousand at 30 June 2023 (positive for Euro 400 thousand at 30 June 2022), is composed of: (i) Euro 153 thousand current taxes, of which Euro 136 thousand for IRAP, Euro 23 thousand relative to IRES in the National Worldwide Consolidation and negative Euro 9 thousand for tax credits (ii) Euro 45 thousand from the net positive balance of deferred tax assets and liabilities.

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 Euro 69 thousand including the related tax effect of Euro 3 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

It refers to the result for the period of the Monsson Perimeter and of Idroelettrica 2014 Unipersonale s.r.l. treated as discontinued operations based on IFRS 5:

Income statement - "Discontinued Operations" (figures in thousands of Euros)	Idroelettrica 2014 s.r.l. Unipersonale	Monsson Group	01.01.2023 30.06.2023
Total revenues	-	1.853	1.853
Operating costs	(15)	(2.174)	(2.189)
GROSS OPERATING MARGIN	**(15)**	**(321)**	**(336)**
Amortisation, depreciation and write-downs	(367)	(121)	(487)
EBIT	**(382)**	**(442)**	**(824)**
Net financial income (charges)	-	38	38
Income from (Charges on) equity investments	0	(51)	(51)
Income taxes	(197)		(197)
Profit (loss) from disposal	0	68	68
Profit (loss) for the period	**(578)**	**(387)**	**(965)**

Income statement - "Discontinued Operations" (figures in thousands of Euros)	Idroelettrica 2014 s.r.l. Unipersonale	Monsson Group	01.01.2022 30.06.2022
Total revenues	77	3.859	3.936
Operating costs	(32)	(5.110)	(5.142)
GROSS OPERATING MARGIN	45	(1.251)	(1.206)
Amortisation, depreciation and write-downs	(46)	(322)	(369)
EBIT	(2)	(1.573)	(1.575)
Net financial income (charges)		(125)	(125)
Income from (Charges on) equity investments		(3)	(3)
Income taxes		(113)	(113)
Profit (loss) from disposal	-	-	-
Profit (loss) for the period	(2)	(1.813)	(1.815)

Financial position statement - "Discontinued Operations" (figures in thousands of Euros)	30.06.2023 Idroelettrica 2014 s.r.l. Unipersonale
Tangible assets	935
Tax receivables	462
Trade receivables and other receivables	10
Cash	3
Assets held for sale	1.409
Trade payables and other payables	5
Provisions for risks and charges	330
Liabilities held for sale	335

Cash Flow "Discontinued Operations" thousands of Euros	Idroelettrica 2014 s.r.l. Unipersonale 30.06.2023	Idroelettrica 2014 s.r.l. Unipersonale 30.06.2022
Cash flow from operating activities	(15)	(17)
Cash flow from investing activities	-	27
Cash flow from financing activities	-	(20)
Net change in cash and cash equivalents	(15)	(10)

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 Euro 5,000 thousand

PLC SYSTEM S.r.l.

- 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 Euro 1,272 thousand

- sureties issued by Banco BPM in favour of domestic customers for Euro 2,286 thousand;
- sureties issued by Credito Emiliano in favour of domestic customers for Euro 347 thousand;
- surety issued by PLC S.p.A. in the interest of PLC System S.r.l. in favour of Banco BPM for Euro 2,223;
- bank sureties issued by BNL in favour of domestic customers for a total of Euro 1,897 thousand;
- insurance sureties issued by Sace, Generali, Coface, Reale Mutua and Axa in favour of domestic customers for a total of Euro 5,841 thousand;
- surety issued by PLC S.p.A. in the interest of PLC System S.r.l. in favour of Banca Nazionale del Lavoro to guarantee the bank credit granted for Euro 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 Euro 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 Euro 1,690 thousand;
- corporate guarantee issued by PLC S.p.A. in favour of Siemens Gamesa Renewable Energy Italy S.p.A. for Euro 114 thousand;
- corporate guarantee issued by PLC S.p.A. in favour of Nidec ASI for Euro 267 thousand;
- corporate guarantee issued by PLC S.p.A. in the interest of PLC System in favour of Wind Energy Racalmuto S.r.l. of Euro 4,950 thousand.

