



*Annual financial report at December 31, 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<sup>1</sup>

Francesco Esposito	- Chairman
Diego Percopo (***)	- Chief Executive Officer
Chiara Esposito	- Director
Andrea Sassi (***)	- Independent Director
Claudia Crivelli (*) (**)	- Independent Director
Marina D'Artibale (*) (**)	- Independent Director
Graziano Gianmichele Visentin (*) (**)	- Independent Director

### BOARD OF STATUTORY AUDITORS<sup>2</sup>

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

### INDEPENDENT AUDITORS<sup>3</sup>

EY S.p.A.  
Via Meravigli, 12  
20123 Milan

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<sup>1</sup> appointed by the Shareholders' Meeting of April 30, 2021

<sup>2</sup> appointed by the Shareholders' Meeting of June 30, 2021

<sup>3</sup> appointed by the Shareholders' Meeting of June 23, 2015

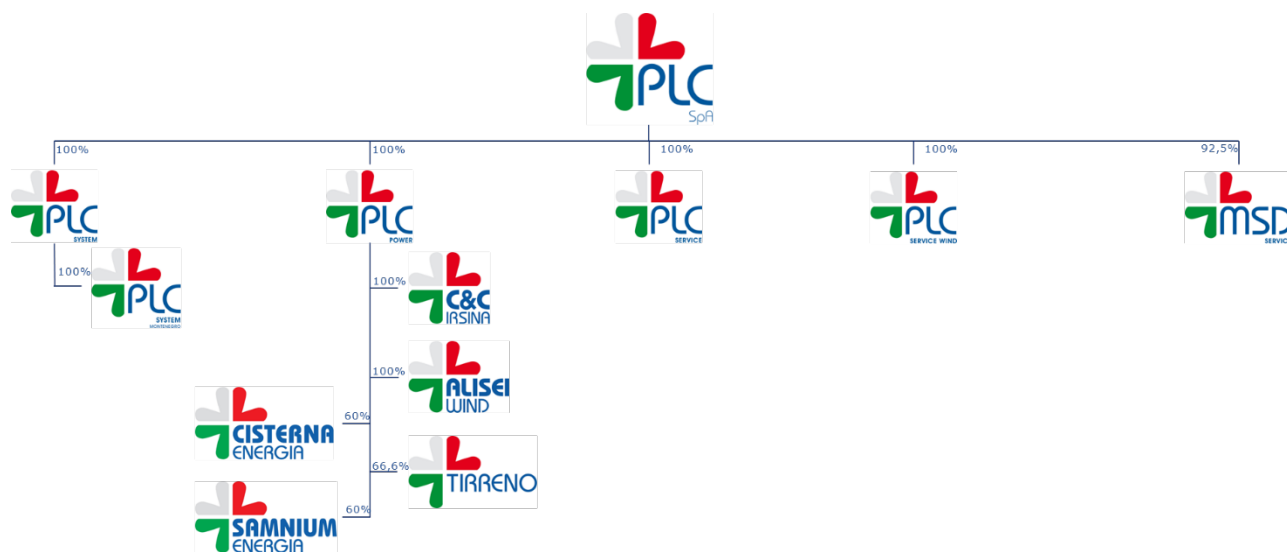
(\*) members of the Control, Risks and Sustainability Committee

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

(\*\*\*) appointed via co-option by the Board of Directors on June 23, 2022



## 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 April 5, 2023.

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

Pangreen Mozambique Ltd was excluded from the Group's ownership structure as it was sold on September 29, 2023 and treated in accordance with IFRS 5 "Discontinued Operations".

PLC System Montenegro was put into liquidation on February 6, 2024.

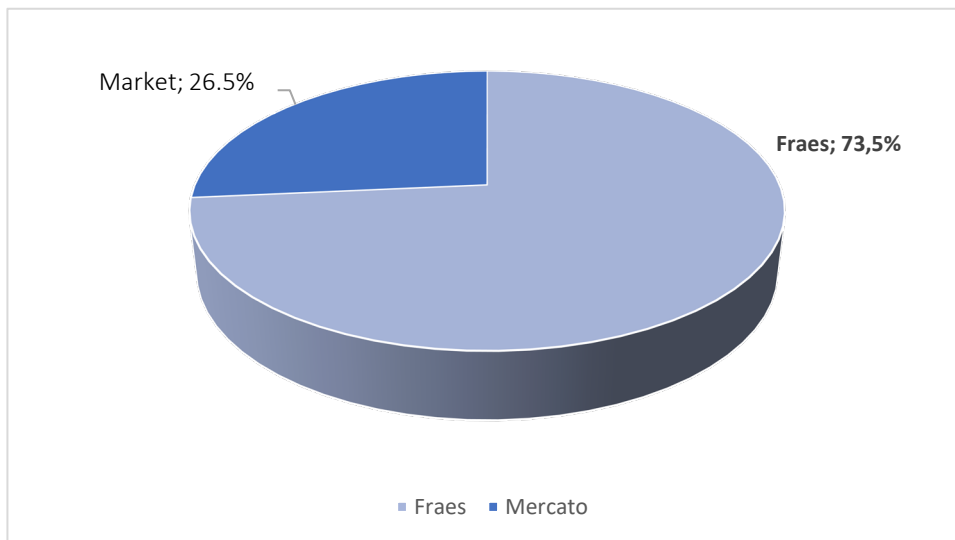
Schmack Biogas S.r.l. was excluded from the Group's ownership structure as it was treated in accordance with IFRS 5 "Discontinued Operations". The shareholding was sold on March 7, 2024.



### 1.3 SHAREHOLDERS

Below is the situation concerning the shareholding of PLC S.p.A. ("**Company**" or "**Parent Company**" or "**Issuer**") on the date of approval of the Annual Financial Report at 31 December 2023<sup>4</sup>. 73.5% is held by FRAES S.r.l. and the remaining 26.5% is floating on the market.

To the best of the Company's knowledge, there is only one agreement between the Company shareholders that is relevant under Article 122 of the TUF, its essential elements are available at the following link: [Shareholders' agreements - Plc \(plc-spa.it\)](http://Shareholders%20agreements%20-%20Plc%20(plc-spa.it)).



<sup>4</sup> Source: Corporate and Consob data





## 2 PLC GROUP MANAGEMENT REPORT



## 2.1 MAIN PLC GROUP OPERATIONS DURING THE YEAR 2023

### *Finalising corporate divestments*

The operations described below are a step in the realisation of the 2023-2027 business plan, in which the absolute strategic centrality of the domestic market and the strengthening of the operating model have been defined, to be realised, *inter alia*, through the simplification of the corporate structure and the divestment of companies deemed non-core. These disposals allow the PLC Group to consolidate its growth path by focusing its activities and resources on the Italian market, which shows significant growth trends in the various sectors in which the Group operates.

#### *1) Sale of the Monsson perimeter*

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

As part of the transaction, the purchaser - with the payment of a symbolic consideration - assumed on its own account the management and entrepreneurial risk arising from the companies of the Monsson perimeter, also for the activities carried out prior to the sale - with the provision of an express indemnity for the benefit of the Company against any and all claims that may be made by third parties in relation to the companies.

Most of the negative accounting effects generated by this transaction, amounting to Euro 4.2 million, have already been accounted for in last year's consolidated financial statement. The 2023 consolidated financial statement includes residual negative effects amounting to Euro 387 thousand, mainly related to the result of the perimeter sold in the months of 2023 prior to the 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 stated in accordance with the same accounting standard.

#### *2) Sale of Idroelettrica 2014 S.r.l. Unipersonale and Pangreen Mozambique Ltd*

On September 15, 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 consolidated financial statement at December



31, 2022 included an impairment loss of Euro 490 thousand for the hydroelectric plant, in order to align the carrying amount with the "recoverable amount". In the first months of 2023, discussions were started with specialised hydroelectric operators interested in the acquisition, and the sale of the shares took place on September 25. The net consideration for the sale of the entire share capital was Euro 400,000. In addition, PLC System S.r.l. collected Euro 243 thousand from the insurance company as indemnity for the aforementioned damages.

In preparation of the financial statement at December 31, 2023, the result attributable to Idroelettrica 2014 Unipersonale S.r.l. 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 stated in accordance with the same accounting standard.

Lastly, on September 29, 2023, the sale was finalised 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 project's lack of progress, which suffered significant delays compared to the initially estimated timeframe, the entire stake, equal to 95% of the share capital, held by PLC Power S.r.l. was sold to the minority shareholder. The result attributable to Pangreen Mozambique Ltd (equal to Euro 349 thousand) 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 stated in accordance with the same accounting standard.

For further details on the operations described, see Section 3.2.3. NN of the Notes to the Financial Statement.

#### ***Signing of new contracts in the Engineering and Construction segment and the Services segment***

During the 2023 financial year, new contracts were signed with major industry players for a total value of about Euro 66.1 million. These contracts will take effect also during the 2024 financial year with a residual tail in the first half of 2025. In particular, it is worth highlighting the most important ones:

- the signing of the contract communicated on March 6, 2023 between PLC System S.r.l. and Cantieri Italiani S.r.l., a Maresca Group company, relating to the "turnkey" construction of a utility substation serving two photovoltaic plants located in Augusta, province of Siracusa, with a capacity of over 100 MW. PLC System's share of the work is 14% of the total contract value of about Euro 20 million;
- the award of a contract communicated on March 16, 2023 by Wind Energy Racalmuto S.r.l., a company of the Energia & Servizi Group, relating to the "turnkey" construction of the grid station, utility substation and high-voltage connections, serving a mixed power generation park, consisting of a wind farm comprising 4 wind turbines with a total capacity of 22 MW, a photovoltaic park with a total



capacity of 3.045 MW and a storage park with a capacity of 2 MW, located in Racalmuto, province of Agrigento, for a total consideration of about Euro 11.7 million;

- the signing communicated on June 29, 2023 between PLC System S.r.l. and Suncore 2 S.r.l., a company of the Peridot Solar Group, of a contract for the “turnkey” construction of a utility substation serving a high-voltage condominium, serving a photovoltaic park with a total capacity of 31.7 MWp, located in Nuoro. The total contract price amounts to more than Euro 3.3 million;
- the signing communicated on September 22, 2023 between PLC System S.r.l. and wpd Construction Italia s.r.l., a wpd Group company, of a contract for the construction of the utility substation for a wind farm with a capacity of more than 30 MWp, located in the Licata (AG) area. The total contract price exceeds Euro 3.8 million;
- the signing communicated on October 31, 2023 between PLC System and Lampino Wind S.r.l., a subsidiary of the partnership between GR Value S.p.A. and FOR.TE., of a contract for the construction of the utility substation serving a wind farm with a capacity of about 75.6 MW, located in the province of Foggia. The total consideration for the contract awarded to PLC System S.r.l. amounts to Euro 4.5 million;
- the signing communicated on November 20, 2023 between PLC System S.r.l. and the company RWE Renewables Italia S.r.l. of a contract for the balance of plant of a wind farm with a capacity of 54 MWp located in the province of Foggia (hereinafter "Contract"). The total consideration for the contract awarded to PLC System S.r.l. amounted to approximately Euro 2.8 million;
- the signing communicated on December 27, 2023 between PLC System S.r.l. in RTI with Cebat SpA and Metka EGN Italy S.r.l. of a contract for the connection works of a plant with a total capacity of about 87 MWp in the province of Latina (hereinafter "Contract") for a total value pertaining to PLC System of about Euro 3.0 million;
- the award communicated on July 21, 2023 to PLC Service S.r.l. of 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. The total contract price amounts to more than Euro 12 million;
- the signing communicated on July 26, 2023 of an agreement between PLC Service S.r.l. and 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 operation, 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 2023, 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.

Noteworthy for its strategic importance is the contract that PLC System S.r.l. was awarded, as a member of a temporary grouping of companies, for the engineering, procurement, construction, testing and commissioning of a primary substation of E-Distribuzione S.p.A. in Southern Italy. This is the first contract as part of the E-Distribuzione broader development plan and, specifically, its technological innovation and grid resilience projects, primary substations being an essential interface node between the national high-voltage transmission grid and the medium- and low-voltage grid.

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

On July 25, 2023, 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 (NA), Via delle Industrie 100.

#### ***New funding for PLC System and PLC Service***

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 a variable rate (Euribor 3M + 2.1% spread); while at the beginning of November, the subsidiary PLC Service s.r.l. signed a loan with MPS for Euro 0.5 million, with a one-year term, at a variable rate (Euribor 1M + 1.0% spread).

#### ***Approval of the 2024-2027 Strategic Sustainability Plan***

Confirming and reinforcing PLC Group commitment to sustainability, on December 21, 2023, PLC S.p.A. approved the 2024-2027 Strategic Sustainability Plan, which envisages an organic set of initiatives, highlighting the responsibility of PLC in the environmental and social context in which it operates and the continuous improvement in the Group governance with medium- and long-term goals. The initiatives of the Strategic Sustainability Plan will lead to concrete and measurable improvements in the areas Environment (with projects on decarbonisation, circular economy and biodiversity), Social (with projects on well-being, training, health and safety, and territorial impact) and Governance (with projects on sustainable finance, risk management, integration and transparency, and supply chain). The Strategic Sustainability Plan places the PLC Group, which is already preparing its Sustainability Report on a voluntary basis since 2021, in a leading position and anticipates the actions to adjust to future regulatory developments on ESG information requirements.



***Process initiated for the sale of the shareholding in Schmack Biogas S.r.l. and its subsidiaries***

With the aim of assessing the opportunity of a further focus of the PLC Group on the core business related to electricity infrastructures, photovoltaic and wind power technology in Italy (highlighted by the important backlog and pipeline values achieved in 2023, higher than those envisaged in the 2023-2027 Business Plan), a process was started in July 2023 to assess the market conditions for the potential sale of the entire shareholding held by PLC S.p.A, equal to 51%, of the capital, in the subsidiary Schmack Biogas S.r.l.. The company acts as a general contractor in plant construction and provider of Operation & Maintenance (O&M) services in the biogas and biomethane sector. Furthermore, through its subsidiaries<sup>5</sup>, Schmack Biogas S.r.l. is active in the authorisation development of plants also in the biogas and biomethane sector. Following the positive feedback received, a sales process was structured starting in November, which involved inviting various industry players and financial investors to make non-binding purchase offers, and a documentary data room was set up to perform the requisite due diligence.

On December 27, Hitachi Zosen Inova AG ("HZI"), a leading European operator in the sector, made a binding offer that considers the enterprise value of 100% of the share capital of Schmack Biogas S.r.l. and its subsidiaries to be approximately Euro 19.5 million, with a price adjustment mechanism linked to the achievement of specific short-term business results. To negotiate and conclude a final and binding agreement for the purchase and sale of the shares of Schmack, and any other documents necessary to complete the transaction, PLC S.p.A., on December 29, 2023, granted HZI exclusivity until January 31, 2024.

Schmack Biogas S.r.l. recorded positive EBITDA of approximately Euro 543 thousand in 2022 and negative EBITDA of approximately Euro 610 thousand in 2023.

In preparing the financial statement at December 31, 2023, the directors, in light of the status of negotiations for the sale described above, and the high probability of the sale, treated the assets and liabilities relating to Schmack Biogas S.r.l. in accordance with the provisions of the international accounting standard IFRS 5 as "Discontinued Operations". The financial statement at December 31, 2022 was also restated in accordance with the same accounting standard.

The sale was successfully completed with the signing of the closing transaction on March 7, 2024.

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

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<sup>5</sup> Schmack Biogas S.r.l. holds the following shareholdings: 60% of BioForCH4 S.r.l., 50% of Sicily Biomethan S.r.l., 25% of Biomethane Invest S.r.l.



### ***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 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 very 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 has no direct exposure to the affected markets and 2023 was not significantly impacted by indirect effects on the supply chain. Looking ahead, however, one cannot exclude possible negative consequences resulting from the development of the conflict between Russia and Ukraine, with as yet unforeseeable effects on business.

## **2.2 SIGNIFICANT EVENTS OCCURRING AFTER DECEMBER 31, 2023**

### ***Closing of the sale of the shareholding in Schmack Biogas s.r.l.***

On March 7, 2024, the shares of Schmack Biogas S.r.l. were transferred to Hitachi Zosen Inova AG ("HZI"). The purchase price for the shareholding held by PLC S.p.A. amounted to about Euro 10.6 million, of which about Euro 7.6 million was paid at the Closing. The Agreement also provides for the accrual of an additional and contingent consideration component based on an earn-out mechanism linked to: (i) the operating and commercial results of Schmack Biogas in the 12 months following the date of signature of the Agreement and (ii) the successful completion of the authorisation processes of the projects held by Schmack Biogas through its subsidiaries in the 3 years following the date of signature of the Agreement. The amount of the two variable components could also accrue only in part based on the results, even partial results, achieved. The agreement includes the repayment of the pre-existing shareholder loan in the amount of about Euro 685 thousand. This transaction generated no accounting effects in the consolidated financial statement and in the ones of the parent company PLC S.p.A. for the year 2023. This transaction will generate a significant gain in the 2024 financial statements.

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

### ***Voluntary liquidation PLC System Montenegro***

On February 6, 2024, PLC System Montenegro went into voluntary liquidation.



### 2.3 ANALYSIS OF THE OPERATING PERFORMANCE AND OUTLOOK

The PLC Group operates in the renewable energies market, with particular reference to the photovoltaic and wind sectors, as well as in 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 ("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 year 2023 was characterised by a slightly improving global scenario, albeit conditioned by the continuing geopolitical crisis generated by the Russia-Ukraine conflict and the outbreak of that in the Middle East (the PLC Group also has no exposure to this area).

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 2023 led to a global economic slowdown affecting both household consumption and corporate investment policies. In the last months of the year, however, the race to raise interest rates seems to be slowing down, leaving room for timid signs of rate stabilisation, which, however, could be jeopardised by the effects of the crisis in the Middle East, particularly regarding the heavy restrictions on maritime traffic through the Suez Canal. In fact, the market prices of raw materials and electricity began to grow again, having progressively decreased over the course of the last financial year (even if only for some materials and some components the prices had returned to levels close to the Russia Ukraine pre-crisis ones). The macroeconomic scenario therefore still appears rather uncertain: central banks' concerns aimed at containing inflation through a restrictive monetary policy, also considering geopolitical events, 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 developments in legislation, including the so-called "Solar Belt" and the new "Fer X Decree" that the Ministry for the Environment and Energy Security is preparing to pursue the 2030 decarbonisation targets, 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 2023, with operating revenues of Euro 66,650 thousand, positive EBITDA of Euro 3,614 thousand and an overall profit for the period of Euro 776 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 2022 negative results. 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 about Euro 97.5 million at December 31, 2023. The contracts currently in the portfolio almost fully cover the expected revenues for 2024 and part of those for 2025.

The figures of the Engineering & Construction Segment returned to positive, with a clearly growing turnover, although marginally affected by the lengthening of closing times and the increase in whole-life costs of some PLC System S.r.l. job orders started in previous years.

The Services Segment also confirmed its growth trend in O&M in the current year, proving its greater stability against 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 job orders.

The economic result for the period is still negatively affected by the accounting effects of extraordinary operations, 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 April 5, 2023). 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 713 thousand relative to the sale of Idroelettrica 2014 S.r.l. Unipersonale arising from the difference between the carrying amounts and the transfer value and the loss for the year. 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 349 related to the sale of Pangreen Mozambique Ltd arising from the difference between the carrying amounts and the transfer value and the loss for the year. 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.



The Group's net financial position recorded a sharp improvement from Euro (2,925) thousand at December 31, 2022 to Euro 1,271 thousand at December 31, 2023, despite the disbursements (and subsequent waivers of credit) made in favour of Monsson in the first quarter of 2023 amounting to about 1,887 thousand.

### **Business outlook**

Also, for 2024, elements of uncertainty and volatility linked to the macroeconomic context persist, still characterised by supply difficulties (in particular, the delivery times of some components have further lengthened, e.g. transformers), however with a trend of progressive stabilisation of prices.

There are no critical issues regarding the Group's outlook; the renewable energy and electricity infrastructure market is confirmed as an essential driving force in achieving the energy transition and the targets set by the European Union, aimed at pursuing climate objectives and greater energy independence and security. In this sense, the regulatory context is proving to be favourable for the development of renewable energy sources, and thus for the environment in which the company operates.

Considering the above and the expansion phase for both new construction and the provision of services, the Board of Directors, taking into account the job orders acquired and new job orders signed, confirms the economic forecasts for 2024 with expected values in line with the previously communicated 2024 guidance.

### **Engineering and Construction Segment**

The PLC Group carries out **Engineering, Procurement and Construction (EPC)** activity carried out mainly through PLC System S.r.l., which acts as general contractor in the construction of renewable energy power plants, as well as electrical infrastructures. The PLC Group also deals with the construction of highly specialised industrial plants as well as, through Special Purpose Vehicles ("SPVs"), the construction of "turnkey" plants to produce electricity from renewable sources, with the aim of selling, through the sale of SPVs to investors, utilities, or Independent Power Producers according to the **Built, Operate and Transfer (BOT)** model.

At December 31, 2023, the backlog of construction activities amounted to approximately Euro 56.0 million, to be realised by the end of 2024 and the first half of 2025.

The figures for the Engineering & Construction Segment are positive, although they are still affected by a lengthening of closing times and the increase in whole-life costs of some PLC System S.r.l. job orders started in previous years. However, these job orders are being closed and their residual impact on PLC System's turnover is marginal. On the other hand, the other open job orders, mainly related to the construction of substations started in 2023 (15 contracts for a total value of over Euro 46 million), show positive margins in line with forecasts.



### Development Segment

The PLC Group, through its subsidiary PLC Power S.r.l. and through special-purpose vehicle, carries out the development of new plants for the renewable energy production, until authorisations are obtained, to be offered to the market according to the BOT business model, while maintaining, in-house, both the partial or full construction of the plants themselves and the subsequent management through multi-year service contracts. In this way, with a modest increase in its risk profile, PLC Group has integrated upstream the typical EPC value chain, directly facing the final investor market and maximizing the value of its skills.

The figures for the year show a negative normalised operating margin of Euro 210 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 rights 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 2025.

The total "pipeline" between wind and photovoltaic technology, comprising projects at different stages of progress, is currently about 215 MW, of which 160 MW is wind technology (16 MW advanced and 144 MW embryonic) and 55 MW is photovoltaic.

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 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, as well as high and medium voltage electrical infrastructures serving RES and industrial plants, through PLC Service S.r.l. and PLC Service Wind S.r.l..

The segment's 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 December 31, 2023, the backlog of service activities amounted to approximately Euro 41.5 million.

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 4.0 digitisation 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.

It should also be noted that the PLC Group is heavily involved in the revamping and repowering of photovoltaic plants, with a significant growth in revenues that is expected to continue in the coming financial years.

The Services Segment contributed positively to the consolidated results, thus confirming the capacity of its recurring component to generate results capable of stabilising the overall profitability, guaranteeing the goals set and creating value for the Group, while ensuring an adequate capital strengthening. The outlook for 2024 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.