PLC SERVICE S.r.l.

- bank sureties issued by Unicredit S.p.A. in favour of domestic customers for Euro 40 thousand;
- bank surety issued by Unicredit S.p.A. in favour of the Ministry of Economic Development as part of the PON MISE M4.0 project for Euro 252 thousand
- bank sureties issued by Banca Nazionale del Lavoro S.p.A. in favour of domestic customers for a total of Euro 52 thousand
- insurance sureties issued by Allianz, Sace and Coface and Axa in favour of domestic customers for Euro 371 thousand;
- first mortgage on the property located in Acerra - Pantano district, for Euro 2,886 thousand to guarantee the loan granted by Banca Nazionale del Lavoro S.p.A.
- comfort letter issued by PLC S.p.A. in favour of Unicredit S.p.A. for Euro 390 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 Euro 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 Euro 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 Euro 325 thousand
- bank surety issued by Unicredit S.p.A. in favour of Alpiq for Euro 200 thousand.

SCHMACK BIOGAS S.r.l

- bank sureties issued by Unicredit S.p.A. in favour of domestic and foreign customers for Euro 809 thousand
- bank surety issued by Sparkasse - Cassa di Risparmio di Bolzano S.p.A. in favour of domestic suppliers for Euro 9 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 Euro 2,262 thousand
- corporate guarantee issued by PLC S.p.A. in the interest of Schmack Biogas S.r.l. in favour of Sparkasse – Cassa di Risparmio di Bolzano S.p.A. to guarantee the credit line contracts granted up to Euro 1,000 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:

Engineering & 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., its subsidiary 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	30.06.2023
Non-current assets					
Tangible assets	906	5.321	154	-	6.381
Goodwill	-	5.445	(734)	39	4.750
Other intangible assets	1.272	1.778	1.033	-	4.083
Equity investments accounted for using the equity method	-	5	-	-	5
Equity investments in other companies	11	-	-	-	11
Deferred tax assets	112	11	61	-	184
Receivables and other non-current assets	1.013	355	69	-	1.437
Other non-current financial assets	-	-	-	-	-
Non-current derivative instruments	87	-	12	-	99
Total non-current assets	**3.401**	**12.915**	**595**	**39**	**16.950**
Current assets					
Inventories	(1.804)	7.583	-	-	5.779
Contract assets	8.427	-	-	-	8.427
Trade receivables	9.348	6.592	24	224	16.188
Financial receivables	85	-	13	-	98
Other receivables	2.986	1.445	411	59	4.901
Cash and cash equivalents	4.205	1.743	384	293	6.625
Other current financial assets	-	-	-	-	-
Current derivative instruments	-	-	-	-	-
Total current assets	**23.247**	**17.363**	**832**	**576**	**42.018**
Assets held for sale / disposal	1.409	-	-	-	1.409
TOTAL ASSETS	**28.057**	**30.278**	**1.427**	**615**	**60.377**
FINANCIAL POSITION STATEMENT (figures in thousands of Euros)	Construction	Services	Holding	Trading	30.06.2023
TOTAL SHAREHOLDERS' EQUITY	**(688)**	**14.646**	**(3.939)**	**139**	**10.158**
Non-current liabilities					
Non-current financial liabilities	1.059	2.202	1.130	-	4.391
Provisions for non-current risks and charges	550	308	-	-	858
Employee severance indemnity	594	1.541	565	-	2.700
Deferred tax liabilities and other non-current taxes	235	73	29	-	337
Payables and other non-current liabilities	-	-	-	-	-
Non-current derivative instruments	-	-	-	-	-
Total non-current liabilities	**2.438**	**4.124**	**1.724**	**-**	**8.286**
Current liabilities					
Current financial liabilities	2.354	880	1.849	-	5.083
Provisions for current risks and charges	-	-	-	-	-
Trade payables	14.465	5.473	686	476	21.100
Contract liabilities	8.674	629	-	-	9.303
Other payables	479	4.526	1.107	-	6.112
Current derivative instruments	-	-	-	-	-
Total current liabilities	**25.972**	**11.508**	**3.642**	**476**	**41.598**
Liabilities held for sale / disposal	335	-	-	-	335
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**28.057**	**30.278**	**1.427**	**615**	**60.377**