#### **Dispatching Services Segment**

During 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 operated one single plant during the year. In December 2023, the only active contract for the provision of services related to the company's dispatching expired and was not renewed, and MSD Service S.r.l. is no longer an active operator on the electricity market; therefore, evaluations are underway regarding the continuation of operations in this segment.



## 2.4 ANALYSIS OF THE ECONOMIC, EQUITY AND FINANCIAL RESULTS OF THE GROUP AT DECEMBER 31, 2023

### RECLASSIFIED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

RECLASSIFIED COMPREHENSIVE INCOME STATEMENT (figures in thousands of Euros)	01.01.2023 31.12.2023	01.01.2022 31.12.2022
<b>Revenues from core business</b>	<b>65,319</b>	<b>46,657</b>
Other operating revenues	1,331	693
<b>Total revenues</b>	<b>66,650</b>	<b>47,350</b>
Operating costs	(60,968)	(51,627)
Other operating costs	(2,068)	(2,312)
<b>GROSS OPERATING MARGIN (EBITDA)</b>	<b>3,614</b>	<b>(6,589)</b>
<b>EBITDA %</b>	<b>5%</b>	<b>-14%</b>
Amortisation, depreciation and write-downs	(1,526)	(5,915)
<b>OPERATING RESULT (EBIT)</b>	<b>2,088</b>	<b>(12,504)</b>
Net financial income (charges)	(444)	(94)
Income from (Charges on) equity investments	-	-
Income taxes	1,213	510
<b>Profit (loss) for the period from continuing operations</b>	<b>2,857</b>	<b>(12,088)</b>
Profit (loss) for the period from discontinued operations	(2,081)	(3,765)
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>776</b>	<b>(15,853)</b>
Total other comprehensive income statement components	(176)	994
<b>COMPREHENSIVE INCOME STATEMENT</b>	<b>600</b>	<b>(14,859)</b>

In accordance with IFRS 5, the results for the period attributable to the Monsson perimeter companies, to Idroelettrica 2014 s.r.l. Unipersonale, to Pangreen Mozambique Ltd (all sold during 2023) and to Schmack Biogas S.r.l. (classified as discontinued operations at December 31, 2023 and sold on March 7, 2024) were 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 December 31, 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 previous year.

Operating revenues at the end of 2023 amounted to a total of Euro 66,650 thousand, while EBITDA was positive for Euro 3,614 thousand.

The result of the comprehensive income statement, positive for Euro 600 thousand, was however impacted by the effects of extraordinary transactions (accounting effects described in paragraph 2.1. above, deriving from the disposals of Monsson, Idroelettrica 2014 and Pangreen Mozambique, IFRS 5 treatment of Schmack Biogas S.r.l., and the release of the exchange difference reserve for Euro 1,522 thousand), which were negative



for a total of Euro 2,081 thousand. For more details, see section NN "Profit (loss) for the period from discontinued operations" in the Notes.

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 31.12.2023
<b>Revenues from core business</b>	<b>37,120</b>	<b>23,412</b>	<b>188</b>	<b>4,599</b>	<b>65,319</b>
Other operating revenues	319	696	292	24	1,331
<b>Total revenues</b>	<b>37,439</b>	<b>24,108</b>	<b>480</b>	<b>4,623</b>	<b>66,650</b>
Operating costs	(33,267)	(17,534)	(5,618)	(4,549)	(60,968)
Other operating costs	(725)	(1,150)	(189)	(4)	(2,068)
<b>GROSS OPERATING MARGIN (EBITDA)</b>	<b>3,447</b>	<b>5,424</b>	<b>(5,327)</b>	<b>70</b>	<b>3,614</b>
<b>EBITDA %</b>	<b>9%</b>	<b>22%</b>	<b>n.a.</b>	<b>2%</b>	<b>5%</b>

The figures are shown net of intercompany balances, the Monsson Perimeter, Idroelettrica 2014 Unipersonale S.r.l. and Schmack Biogas S.r.l.

### Engineering & Construction Segment

RECLASSIFIED COMPREHENSIVE INCOME STATEMENT (figures in thousands of Euros)	01.01.2023 31.12.2023	01.01.2022 31.12.2022
<b>Revenues from core business</b>	<b>37,120</b>	<b>17,657</b>
Other operating revenues	319	390
<b>Total revenues</b>	<b>37,439</b>	<b>18,046</b>
Operating costs	(33,267)	(23,986)
Other operating costs	(725)	(951)
<b>GROSS OPERATING MARGIN (EBITDA)</b>	<b>3,447</b>	<b>(6,891)</b>
<b>EBITDA %</b>	<b>9%</b>	<b>-38%</b>

The figures are shown net of intercompany balances, the Monsson Perimeter, Idroelettrica 2014 Unipersonale S.r.l. and Schmack Biogas S.r.l.

The Engineering & Construction Segment recorded revenues of Euro 37,439 thousand and EBITDA of Euro 3,447 thousand, showing a clear turnaround compared to last year, despite the protracted closure times of some PLC System S.r.l. job orders started in previous years, 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.



### Engineering & Construction - Breakdown by perimeter

RECLASSIFIED COMPREHENSIVE INCOME STATEMENT (figures in thousands of Euros)	PLC System S.r.l.	Schmack Biogas S.r.l.	01.01.2023 31.12.2023
<b>Revenues from core business</b>	<b>37,120</b>	-	<b>37,120</b>
Other operating revenues	319	-	319
<b>Total revenues</b>	<b>37,439</b>	-	<b>37,439</b>
Operating costs	(33,267)	-	(33,267)
Other operating costs	(725)	-	(725)
<b>GROSS OPERATING MARGIN (EBITDA)</b>	<b>3,447</b>	-	<b>3,447</b>
<b>EBITDA %</b>	<b>9%</b>	<b>0%</b>	<b>9%</b>

RECLASSIFIED COMPREHENSIVE INCOME STATEMENT (figures in thousands of Euros)	PLC System S.r.l. (*)	Schmack Biogas S.r.l.	01.01.2022 31.12.2022
<b>Revenues from core business</b>	<b>17,657</b>	-	<b>17,657</b>
Other operating revenues	390	-	390
<b>Total revenues</b>	<b>18,046</b>	-	<b>18,046</b>
Operating costs	(23,986)	-	(23,986)
Other operating costs	(951)	-	(951)
<b>GROSS OPERATING MARGIN (EBITDA)</b>	<b>(6,891)</b>	-	<b>(6,891)</b>
<b>EBITDA %</b>	<b>-38%</b>	<b>0%</b>	<b>-38%</b>

(\*) together with its subsidiaries

### Services Segment

RECLASSIFIED COMPREHENSIVE INCOME STATEMENT (figures in thousands of Euros)	01.01.2023 31.12.2023	01.01.2022 31.12.2022
Revenues from core business	23,412	20,746
Other operating revenues	696	283
<b>Total revenues</b>	<b>24,108</b>	<b>21,029</b>
Operating costs	(17,534)	(15,383)
Other operating costs	(1,150)	(1,139)
<b>GROSS OPERATING MARGIN (EBITDA)</b>	<b>5,424</b>	<b>4,507</b>
<b>EBITDA %</b>	<b>22%</b>	<b>21%</b>

The figures are shown net of intercompany balances, the Monsson perimeter, Idroelettrica 2014 Unipersonale S.r.l. and Schmack Biogas S.r.l.

In 2023, the Services Segment generated revenues of Euro 24,108 thousand and EBITDA of Euro 5,424 thousand, both up from the comparative figure, due to the change in the mix of services, which saw an increase in revamping activities in 2023.



### Trading Segment

RECLASSIFIED COMPREHENSIVE INCOME STATEMENT (figures in thousands of Euros)	01.01.2023 31.12.2023	01.01.2022 31.12.2022
<b>Revenues from core business</b>	<b>4,599</b>	<b>8,255</b>
Other operating revenues	24	-
<b>Total revenues</b>	<b>4,623</b>	<b>8,255</b>
Operating costs	(4,549)	(8,206)
Other operating costs	(4)	(4)
<b>GROSS OPERATING MARGIN (EBITDA)</b>	<b>70</b>	<b>45</b>
<b>EBITDA %</b>	<b>2%</b>	<b>1%</b>

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 31.12.2023	01.01.2022 31.12.2022
<b>Revenues from core business</b>	<b>188</b>	-
Other operating revenues	292	20
<b>Total revenues</b>	<b>480</b>	<b>20</b>
Operating costs	(5,618)	(4,052)
Other operating costs	(189)	(218)
<b>GROSS OPERATING MARGIN (EBITDA)</b>	<b>(5,327)</b>	<b>(4,250)</b>

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 intercompany revenues mainly due to the remuneration of the management and coordination activities performed by PLC S.p.A. in favour of Group companies.

The increase in operating costs of about Euro 1,566 thousand is substantially linked to the following factors:

- about Euro 1,106 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), 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), the allocations of





annual bonuses to employees. 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 2023, this cost was recorded in its entirety, last year, a lower cost was recorded as a result of the adjustment, following the exit of some 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)	31.12.2023	31.12.2022
Net tangible assets	6,538	7,743
Net intangible assets	8,552	8,917
Equity investments	11	17
Other non-current assets	2,688	2,095
<b>Fixed assets</b>	<b>17,789</b>	<b>18,772</b>
Net working capital	(8,264)	(2,248)
Assets held for disposal	1,823	(80)
<b>NET INVESTED CAPITAL</b>	<b>11,348</b>	<b>16,444</b>
Net financial position	1,271	(2,925)
<b>NET FINANCIAL POSITION</b>	<b>1,271</b>	<b>(2,925)</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>12,619</b>	<b>13,519</b>

The consolidated financial position statement at December 31, 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 December 31, 2023 amounted to Euro 11,348 thousand compared to Euro 16,444 thousand at December 31, 2022. The negative change of Euro 5,096 thousand was mainly due to the change in net working capital of Euro 6,016 thousand, which was mainly attributable to the increase in contract liabilities of the Engineering & Construction segment's assets and the revamping of the Services segment as a result of advance payments received from customers and the start of new job orders during the year.



## CONSOLIDATED NET FINANCIAL POSITION

CONSOLIDATED NET FINANCIAL POSITION (figures in thousands of Euros)	31.12.2023	31.12.2022
Liquidity	9,961	8,420
Current financial debt	(4,767)	(5,030)
Non-current financial debt	(3,045)	(5,139)
<b>Net financial position before IFRS16</b>	<b>2,149</b>	<b>(1,749)</b>
Financial liabilities IFRS 16	(878)	(1,176)
<b>NET FINANCIAL POSITION</b>	<b>1,271</b>	<b>(2,925)</b>

The PLC Group's net financial position at December 31, 2023 is positive for Euro 1,271 thousand (positive for Euro 2,149 thousand net of financial payables recognised in application of IFRS 16) and recorded a positive variation of Euro 4,196 thousand compared to December 31, 2022. This change is mainly attributable to the increase in the Group's business volume due to the start of new job orders during the year and the receipt of advance payments from customers in the Engineering & Construction segment and revamping in the Services segment. The total amount of financial indebtedness decreased by Euro 2,357 thousand due to repayments made in accordance with the amortisation schedules, net of new financing disbursed. In 2023, PLC Service S.r.l. signed a new loan with MPS S.p.A. for Euro 500 thousand, maturing on November 11, 2024; PLC System S.r.l. signed a new unsecured loan with BPM on September 6, 2023, for Euro 1,500 thousand, maturing on June 30, 2026.



## 2.5 ECONOMIC, EQUITY AND FINANCIAL RESULTS ANALYSIS OF PLC S.P.A. AT DECEMBER 31, 2023 RECLASSIFIED COMPREHENSIVE INCOME STATEMENT

RECLASSIFIED COMPREHENSIVE INCOME STATEMENT (figures in thousands of Euros)	01.01.2023 31.12.2023	01.01.2022 31.12.2022
<b>Revenues from core business</b>	<b>3,283</b>	<b>2,422</b>
Other operating revenues	283	20
Operating costs	(5,622)	(4,054)
Other operating costs	(189)	(426)
<b>GROSS OPERATING MARGIN (EBITDA)</b>	<b>(2,245)</b>	<b>(2,038)</b>
Amortisation, depreciation and write-downs	(335)	(10,327)
<b>OPERATING RESULT (EBIT)</b>	<b>(2,580)</b>	<b>(12,365)</b>
Net financial income (charges)	(117)	175
Income from (Charges on) equity investments	1,266	4,768
Income taxes	1,090	303
<b>Profit (loss) for the period from continuing operations</b>	<b>(341)</b>	<b>(7,119)</b>
Profit (loss) for the period from discontinued operations	(1,887)	-
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>(2,228)</b>	<b>(7,119)</b>
Total other comprehensive income statement components	(55)	64
<b>COMPREHENSIVE INCOME STATEMENT</b>	<b>(2,283)</b>	<b>(7,055)</b>

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, which are charged back to the other Group companies through suitable service contracts. In 2023, there was an increase in intercompany revenues mainly due to the remuneration of management and coordination activities performed by PLC S.p.A. in favour of Group companies.

The increase in Operating Costs was substantially due to the reinforcement of certain staff functions, the centralisation of certain organisational functions previously located in operating companies (Procurement, Research & Development, Business Development), as well as the move of the Group CEO to PLC S.p.A.; consultancy for extraordinary operations; and technical support costs for the new ERP system.

Negative income components include write-downs of Euro 1,887 thousand resulting from the sale of the Monsson Perimeter.

Other positive income components included dividends of Euro 1,266 thousand distributed by the subsidiaries PLC Service S.r.l. for Euro 1,215 thousand, and Schmack Biogas for Euro 51 thousand.



## RECLASSIFIED FINANCIAL POSITION STATEMENT

RECLASSIFIED FINANCIAL POSITION STATEMENT (figures in thousands of Euros)	31.12.2023	31.12.2022
Net tangible assets	213	148
Net intangible assets	999	1,110
Equity investments	43,093	44,593
Other non-current assets	2,300	954
<b>Fixed assets</b>	<b>46,605</b>	<b>46,805</b>
Net working capital	(1,595)	(1,056)
Non-current assets/liabilities held for disposal	1,500	-
<b>NET INVESTED CAPITAL</b>	<b>46,510</b>	<b>45,749</b>
Net financial position	(7,672)	(4,628)
Net financial position relating to non-current assets and liabilities held for disposal	-	-
<b>NET FINANCIAL POSITION</b>	<b>(7,672)</b>	<b>(4,628)</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>38,838</b>	<b>41,121</b>

The financial position statement of PLCS.p.A. at December 31, 2023 has been reclassified by aggregating assets and liabilities according to the criteria of functionality to the management of the company considered, conventionally broken down into the three basic functions: investment, operation and financing. The financial position statement at December 31, 2023 shows an increase in Net Invested Capital for a total of Euro 647 thousand essentially due to the increase in other non-current assets following the allocation of deferred tax assets.

## NET FINANCIAL POSITION

NET FINANCIAL POSITION (figures in thousands of Euros)	31.12.2023	31.12.2022
Liquidity	436	421
Current financial debt	(7,704)	(3,025)
Non-current financial debt	(312)	(1,995)
<b>Net financial position before IFRS 16 effects</b>	<b>(7,580)</b>	<b>(4,600)</b>
IFRS 16 effects - financial payables	(92)	(28)
<b>NET FINANCIAL POSITION</b>	<b>(7,672)</b>	<b>(4,628)</b>

The net financial position of PLC S.p.A. at December 31 2023 was negative for Euro 7,672 thousand (negative for Euro 7,579 thousand net of financial payables recognised in application of IFRS 16) and recorded a negative change of Euro 3,043 thousand due to the increase in financial debt to the subsidiary PLC System.



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

Figures in thousands of Euros	Shareholders' equity 31.12.2023	Result 31.12.2023
<b>PLC S.p.A.</b>	<b>38,838</b>	<b>(2,283)</b>
Difference between the carrying amounts of equity investments and the corresponding portions of shareholders' equity	(31,236)	3,110
Effects of the reverse merger transaction	4,711	0
Effects of the C&C transaction	606	0
Effects of the Schmack Biogas transaction (*)	108	(91)
Other	(406)	40
<b>PLC group</b>	<b>12,619</b>	<b>776</b>

## 2.7 RESEARCH AND DEVELOPMENT ACTIVITIES

The PLC Group has always been involved in research and development activities focused on improving the quality of the service offered to its customers and optimising its organisation as part of "Industry 4.0".

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, 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 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 "Industry 4.0", with the aim of implementing innovative technological solutions in the O&M services of renewable energy (RES) plants, the corporate 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 July 15, 2020, received a subsidised loan 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 August 31, 2022, and on January 20, 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 goals. The meeting showed how the PON M4.0 project has strongly contributed to the company progress in its digitalisation process in the O&M segment by making a technological leap towards Industry 4.0. The second-level verification conducted by Invitalia is currently underway for the issuance of the decree officially closing the project and the disbursement of the second instalment of the balance of approximately Euro 40 thousand, which is expected to be collected by the second quarter of 2024. In addition, the industrialisation process of AR/VR technology (remote assistance through video-assisted calling via Smart Glasses and computer platforms) applied to O&M was started.

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

#### **MAIA 4.0 project - 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 based on 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 goal 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 2024.

#### **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, 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 under development**

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 concluded during 2023:

- Implementation of new infrastructure (Control Centre)
- Implementation of IT infrastructure for the management of the new control centre

The following have been initiated and are being developed:



- Configuration on the new platform of the plants managed in the control room
- 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 Group completed the migration process of the remote-control activities in the second half of 2023. When fully operational, all the activities related to technical support and field engineering of plants will be managed remotely.

The development costs incurred during 2022 and 2023 amounted to about Euro 450 thousand, fully capitalised.

## **2.8 BRANCH OFFICES**

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

## **2.9 CORPORATE GOVERNANCE**

In 2022, the Company implemented the process of adhering to the Corporate Governance Code, effective from January 1, 2021, 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 December 31, 2023.

## **2.10 TREASURY SHARES**

At December 31, 2023, PLC S.p.A. did not hold any of its treasury shares, nor did it buy or sell them during the year.

## **2.11 OPERATIONS WITH RELATED PARTIES AND INTRA-GROUP ONE**

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 to adjust it to the provisions of Consob Regulation no. 17221 of March 12, 2010, as last amended by Consob Resolution no. 21624 of 2020, was approved by the Board of Directors on June 28, 2021 and is available to the public on the Company's website [www.plc-spa.com](http://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 July 28, 2006, reference should be made to paragraph 3.4.3.

## **2.12 MAIN RISKS AND UNCERTAINTIES**

In general terms, the equity and economic-financial situation of the PLC Group is influenced by a series of risk factors specific to the renewable energy production sector in which it operates. These are legislative/regulatory and market/price risks that impact only indirectly on the Construction and Services Segments and directly only on the Development Segment. The evolution of the normative/regulatory scenario and of electricity prices is an important element in the evaluation of investments by customers who entrust the PLC Group with EPC and O&M assignments. Therefore, theoretically, it can influence the decision to start building a renewable energy plant with the consequent effects on the PLC Group's core business: the current market context, however, is characterised by a growing demand according to a long-term trend driven by a structurally very favourable external political and economic scenario.

Possible changes in laws/regulations (or delays in authorisation processes) and/or electricity prices, moreover, have no direct impact on either the backlog or the financial statement position of PLC, except limited to its own self-consumption photovoltaic plants (of insignificant value with respect to the Group's business) and authorisation projects carried out within the Development Segment.

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 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 has limited exposure to the risks deriving from changes in the reference legal and regulatory context which could have a possible detrimental effect on the profitability of the Group's future investments and consequently on its equity, economic and financial situation. In this scenario, the management constantly monitors the evolution of the reference legal and regulatory framework 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 no. 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* (NIEC) 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, to assess the introduction of more ambitious climate targets 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 energy dependence on non-European raw materials, accelerating the process of research and development of renewable and sustainable sources, through which the European Union aims to achieve energy independence.

#### *Significant regulatory and institutional updates during the year*

##### ▪ *European Union - REpowerEU Packages*

Following the outbreak of the war in Ukraine, in March 2022, the European Commission proposed the "REpowerEU" plan to make Europe independent from Russian fossil fuels well before 2030. The main measures and actions proposed for renewable energy include raising European targets in 2030 from 40% to 45%, a photovoltaic installation target of 320GW by 2025 and of 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 D.L. 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 November 8, 2021*

Legislative Decree no. 199/2021 lays down provisions on energy from renewable sources, consistent with the European targets 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 April 22, 2021, as well as the provisions necessary for the implementation of the measures of the PNRR. 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, 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 based on implementation criteria defined by the Government. Areas where repowering projects are qualified as "non-substantial" according to the Simplifications D.L. 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 - RES 2 Decree*

In February 2024, the Ministry of the Environment and Energy Security published a new draft of the RES 2 decree. The provision, which has already received the approval of the European Commission, aims to promote the power generation of innovative or high-cost renewable energy plants by defining incentives that stimulate these applications to increase their competitiveness and enable them to contribute to the achievement of the 2030 decarbonisation targets.

The RES 2 Decree, when finally adopted, provides for the granting of subsidies aimed at increasing the production of energy from innovative renewable sources (such as geothermal, floating photovoltaic, thermodynamic solar, biogas and offshore wind power to be placed alongside more mature technologies such as onshore wind and solar), as well as the achievement of the 2030 decarbonisation targets.

The incentives of the RES 2 Decree will be allocated on the basis of telematic competitive procedures, i.e. tenders, which will be announced periodically over the 2024-2028 five-year period by the Gestore dei Servizi Energetici (GSE) by making available power quotas identified in the Decree.

- **Italy - RES X Decree**

Envisaged by the RED II Directive and by the Italian transposition law (Legislative Decree no. 199/2021), the draft of the RES X Decree currently under consideration by the EU provides for major simplifications in energy incentive mechanisms with a new facilitation scheme that will be in force until December 31, 2028.

In general, the draft under discussion provides for:

- New feed-in tariffs for energy generated through renewable resources with a predefined price for the electricity produced;
- Tendering for funds to create a competitive and transparent context for the allocation of incentives;
- Simplification of administrative procedures;
- Measures to support research and innovation, with loans for research projects and the development of cutting-edge technologies to boost energy efficiency and energy generation from renewable sources.

Electricity production is incentivised by means of:

- photovoltaic plants;
- wind plants;
- hydroelectric plants;
- treatment plants for residual gases from purification processes.

For plants up to 1 MW, a quota of 5 GW is envisaged; for plants above 1 MW, quotas will be incentivised (through participation in competitive procedures) within the following limits:



- Photovoltaic: 45 GW;
- Wind: 15 GW;
- Hydroelectric: 0.13 GW;
- Residual gases from purification processes: 0.2 GW,
- Renovations: 2 GW.

Plants with a capacity above 1 MW can access support through participation in competitive tenders, which will be organised by the GSE in the 2024-2028 period, during which power quotas will be made available periodically.