FINANCIAL POSITION STATEMENT (figures in thousands of Euros)	Construction	Services	Holding	Trading	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	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**

RECLASSIFIED COMPREHENSIVE INCOME STATEMENT (figures in thousands of Euros)	Construction	Services	Holding	Trading	01.01.2023 30.06.2023
Revenues from core business	17.523	12.429	-	2.458	32.410
Other operating revenues	43	294	283	-	619
Total revenues	17.566	12.723	283	2.458	33.029
Operating costs	(16.252)	(9.769)	(2.645)	(2.429)	(31.095)
Other operating costs	(434)	(688)	(92)	(3)	(1.216)
GROSS OPERATING MARGIN (EBITDA)	880	2.266	(2.454)	26	718
EBITDA %	*5%*	*18%*	*n.a.*	*1%*	*2%*
Amortisation, depreciation and write-downs	(529)	(581)	(166)	-	(1.275)
OPERATING RESULT (EBIT)	351	1.686	(2.620)	26	(557)
Net financial income (charges)	(45)	(43)	(88)	-	(176)
Income from (Charges on) equity investments	-	(21)	-	-	(21)
Income taxes	(225)	(230)	347	-	(108)
Profit (loss) for the period from continuing operations	81	1.392	(2.362)	26	(862)
Profit (loss) for the period from discontinued operations	-	(965)	-	-	(965)
PROFIT (LOSS) FOR THE PERIOD	81	427	(2.362)	26	(1.827)
Total other components of comprehensive income	(18)	(14)	(37)		(69)
COMPREHENSIVE INCOME STATEMENT	63	413	(2.399)	26	(1.896)

RECLASSIFIED COMPREHENSIVE INCOME STATEMENT (figures in thousands of Euros)	Construction	Services	Holding	Trading	01.01.2022 30.06.2022
Revenues from core business	10.983	11.494	-	3.630	26.106
Other operating revenues	325	248	109	-	682
Total revenues	11.308	11.741	109	3.630	26.788
Operating costs	(12.145)	(9.213)	(1.655)	(3.614)	(26.627)
Other operating costs	(1.216)	(546)	(83)	(2)	(1.847)
GROSS OPERATING MARGIN (EBITDA)	(2.053)	1.982	(1.629)	14	(1.686)
EBITDA %	*-18%*	*17%*	*n.a.*	*0%*	*-6%*
Amortisation, depreciation and write-downs	(450)	(327)	(544)	-	(1.320)
OPERATING RESULT (EBIT)	(2.502)	1.655	(2.173)	14	(3.006)
Net financial income (charges)	27	11	(48)	(1)	(11)
Income from (Charges on) equity investments	-	(3)	-	-	(3)
Income taxes	598	(272)	74	-	400
Profit (loss) for the period from continuing operations	(1.877)	1.390	(2.147)	13	(2.621)
Profit (loss) for the period from discontinued operations	(2)	(1.813)			(1.815)
PROFIT (LOSS) FOR THE PERIOD	(1.879)	(423)	(2.147)	13	(4.436)
Total other components of comprehensive income	63	287	44	-	394
COMPREHENSIVE INCOME STATEMENT	(1.816)	(136)	(2.103)	13	(4.042)