### **Risks related to electricity price trends**

In the current reference scenario, it is appropriate to illustrate the potential effects on the PLC Group resulting from the electricity price trends, which have fallen compared to the previous two years. In particular, the price of electricity is one of the decision factors taken by investors to launch new initiatives, also in terms of building electricity infrastructure. It must be highlighted that this risk for the PLC Group is substantially limited to a temporal delay in the start-up of certain activities since the decision to build (by an investor rather than by the PLC Group itself if it decides to undertake the construction of plants for which it has directly obtained the authorisations, see in this regard the paragraph "Development Segment") follows a very long and expensive authorisation process or the purchase of an authorisation already obtained, both factors that are unlikely to lead to the abandonment of a construction project due to momentarily depressed electricity prices. What matters most to an investor in relation to the price of electricity is its predictability/determinability over the long term (also an enabling factor for obtaining bank loans), i.e. over the time horizon of the investment. In this regard, it should be noted that there are ways in which the price of electricity can be fixed over the long term, such as public auction mechanisms (so-called guaranteed prices) and PPA (power purchase agreements, multi-year power purchase agreements at predetermined prices).

The price of energy is even less of an impact on the PLC Group's O&M activities, given the fundamental importance of constant and timely maintenance activities to ensure the proper functioning of existing plants and electrical infrastructure, even in a scenario of unforeseen energy price developments.

### **Risks from climate change**

It should be noted that the operational risk arising from climate change for the PLC Group is to be considered very limited, as the PLC Group does not have any proprietary operating assets (e.g. electricity production plants), is not exposed to construction site penalties (climate events are contractually considered "force majeure" events), and the value of proprietary equipment used on construction sites is very low. In general,



however, the opportunity of activating appropriate insurance hedging procedures against climatic events is being considered.

\* \* \*

It should be noted that from the 2020 financial year, the PLC Group, even though it is not subject to the mandatory drafting of the "Consolidated non-financial statement" required by articles no. 3 and 4 of Legislative Decree no. 254/2016, publishes the Consolidated Sustainability Report, following the best international reporting standards, defined by the Global Reporting Initiative (GRI). In fact, the PLC Group, aware of the importance of the Sustainable Development Goals of the 2030 Agenda (SDGs), and considering the role it intends to play in the 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. The Consolidated Sustainability Report at December 31, 2023 will be published on the website in the "Investor Relations/Sustainability" section.

The PLC Group's commitment to sustainability and the environment is also embodied in the 2024-2027 Strategic Sustainability Plan approved in December 2023, which contains a series of concrete short-, medium- and long-term initiatives in specific ESG areas.

### **Financial Risks**

The PLC Group is exposed to the following financial risks: (i) liquidity risk stemming from the possibility of not being able to source the necessary funds to meet its obligations, (ii) credit risk arising from the possibility of default by a counterparty, (iii) exchange rate risk arising from the performance of its business also in foreign markets, and (iv) interest rate risk arising from financial exposure. The management of financial risks is an integral part of the management of the activities of the Group and is carried out centrally by the parent company 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 consideration of the war in Ukraine that began in February 2022 and of the crisis in the Middle East in October 2023, the management is monitoring any critical issues and impacts with reference to financial risks. At this stage, the PLC Group is not exposed to an increase in financial risks because 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 operating activities on projects with delays in the related invoicing to customers.

For further information on financial risks required by IFRS 7, see paragraph 3.2.5. with reference to the consolidated financial statement and paragraph 4.2.4 with reference to the separate financial statement

### **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 "Corte di Appello" (second jurisdiction grade). However, the claim for reimbursement of the costs incurred by the company was always rejected. An appeal was therefore lodged with the "Corte di Cassazione" (third and latest jurisdiction grade). Alongside this judgment, PLC System S.r.l. also acted 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.

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

Regarding the sale of the shareholding in Schmack Biogas, it should be noted that the buyer HZI has entered into a so-called "*warranty&indemnity*" aimed at limiting the liability of sellers with respect to representations



and warranties made in connection with the transaction to contractually defined assumptions, in addition to cases of fraud. The contractually defined assumptions limit potential indemnities to specific cases and to amounts that are insignificant overall in relation to the transaction.

### **2.13 DISCLOSURE PURSUANT TO LAW NO. 124/17**

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

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

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

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

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

The loan signed on July 31, 2018 by the subsidiary PLC Service S.r.l. with BNL requires compliance with two financial covenants subject to verification annually starting from December 31, 2018 and for the entire duration of the loan (i.e. 10 years); failure to comply with both financial constraints may result in forfeiture. These constraints, to be recognised on the values resulting from the consolidated financial statement of the PLC Group, envisage (i) a ratio between financial debt and an EBITDA of less than 3.0 and (ii) a ratio between financial debt and a Shareholders' Equity of less than 3.5. At December 31, 2023, both constraints had been complied with.

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

The loan signed on January 22, 2019 by the parent company PLC S.p.A. with BNL requires compliance with two financial covenants subject to verification annually starting from December 31, 2018 and for the entire duration of the loan (i.e. January 22, 2025); the simultaneous failure to meet the financial covenants constitutes a Material Event under the loan agreement. These constraints, to be recognised on the values resulting from the consolidated financial statement of the PLC Group, envisage (i) a ratio between financial debt and an EBITDA of less than 2.0 and (ii) a ratio between financial debt and a Shareholders' Equity of less than 1.5. At December 31, 2023, both constraints had been complied with.

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





## 2.14 GLOSSARY

### Financial Terms

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

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

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

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

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

**Weighted Average Cost of Capital (WACC)** is calculated as the weighted average of the company's cost of debt capital and cost of risk capital, defined 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 except for 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.

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

**RES** means renewable energy sources

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

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

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

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



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

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



### 3 CONSOLIDATED FINANCIAL STATEMENT



### 3.1 CONSOLIDATED FINANCIAL STATEMENT

#### 3.1.1 FINANCIAL POSITION STATEMENT

FINANCIAL POSITION STATEMENT (figures in thousands of Euros)	Notes	31.12.2023	of which from related parties	31.12.2022	of which from related parties
<b>Non-current assets</b>					
Tangible assets	A	6,538	-	7,743	-
Goodwill	B	4,750	-	4,752	-
Intangible assets	C	3,802	-	4,165	-
Equity investments accounted for using the equity method	D	-	-	6	-
Equity investments in other companies	E	11	-	11	-
Deferred tax assets	F	1,402	-	332	-
Receivables and other non-current assets	G	1,233	-	1,637	211
Other non-current financial assets		-	-	-	-
Non-current derivative instruments	H	52	-	127	-
<b>Total non-current assets</b>		<b>17,788</b>		<b>18,773</b>	
<b>Current assets</b>					
Inventories	I	6,216	-	4,444	-
Contract assets	I	7,174	-	5,054	-
Trade receivables	J	19,219	-	20,245	4
Financial receivables	K	18	18	102	9
Other receivables	L	6,435	-	3,547	-
Cash and cash equivalents	N	9,961	-	8,420	-
Other current financial assets		-	-	-	-
Current derivative instruments		-	-	-	-
<b>Total current assets</b>		<b>49,023</b>		<b>41,812</b>	
<b>Non-current assets held for sale / disposal</b>	NN	14,343	-	4,016	-
<b>TOTAL ASSETS</b>		<b>81,154</b>		<b>64,601</b>	



FINANCIAL POSITION STATEMENT (figures in thousands of Euros)	Notes	31.12.2023	of which from related parties	31.12.2022	of which from related parties
Share capital and reserves		12,009	-	28,368	-
Profit (loss) for the period attributable to the Group		586	-	(14,841)	-
<b>Group shareholders' equity</b>		<b>12,595</b>		<b>13,527</b>	
Minority interests in shareholders' equity		24	-	(8)	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>	M	<b>12,619</b>		<b>13,519</b>	
<b>Non-current liabilities</b>					
Non-current financial liabilities	N	3,545	-	6,101	206
Provisions for non-current risks and charges	O	675	-	1,017	-
Employee severance indemnity	P	2,412	-	2,506	-
Deferred tax liabilities and other non-current taxes	Q	211	-	359	-
Payables and other non-current liabilities		-	-	-	-
Non-current derivative instruments		-	-	-	-
<b>Total non-current liabilities</b>		<b>6,843</b>		<b>9,983</b>	
<b>Current liabilities</b>					
Current financial liabilities	N	5,145	-	5,245	-
Provisions for current risks and charges		45	-	-	-
Trade payables	R	22,854	19	20,960	19
Contract liabilities	S	17,094	-	5,475	-
Other payables	T	4,034	-	5,323	-
Current derivative instruments		-	-	-	-
<b>Total current liabilities</b>		<b>49,172</b>		<b>37,003</b>	
<b>Non-current liabilities held for sale / disposal</b>	NN	<b>12,520</b>		<b>4,096</b>	
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>81,154</b>		<b>64,601</b>	



### 3.1.2 INCOME STATEMENT

INCOME STATEMENT (figures in thousands of Euros)	Notes	01.01.2023 31.12.2023	di cui verso parti correlate	01.01.2022 31.12.2022	di cui verso parti correlate
Revenues from core business	AA	65,319	-	46,657	-
Other operating revenues	BB	1,331	-	693	-
Costs for raw materials	CC	(23,232)	-	(11,049)	-
Service costs	DD	(23,955)	(19)	(29,291)	(19)
Personnel costs	EE	(13,781)	-	(11,287)	-
Other operating costs	FF	(2,068)	-	(2,312)	(25)
<b>GROSS OPERATING MARGIN (EBITDA)</b>		<b>3,614</b>		<b>(6,589)</b>	
Amortisation and depreciation	GG	(1,526)	-	(2,478)	-
Reassessments (write-downs)	HH	-	-	(3,438)	-
<b>OPERATING RESULT (EBIT)</b>		<b>2,088</b>		<b>(12,504)</b>	
Financial income	II	95	-	194	15
Financial charges	JJ	(539)	-	(289)	(6)
Income from (Charges on) equity investments					
Dividends		-	-	-	-
Share of the result of equity investments in shareholders' equity	KK	-	-	-	-
Gains (losses) on equity investments		-	-	-	-
Income taxes	LL	1,213	-	510	-
<b>Profit (loss) for the period from continuing operations</b>		<b>2,857</b>		<b>(12,088)</b>	
Profit (loss) for the period from discontinued operations	NN	(2,081)	-	(3,765)	-
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>776</b>		<b>(15,853)</b>	
<i>pertaining to the Group</i>		762	-	(15,836)	-
<i>attributable to minority interests</i>		14	-	(17)	-
Weighted average number of ordinary shares in the period		25,960,575	-	25,960,575	-
Earnings per share (in Euro)		0.030	-	0.114	-
Diluted earnings per share (in Euro)		0.03	-	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 31.12.2023	01.01.2022 31.12.2022
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>776</b>	<b>(15,853)</b>
<b>Other comprehensive income statement components</b>			
Components that cannot be reclassified to the income statement		(244)	633
Tax effect of non-reclassifiable components		68	(177)
<b>Total components that cannot be reclassified to the income statement</b>		<b>(176)</b>	<b>456</b>
Components reclassifiable to the income statement		-	538
Tax effect on reclassifiable components		-	-
<b>Total components reclassifiable to the income statement</b>		<b>-</b>	<b>538</b>
<b>Total other comprehensive income components</b>	MM	<b>(176)</b>	<b>994</b>
<b>COMPREHENSIVE INCOME STATEMENT</b>		<b>600</b>	<b>(14,859)</b>
<i>pertaining to the Group</i>		586	(14,842)
<i>attributable to minority interests</i>		14	(17)



### 3.1.4 CASH FLOW STATEMENT

CASH FLOW STATEMENT (figures in thousands of Euros)	01.01.2023 31.12.2023	01.01.2022 31.12.2022
<b>Comprehensive income/(loss) from continuing operations</b>	2,682	(11,343)
Comprehensive income/(loss) from discontinued operations	(2,081)	(3,516)
<b>Comprehensive income / (loss)</b>	<b>600</b>	<b>(14,859)</b>
(Capital Gain)/Loss from assets sold	-	-
Fair Value Adjustment	-	-
Amortisation, depreciation and impairment of fixed assets	1,526	2,188
Write-downs (Revaluations) of financial assets	-	(110)
Write-downs (Revaluations) of fixed assets	8	4,665
Associates' share of comprehensive income	-	-
Charges (Net financial income)	(444)	39
Dividends	-	-
Other non-monetary items included in the income statement	(1,522)	1,026
<b>Net changes in working capital</b>		
Contract assets	(2,119)	10,974
Inventories	(1,771)	(50)
Trade receivables and other receivables	(1,458)	(2,038)
Trade payables and other payables	12,226	2,457
Change in other provisions and deferred tax assets and liabilities	(946)	353
<b>Gross Cash Flow</b>	<b>6,100</b>	<b>4,644</b>
Interest paid	(564)	(325)
Interest received	92	63
Income taxes (paid) received	(117)	(437)
Income taxes	(1,096)	(716)
<b>CASH FLOW FROM OPERATING ACTIVITIES [A]</b>	<b>4,415</b>	<b>3,230</b>
(Investments) in tangible and intangible fixed assets	(3,554)	(3,869)
Divestment of tangible and intangible fixed assets	3,596	426
(Acquisitions) net of cash acquired	-	-
Divestments net of cash transferred	-	-
(Investments) in other companies and financial assets	-	-
Divestments in other companies and financial assets	-	-
Dividends received	-	-
<b>CASH FLOW FROM INVESTING ACTIVITIES [B]</b>	<b>42</b>	<b>(3,443)</b>
Increase/(Reduction) of Share Capital net of ancillary charges	-	-
Other changes in shareholders' equity	-	(10)
Obtainment of loans, financing and other financial liabilities	2,550	4,437
(Repayments) of loans, financing and other financial liabilities	(4,609)	(5,943)
Repayments of loans, financing and other financial assets	-	-
(Disbursement) of loans, financing and other financial assets	-	-
Dividends paid	-	-
<b>CASH FLOW FROM FINANCING ACTIVITIES [C]</b>	<b>(2,059)</b>	<b>(1,516)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS [A+B+C]</b>	<b>2,398</b>	<b>(1,729)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>8,420</b>	<b>10,729</b>
<b>Cash and cash equivalents for discontinued operations</b>	<b>(857)</b>	<b>(580)</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>9,961</b>	<b>8,420</b>





### 3.1.5 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
<b>SHAREHOLDERS' EQUITY AT 31.12.2021</b>	<b>27,026</b>	<b>5,405</b>	<b>12,484</b>	<b>(21,434)</b>	<b>984</b>	<b>1,134</b>	<b>(190)</b>	<b>2,970</b>	<b>28,379</b>	<b>9</b>	<b>28,388</b>
Allocation of 2021 net income/(loss)	-	-	-	-	-	2,970	-	(2,970)	-	-	-
Other changes in shareholders' equity	-	-	-	-	-	(10)	-	-	(10)	-	(10)
Profit (loss) at 31.12.2022	-	-	-	-	-	-	-	(15,836)	(15,836)	(17)	(15,853)
Other components of comprehensive income (loss)	-	-	-	-	538	-	456	-	994	-	994
<i>Profit (loss) for the period</i>	-	-	-	-	538	-	456	(15,836)	(14,842)	(17)	(14,859)
<b>SHAREHOLDERS' EQUITY AT 31.12.2022</b>	<b>27,026</b>	<b>5,405</b>	<b>12,484</b>	<b>(21,434)</b>	<b>1,522</b>	<b>4,094</b>	<b>266</b>	<b>(15,836)</b>	<b>13,527</b>	<b>(8)</b>	<b>13,519</b>
Allocation of 2022 net income/(loss)	-	-	-	-	-	(15,836)	-	15,836	-	-	-
Other changes in shareholders' equity	-	-	-	4	(1,522)	-	-	-	(1,518)	18	(1,500)
Profit (loss) at 31.12.2023	-	-	-	-	-	-	-	762	762	14	776
Other components of comprehensive income (loss)	-	-	-	-	-	-	(176)	-	(176)	-	(176)
<i>Profit (loss) for the period</i>	-	-	-	-	-	-	(176)	762	586	14	600
<b>SHAREHOLDERS' EQUITY AT 31.12.2023</b>	<b>27,026</b>	<b>5,405</b>	<b>12,484</b>	<b>(21,431)</b>	<b>-</b>	<b>(11,742)</b>	<b>90</b>	<b>762</b>	<b>12,595</b>	<b>24</b>	<b>12,619</b>

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



## 3.2 MAIN PLC GROUP OPERATIONS DURING THE YEAR 2023

### *Finalising corporate divestments*

The operations described below are a step in the realisation of the 2023-2027 business plan, in which the absolute strategic centrality of the domestic market and the strengthening of the operating model have been defined, to be realised, inter alia, through the simplification of the corporate structure and the divestment of companies deemed non-core. These disposals allow the PLC Group to consolidate its growth path by focusing its activities and resources on the Italian market, which shows significant growth trends in the various sectors in which the Group operates.

#### *1) Sale of the Monsson perimeter*

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

As part of the transaction, the purchaser - with the payment of a symbolic amount - assumed on its own account the management and entrepreneurial risk arising from the companies of the Monsson perimeter, also for the activities carried out prior to the sale - with the provision of an express indemnity for the benefit of the Company against any and all claims that may be made by third parties in relation to the companies.

Most of the negative accounting effects generated by this transaction, amounting to Euro 4.2 million, have already been accounted for in last year's consolidated financial statement. The 2023 consolidated financial statement includes residual negative effects amounting to Euro 387 thousand, mainly related to the result of the perimeter sold in the 2023 months before the 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 stated in accordance with the same accounting standard.

#### *2) Sale of Idroelettrica 2014 S.r.l. Unipersonale and Pangreen Mozambique Ltd*

On September 15, 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 consolidated financial statement at December 31, 2022 included an impairment loss of Euro 490 thousand for the hydroelectric plant, in order to align the carrying amount with the "recoverable amount". In the first months of 2023, discussions were started with specialised hydroelectric operators interested in the acquisition, and the sale of the shares took place on September 25. The net consideration for the sale of the entire share capital was Euro 400,000. In addition, PLC System S.r.l. collected Euro 243 thousand from the insurance company as indemnification for the aforementioned damages.

In preparation of the financial statement at December 31, 2023, the result attributable to Idroelettrica 2014 Unipersonale S.r.l. 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 stated in accordance with the same accounting standard.

Lastly, on September 29, 2023, the sale was finalised 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. Considering the project's lack of progress, which suffered significant delays compared to the initially estimated timeframe, the entire stake, equal to 95% of the share capital, held by PLC Power S.r.l. was sold to the minority shareholder. The result attributable to Pangreen Mozambique Ltd (equal to Euro 349 thousand) 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 stated in accordance with the same accounting standard.

The economic result for the period is still negatively affected by the accounting effects of the aforementioned extraordinary transactions, carried out in line with the objectives of the 2023-2027 Business Plan, particularly:

- about Euro 387 thousand related to the sale of the Monsson Perimeter (finalised on April 5, 2023);
- about Euro 713 thousand relative to the sale of Idroelettrica 2014 S.r.l. Unipersonale arising from the difference between the carrying amounts and the transfer value and the loss for the year;
- about Euro 349 related to the sale of Pangreen Mozambique Ltd arising from the difference between the carrying amounts and the transfer value and the loss for the year.

For further details on the operations described, see Section 3.2.3. NN of the Notes to the Financial Statement.



### ***Signing of new contracts in the Engineering and Construction segment and the Services segment***

During the 2023 financial year, new contracts were signed with major industry players for a total value of about Euro 66.1 million. These contracts will take effect also during the 2024 financial year with a residual tail in the first half of 2025. In particular, it is worth highlighting the most important ones:

- the signing of the contract communicated on March 6, 2023 between PLC System S.r.l. and Cantieri Italiani S.r.l., a Maresca Group company, relating to the “turnkey” construction of a utility substation serving two photovoltaic plants located in Augusta, province of Siracusa, with a capacity of over 100 MW. PLC System's share of the work is 14% of the total contract value of about Euro 20 million;
- the award of a contract communicated on March 16, 2023 by Wind Energy Racalmuto S.r.l., a company of the Energia & Servizi Group, relating to the “turnkey” construction of the grid station, utility substation and high-voltage connections, serving a mixed power generation park, consisting of a wind farm comprising 4 wind turbines with a total capacity of 22 MW, a photovoltaic park with a total capacity of 3.045 MW and a storage park with a capacity of 2 MW, located in Racalmuto, province of Agrigento, for a total consideration of about Euro 11.7 million;
- the signing communicated on June 29, 2023 between PLC System S.r.l. and Suncore 2 S.r.l., a company of the Peridot Solar Group, of a contract for the “turnkey” construction of a utility substation serving a high-voltage condominium, serving a photovoltaic park with a total capacity of 31.7 MWp, located in Nuoro. The total contract price amounts to more than Euro 3.3 million;
- the signing communicated on September 22, 2023 between PLC System and WPD Construction Italia s.r.l., a WPD Group company, of a contract for the construction of the utility substation for a wind farm with a capacity of more than 30 MWp, located in the Licata (AG) area. The total contract price exceeds Euro 3.8 million;
- the signing communicated on October 31, 2023 between PLC System and Lampino Wind S.r.l., a subsidiary of the partnership between GR Value S.p.A. and FOR.TE., of a contract for the construction of the utility substation serving a wind farm with a capacity of about 75.6 MW, located in the province of Foggia. The total consideration for the contract awarded to PLC System S.r.l. amounts to Euro 4.5 million;
- the signing communicated on November 20, 2023 between PLC System S.r.l. and the company RWE Renewables Italia S.r.l. of a contract for the balance of plant of a wind farm with a capacity of 54 MWp located in the province of Foggia (hereinafter "Contract"). The total consideration for the contract awarded to PLC System S.r.l. amounted to approximately Euro 2.8 million;



- the signing communicated on December 27, 2023 between PLC System S.r.l. in RTI with Cebat SpA and Metka EGN Italy S.r.l. of a contract for the connection works of a plant with a total capacity of about 87 MWp in the province of Latina (hereinafter "Contract") for a total value pertaining to PLC System of about Euro 3.0 million;
- the award communicated on July 21, 2023 to PLC Service S.r.l. of 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. The total contract price amounts to more than Euro 12 million;
- the signing communicated on July 26, 2023 of an agreement between PLC Service S.r.l. and 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 operation, 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 2023, 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.

Noteworthy for its strategic importance is the contract that PLC System S.r.l. was awarded, as a member of a temporary grouping of companies, for the engineering, procurement, construction, testing and commissioning of a primary substation of E-Distribuzione S.p.A. in Southern Italy. This is the first contract as part of the E-Distribuzione broader development plan and, specifically, its technological innovation and grid resilience projects, primary substations being an essential interface node between the national high-voltage transmission grid and the medium- and low-voltage grid.

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

On July 25, 2023, 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 (NA), Via delle Industrie 100.



### ***New funding for PLC System and PLC Service***

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 a variable rate (Euribor 3M + 2.1% spread); while at the beginning of November, the subsidiary PLC Service s.r.l. signed a loan with MPS for Euro 0.5 million, with a one-year term, at a variable rate (Euribor 1M + 1.0% spread).