3.2.4 TRANSACTIONS WITH RELATED PARTIES

Regarding 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	-	-	-	-	9	-	-
Biomethane Invest S.r.l.	-	-	14	-	-	-	-
Massimo Rossetto	-	-	-	-	-	-	1
Nicolò Cariboni	-	-	-	-	-	-	2
Total	**-**	**-**	**14**	**-**	**9**	**-**	**3**
% impact on financial statements item	*0%*	*n.a.*	*0%*	*n.a.*	*0%*	*n.a.*	*1%*

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	-	-	-	9	-	-
Biomethane Invest S.r.l.	289	-	-	-	-	-
BZEE - Bildungszentren Erneuerbare Energien e.V.	22	-	-	-	-	-
Idea S.r.l.	5	-	-	-	-	-
Marcello Bardini	-	-	2	-	-	-
Massimo Rossetto	-	-	-	-	52	25
Nicolò Cariboni	-	-	-	-	157	25
P&P IMPRESA S.r.l.	-	-	2	-	-	-
Sicily Biomethan S.r.l.	32	-	-	-	-	-
Total	***348***	***-***	***4***	***9***	***209***	***49***
% impact on financial statements item	*2%*	*0%*	*0%*	*0%*	*2%*	*1%*

3.2.5 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				30.06.2023	31.12.2022
	Fair value	Fair Value Hierarchy	Measurement at cost	Amortised cost	Carrying amount	Carrying amount
Loans and receivables	-	-	-	399	399	313
Cash and cash equivalents	6.625	Level 1	-	-	6.625	8.420
Trade receivables	-	-	-	16.187	16.187	20.245
Other current receivables	-	-	-	4.900	4.900	3.547
Other non-current receivables	-	-	-	1.136	1.136	1.426
Investments in other companies measured at fair value	-	-	-	-	-	-
Investments in other companies measured at cost	-	-	11	-	11	11
Other financial assets	-	-	-	-	-	-
TOTAL FINANCIAL ASSETS	6.625	-	11	22.622	29.258	33.962
Trade payables	-	-	-	30.403	30.403	26.435
Other current payables	-	-	-	6.111	6.111	5.323
Current financial payables	-	-	-	5.083	5.083	5.245
Non-current financial payables	-	-	-	4.391	4.391	6.101
TOTAL FINANCIAL LIABILITIES	-	-	-	45.988	45.988	43.104

Regarding 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 Engineering & 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 30 June 2023, the Group had a balanced net short-term financial position, and had credit lines granted and not utilised amounting to approximately Euro 1,340 thousand, 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 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 based on procedures and that, generally, receivables of a significant amount are due from known and reliable counterparties. Despite the uncertain market context, credit risk has currently remained contained; however, it cannot be ruled out that some customers may delay or fail to honour payments under the agreed terms and conditions, with a consequent increase in credit risk. Where there are changes in the creditworthiness of a counterparty, the value of the credit is adjusted accordingly to bring it in line with the actual probability of recovery. At 30 June 2023, 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 because 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 2023, 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 using derivative contracts for hedging purposes. At 30 June 2023, 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 management is heavily committed.

3.3 CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH ART. 154-BIS OF 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 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 condensed interim financial statements at 30 June 2023.

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

It is also certified that:

the condensed interim financial statements at 30 June 2023:

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

Milan, 29 September 2023

The Chief Executive Officer	The Manager in charge of Financial Reporting
Signed Diego Percopo	*Signed Marco Aulisa*

3.4 INDEPENDENT AUDITORS' REPORT

PLC S.p.A.

Review report on the interim condensed consolidated financial statements

(Translation from the original Italian text)

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

To the Shareholders of
PLC S.p.A.

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the statement of financial position, the statement of income, the statement of comprehensive income, the statement of changes in equity, the statement of cash flow and the related explanatory notes of PLC S.p.A. and its subsidiaries (the "PLC Group") as of 30 June 2023. The Directors of PLC S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of PLC Group as of June 30, 2023 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Milan, September 29, 2023

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

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

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