### ***Approval of the 2024-2027 Strategic Sustainability Plan***

Confirming and reinforcing PLC Group commitment to sustainability, on December 21, 2023, PLC S.p.A. approved the 2024-2027 Strategic Sustainability Plan, which envisages an organic set of initiatives, highlighting the responsibility of PLC in the environmental and social context in which it operates and the continuous improvement in the Group governance with medium- and long-term goals. The initiatives of the Strategic Sustainability Plan will lead to concrete and measurable improvements in the areas Environment (with projects on decarbonisation, circular economy and biodiversity), Social (with projects on well-being, training, health and safety, and territorial impact) and Governance (with projects on sustainable finance, risk management, integration and transparency, and supply chain). The Strategic Sustainability Plan places the PLC Group, which is already preparing its Sustainability Report on a voluntary basis since 2021, in a leading position and anticipates the actions to adjust to future regulatory developments on ESG information requirements.

### ***Process initiated for the sale of the shareholding in Schmack Biogas S.r.l. and its subsidiaries***

With the aim of assessing the opportunity of a further focus of the PLC Group on the core business related to electricity infrastructures, photovoltaic and wind power technology in Italy (highlighted by the important backlog and pipeline values achieved in 2023, higher than those envisaged in the 2023-2027 Business Plan), a process was started in July 2023 to assess the market conditions for the potential sale of the entire shareholding held by PLC S.p.A, equal to 51%, of the capital, in the subsidiary Schmack Biogas S.r.l.. The company acts as a general contractor in plant construction and provider of Operation & Maintenance (O&M) services in the biogas and biomethane sector. Furthermore, through its subsidiaries<sup>6</sup>, Schmack Biogas S.r.l. is active in the authorisation development of plants also in the biogas and biomethane sector. Following the positive feedback received, a sales process was structured starting in November, which involved inviting

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<sup>6</sup> Schmack Biogas S.r.l. holds the following shareholdings: 60% of BioForCH4 S.r.l., 50% of Sicily Biomethan S.r.l., 25% of Biomethane Invest S.r.l.



various industry players and financial investors to make non-binding purchase offers, and a documentary data room was set up to perform the requisite due diligence.

On December 27, Hitachi Zosen Inova AG ("HZI"), a leading European operator in the sector, made a binding offer that considers the enterprise value of 100% of the share capital of Schmack Biogas S.r.l. and its subsidiaries to be approximately Euro 19.5 million, with a price adjustment mechanism linked to the achievement of specific short-term business results. To negotiate and conclude a final and binding agreement for the purchase and sale of the shares of Schmack, and any other documents necessary to complete the transaction, PLC S.p.A., on December 29, 2023, granted HZI exclusivity until January 31, 2024.

Schmack Biogas S.r.l. recorded positive EBITDA of approximately Euro 543 thousand in 2022 and negative EBITDA of approximately Euro 610 thousand in 2023.

In preparing the financial statement at December 31, 2023, the directors, considering the status of negotiations for the sale described above, and the high probability of the sale, treated the assets and liabilities of Schmack Biogas S.r.l. in accordance with the provisions of the international accounting standard IFRS 5 as "Discontinued Operations". The financial statement at December 31, 2022 was also restated in accordance with the same accounting standard.

The sale was successfully completed with the signing of the transaction closing on March 7, 2024.

#### ***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 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 very 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 has no direct exposure to the affected markets and 2023 was not significantly impacted by indirect effects on the supply chain. Looking ahead, however, one cannot exclude possible negative consequences resulting from the development of the conflict between Russia and Ukraine, with as yet unforeseeable effects on business.



### 3.3 SIGNIFICANT EVENTS OCCURRING AFTER 31 DECEMBER 2023

#### *Closing of the sale of the shareholding in Schmack Biogas S.r.l.*

On March 7, 2024, the shares of Schmack Biogas s.r.l. were transferred to Hitachi Zosen Inova AG ("HZI"). The purchase price for the shareholding held by PLC S.p.A. amounted to about Euro 10.6 million, of which about Euro 7.6 million was paid at the Closing date. The Agreement also provides for the accrual of an additional and contingent consideration component based on an earn-out mechanism linked to: (i) the operating and commercial results of Schmack Biogas in the 12 months following the date of signature of the Agreement and (ii) the successful completion of the authorisation processes of the projects held by Schmack Biogas through its subsidiaries in the 3 years following the date of signature of the Agreement. The amount of the two variable components could also accrue only in part based on the results, even partial results, achieved. The agreement includes the repayment of the pre-existing shareholder loan in the amount of about Euro 685 thousand. This transaction generated no accounting effects in the consolidated financial statement and in the parent company PLC S.p.A one. for the year 2023. This transaction will generate a significant gain in the 2024 financial statement.

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

#### *Voluntary liquidation PLC System Montenegro*

On February 6, 2024, PLC System Montenegro went into voluntary liquidation.

### 3.4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

The consolidated financial statement of the PLC Group has been prepared in accordance with the international accounting standards (International Financial Reporting Standards - hereinafter "IFRS" or "International Accounting Standards") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union pursuant to Regulation no. 1606/2002, as well as the provisions issued pursuant to Article 9 of Italian Legislative Decree no. 38/2005. These standards are supplemented by the interpretative documents issued by the International Financial Reporting Interpretations Committee ("IFRIC"), which were also endorsed by the European Union at December 31, 2023.

The English version of the consolidated financial statements constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815.

The consolidated financial statement at December 31, 2023 were authorised for publication by the Board of Directors on March 27, 2024.





## FINANCIAL STATEMENT FORMATS ADOPTED

The PLC Group presents the comprehensive income statement in two separate statements (i) the statement of profit and loss for the period and (ii) the statement of the other components of the comprehensive income statement using a classification of the individual components based on their nature.

With reference to the financial position statement, assets and liabilities are distinguished into either current and non-current, as permitted by IAS 1.

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

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

### Going concern assumption

Even considering the profit achieved during the year, the directors carefully considered the appropriateness of the going concern assumption in preparing the consolidated financial statement.

From an economic point of view, the final profit of Euro 600 thousand was however negatively impacted by the consequences of the sale of the Monsson Perimeter, Idroelettrica 2014 Unipersonale S.r.l. and Pangreen Mozambique Ltd. (an effect, including losses for the period, that was negative in the aggregate for about Euro 1,450 thousand).

The economic forecasts of the PLC Group, included in the 2023-2027 Business Plan approved on December 22, 2022, forecast a positive economic result for the financial year 2024, as well as for subsequent years.

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 this financial



statement. In this regard, it should also be noted that the sale of Schmack Biogas S.r.l., finalised on March 7, 2024, resulted in the receipt of Euro 7.606 thousand on the same date.

From an equity perspective, it should be noted that the Parent Company's equity balance, despite the actual loss, is adequate to the performance of its business activities.

Considering the above, the Directors assumed that the going concern assumption was met and, therefore, prepared the financial statement using the standards and criteria applicable to operating companies.

## **CONSOLIDATION PRINCIPLES**

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

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

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

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

The main consolidation criteria adopted are indicated below:

- subsidiaries are consolidated on a line-by-line basis, according to which:



- i. the assets, liabilities, costs and revenues of the subsidiaries are assumed on a line-by-line basis in their total amount, attributing to minority shareholders, in specific items of the financial position statement and income statement, their share of shareholders' equity and of the result for the year;
- ii. the carrying amount of the individual equity investments is eliminated against the corresponding portion of shareholders' equity including the fair value adjustments, at the date of acquisition, of the related assets and liabilities; any residual difference to emerge is allocated to goodwill, if positive, and is charged to the income statement if negative;
- iii. the equity and economic relations between the fully consolidated companies, including dividends distributed within the Group, are cancelled. Unrealised intra-group losses are considered when the transaction provides evidence of impairment of the transferred asset.

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

#### Foreign currency transactions

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

#### Translation of financial statement in foreign currencies

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

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



- b) revenues and costs are translated at the average exchange rate for the period, which is considered the exchange rate that approximates that recorded on the dates of the individual transactions;
- c) monetary assets and liabilities are translated at the exchange rate at the reporting date;
- d) non-monetary assets and liabilities, which are measured at historical cost in foreign currencies, are translated at the historical exchange rate at the date of the transaction;
- e) exchange differences arising from the translation process shall be allocated to a specific equity reserve.

The following table shows the exchange rates used:

Currency	Nation	Spot exchange rate (*)	Average exchange rate 2023
RON	Romania	4.9635	4.9339
RUB	Russia	96.9080	83.5430
SEK	Sweden	11.8055	11.3314
TRY	Turkey	28.3193	21.5444
ZAR	South Africa	20.5785	19.6798
MZN	Mozambique	70.5900	69.1400
PLN	Poland	4.4388	4.6259

(\*) Spot exchange rates are the spot rates on the dates of disposal of the Monsson perimeter and Pangreen Mozambique  
 These rates are used for the valuation in Euro of financial position statement items

## BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method.

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

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



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

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

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

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

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

## **TANGIBLE ASSETS**

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



Maintenance and repair costs are charged to the income statement of the financial year in which they are incurred if of an ordinary nature, or capitalised if they increase the value or the economic duration of the asset. Depreciation is calculated based on rates considered suitable for distributing the value of assets over their respective useful lives, understood as an estimate of the period in which the asset will be used by the company; the recoverability of their carrying amount is verified by adopting the criteria indicated in the Section "Impairment of tangible and intangible assets". Land, whether free of construction or attached to buildings, is not depreciated.

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

The depreciation rates applied are shown below:

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

## **INTANGIBLE ASSETS**

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

Other intangible assets include:



### **Research and development costs**

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

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

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

### **Software**

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

### **IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS**

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

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



## **LEASES AND RIGHT OF USE**

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

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

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

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

## **EQUITY INVESTMENTS IN ASSOCIATES**

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

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

The income statement reflects the Group's share of the associate's profit for the year. Any change in the other components of the comprehensive income statement relating to these investee companies is presented as





part of the Group's comprehensive income statement. In addition, if an associate recognises a change that is directly attributable to equity, the Group recognises its share, where applicable, in the statement of changes in shareholders' equity.

The Group's aggregate share of the result for the year of associates is recognised in the consolidated income statement for the year immediately after the operating result and represents the result after taxes and the shares due to the other shareholders of the associate, as well as any dividends distributed and any losses in value ascertained.

The financial statements of associates prepared for consolidation purposes are presented at the same date as the Group's financial statement and suitably adjusted to bring them into line with Group accounting standards. Following the application of the equity method, the Group assesses whether it is necessary to recognise impairment of its equity investment in associates. At each balance sheet date, the Group assesses whether there is objective evidence that investments in associates have suffered impairment. In this case, the Group calculates the amount of the loss as the difference between the recoverable amount of the associate and the carrying amount of the same in its consolidated financial statement, recording this difference in the income statement under the item "share of the result of associates".

Upon the loss of significant influence over an associate, the Group values and recognises the residual investment at fair value. When the significant influence ceases to exist, the difference between the carrying amount of the investment and its residual fair value is recognised in the income statement.

#### **EQUITY INVESTMENTS IN OTHER COMPANIES**

Equity investments in other companies are equity investments other than those in subsidiaries, joint ventures and associates and, following the introduction of IFRS 9, they fall within the category of "financial assets assessed at fair value through profit or loss". After initial recognition at cost, these financial assets are assessed at fair value; assessment gains or losses are recognised in an income statement item. If the fair value cannot be reasonably determined, and therefore in the case of unlisted equity investments and equity investments for which the fair value is not reliable and cannot be determined, these financial assets are assessed at cost adjusted for impairments. Classification as a current or non-current asset depends on the strategic choices made regarding the duration of ownership of the asset and the actual marketability of the same; current assets include those expected to be realised within 12 months of the reporting date.



Impairments losses are assessed based on (i) the significance of the impairment in absolute terms (severity) calculated on the basis of thresholds determined for the type of financial instrument and (ii) the length of the period of loss (durability) generally estimated at 24 months.

## **DERIVATIVE INSTRUMENTS**

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

### **Derivatives qualifying as hedging instruments**

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

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

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

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



### **Derivatives not qualifying as hedging instruments**

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

### **FINANCIAL ASSETS**

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

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

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

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

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



## **WRITE-DOWN OF FINANCIAL ASSETS**

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

## **INVENTORIES**

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

## **CONTRACT ASSETS AND LIABILITIES**

Contract assets and liabilities for contract work in progress relating to long-term contracts are valued on the basis of the contractual considerations, defined with reasonable certainty with the clients, in relation to the state of progress of the work. In view of the nature of the contracts and the type of work, progress is determined by using an input-based method, since the percentage that emerges from the ratio of costs incurred to total costs estimated by contract (cost-to-cost method). In order to take into account the economic effects deriving from the application of this method, with respect to the considerations recognised as revenues from core business, positive differences between the considerations accrued in relation to the progress status of the work and the revenues accounted for are booked under contract assets for work in progress, while



negative differences are recognised under contract liabilities. The valuation of contract assets and liabilities for work in progress considers all costs directly attributable to the job order, as well as contractual risks and revision clauses when objectively determinable. Claims for additional fees deriving from changes to the contractually envisaged works are considered as the total amount of fees when their object and/or price are on the whole approved by the customer; similarly, the other claims deriving, for example, from higher charges incurred for causes attributable to the customer, are considered in the overall amount of the fees only when the object and/or the price are on the whole approved by the counterparty. The portions of work in foreign currency not yet accepted by the customer are entered at the exchange rate at the end of the financial year. Contractual advances received from customers, if in a currency other than the functional currency, are recorded at the exchange rate of the day on which they are paid.

#### **CASH AND CASH EQUIVALENTS**

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

#### **NON-CURRENT ASSETS HELD FOR SALE / DISPOSAL**

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

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

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



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

#### **EMPLOYEE SEVERANCE INDEMNITY**

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

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



## **PROVISIONS FOR RISKS AND CHARGES**

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

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

## **FINANCIAL LIABILITIES**

Financial liabilities other than derivative instruments are initially recognised at the fair value of the fee received, net of directly attributable operation costs, and are subsequently assessed using the amortised cost method.

## **REVENUES**

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

## **REVENUES FROM CONTRACTS WITH CUSTOMERS**

Revenue from contracts with customers is recognised based on the following five steps: (i) identification of the contract with the customer; (ii) identification of the performance obligations, represented by the contractual promises to transfer goods and/or services to a customer; (iii) determination of the transaction price; (iv) allocation of the transaction price to the performance obligations identified on the basis of the "stand alone" selling price of each good or service; (v) recognition of revenue when the related performance obligation is met, i.e. when the promised good or service is transferred to the customer; the transfer is



considered completed when the customer obtains control of the good or service, which can take place continuously over a diluted and prolonged period of time (over time), as in the case of contract assets for contract work in progress, or at a specific time (at a point in time).

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

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

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

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

## **COSTS**

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





## INTEREST AND FINANCIAL CHARGES

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

## TAXES

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

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

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

The item "Prepaid taxes" includes any taxes which, although pertaining to future financial years, refer to the current financial year and are recognised when there is a likelihood that future taxable income will be sufficient to absorb their recovery.

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

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

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



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

#### **DETERMINATION OF THE FAIR VALUE OF FINANCIAL INSTRUMENTS**

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

#### **EXCHANGE DIFFERENCES**

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

#### **EARNINGS PER SHARE**

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

#### **USE OF ESTIMATES**

The preparation of the financial statement and of the related notes, in accordance with the international accounting standards, requires the use of discretionary assessments and accounting estimates that influence the values of assets and liabilities in the financial statement and on the disclosure relating to contingent assets and liabilities at the date of the financial statement. The final results may differ from the estimates made,



which are based on data that reflect the current status of the information available. Estimates are used for the evaluation of goodwill, for the recognition of revenues from contract work in progress, to recognise provisions for credit risks, for the determination of depreciation, for the determination of write-downs of equity investments or assets, for the calculation of taxes and for other provisions for risks and charges. Estimates and assumptions are reviewed periodically and the effects of each change are immediately reflected in the income statement.

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

#### Impairments of non-current assets

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

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

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

#### Assessment of financial instruments

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

#### Recognition of revenues from contract work in progress

Revenues relating to contract work in progress and the related margins, once the compliance with the requirements of IFRS 15 for "over time" accounting has been verified, are recognised based on the stage of



completion of the job orders according to the percentage of completion method, on the basis of the ratio between the costs incurred and the total costs expected to complete the contract.

The processes and methods used to recognise revenues and value contract work in progress are based on assumptions that are sometimes complex and, by their very nature, involve recourse to the judgement of the directors, particularly with regard to the identification of performance obligations, the forecasting of costs to complete each project, including the estimate of contractual risks and penalties, where applicable, and the evaluation of contractual amendments planned or in the process of being negotiated.

The Group has adopted a process of periodic review of the estimates made for job orders to mitigate the risks deriving from the uncertainties underlying the estimates themselves.

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

The accounting standards adopted for the preparation of the consolidated financial statement are consistent with those used for the preparation of the consolidated financial statement at December 31, 2022, except for the adoption of new standards and amendments effective January 1, 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 consolidated financial statement.

#### **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 characteristics; some exceptions apply with respect to scope. The overall goal 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 the 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.

#### **Insurance Contracts: Initial application of IFRS 17 and IFRS 9 - Comparative information - Amendments to IFRS 17**

The IASB published an amendment to this standard on December 9, 2021. The amendment is a transition option relating to comparative information on financial assets presented in connection with the first-time application of IFRS 17. The amendment is intended to help entities avoid temporary accounting mismatches between the financial assets and liabilities of insurance contracts, and thus to improve the usefulness of comparative information for users of cash flow statement. The amendment is effective for financial years beginning on January 1, 2023. This standard is not applicable to the Group.

#### **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 assessment 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 the accounting standard disclosure. The amendments aim to help entities provide more useful accounting standard information 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 operations that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning liabilities.



### **International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12**

The amendments to IAS 12 were introduced to respond to the OECD BEPS Pillar Two rules and include:

- a temporary mandatory exemption to the recognition and disclosure requirements for deferred taxes resulting from the implementation in jurisdictions of the Pillar Two rules and
- disclosure requirements for entities involved to help users of financial statement better understand the income tax impacts arising from such legislation, particularly prior to the effective date of entry into force.

The amendment has no impact on the Group consolidated financial statement as the Group is not affected by the Pillar Two rules, since its revenues are less than Euro 750 million/year.

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

Standards and interpretations that had already been issued at the date of preparation of this financial report but that were not yet in force are illustrated below. The Group intends to adopt these standards and interpretations, if applicable, when they come into force. No material impact on the Group is expected from these standards and amendments:

### **Presentation of Financial Statement: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Amendments to IAS 1**

On January 23, 2020, the IASB published an amendment to IAS 1 that aims to clarify one of the criteria in IAS 1 for classifying a liability as non-current, namely the requirement that the entity must have the right to defer settlement of the liability for at least 12 months after the reporting date. The amendment includes:

- indication that the right to defer settlement must exist at the end of the reporting period;
- clarification regarding the fact that classification is unaffected by management intentions or expectations about possible exercise of the deferral right;
- clarification about how loan conditions influence classification and;
- clarification of the requirements for classifying a liability that the entity intends to settle or might settle by the transfer of its own capital instruments.

In addition, on October 31, 2022, the IASB published amendments that relate to non-current liabilities subject to conditions. Only the terms of a liability arising from a loan arrangement that an entity must meet by the reporting date will affect the classification of that liability as current or non-current. The new amendment applies on or after January 1, 2024, and is to be applied retroactively.



### **Lease Liability in a Sale and Leaseback - Amendments to IFRS 16**

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

### **Cash Flow Statement and IFRS 7 Financial Instruments: Supplementary Information: Reverse Factoring Arrangements - Amendments to IAS 7**

On May 25, 2023, the IASB issued amendments to IAS 7 Cash Flow Statement and IFRS 7 Financial Instruments: Supplementary Information, to clarify the characteristics of reverse factoring agreements and request further disclosure of such agreements. The information requirements included in the amendments are intended to assist users of financial statement in understanding the effects on an entity liability, cash flows and exposure to liquidity risk of reverse factoring arrangements. The amendments will be effective for financial years beginning on or after January 1, 2024. Early application is permitted and disclosure of this is required

### **Effects of changes in foreign currency exchange rates: Lack of exchangeability - Amendments to IAS 21**

On August 15, 2023, the IASB issued amendments to IAS 21 that specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. A currency is considered exchangeable into another currency when the entity is able to obtain the other currency within a period of time that permits a normal administrative delay and through an exchange market or mechanism in which an exchange operation would create enforceable rights and obligations.

If a currency is not exchangeable into another currency, the entity is required to estimate the spot exchange rate at the assessment date. The entity goal in estimating the spot exchange rate is to reflect the rate at which an orderly exchange operation would take place at the assessment date between market participants under prevailing economic conditions. The amendments note that an entity may use an observable exchange rate without adjustments or other estimation techniques.

When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it provides information that enables users of its financial statement to understand how the non-exchangeable currency in the other currency affects, or is expected to affect, the entity results of operations, financial position and cash flows.



The amendments will be effective for financial years beginning on or after January 1, 2025. Early application is permitted and disclosure of this is required.





### 3.4.1 SCOPE OF CONSOLIDATION

Name	Registered Office	Date of closure of the financial year	Currency	Share capital	Result 12.2023	Shareholders' equity 31.12.2023	% held		Through
							Direct	Indirect	
PLC S.p.A.	Milan (IT)	31.12.2023	EUR	27,026,480	(2,228,198)	38,837,694			
<b>Subsidiaries consolidated on a line-by-line basis</b>									
PLC System S.r.l.	Acerra - NA (IT)	31.12.2023	EUR	10,000,000	1,473,600	9,617,116	100%		
Montenegro D.o.o.	Podgorica - Montenegro (ME)	31.12.2023	EUR	2,000	(11,116)	30,976		100%	PLC System S.r.l.
PLC Power S.r.l.	Acerra - NA (IT)	31.12.2023	EUR	100,000	(283,225)	1,320,468	100%		
C&C Irsina S.r.l.	Acerra - NA (IT)	31.12.2023	EUR	100,000	(8,994)	149,313		100%	PLC Power S.r.l.
Alisei Wind S.r.l.	Acerra - NA (IT)	31.12.2023	EUR	130,000	(5,911)	75,329		100%	PLC Power S.r.l.
Tirreno S.r.l.	Porto Empedocle - AG (IT)	31.12.2023	EUR	10,000	46,798	(65,342)		66.6%	PLC Power S.r.l.
PLC Service S.r.l.	Acerra - NA (IT)	31.12.2023	EUR	100,000	1,957,397	3,033,002	100%		
PLC Service Wind S.r.l.	Acerra - NA (IT)	31.12.2023	EUR	100,000	7,775	301,064	100%		
MSD Service S.r.l.	Acerra - NA (IT)	31.12.2023	EUR	10,000	56,788	34,937	92.5%		
Cisterna Energia S.r.l.	Acerra - NA (IT)	31.12.2023	EUR	10,000	(589)	9,411		60%	
Samium S.r.l.	Acerra - NA (IT)	31.12.2023	EUR	10,000	(589)	9,411		60%	
<b>Associates reclassified as IFRS5</b>									
Schmack Biogas S.r.l.	Bolzano (IT)	31.12.2023	EUR	204,081	(695,668)	1,355,420	51%		
BioForCH4 S.r.l.	Canino - VT (IT)	31.12.2023	EUR	10,000	(11,772)	17,342		60%	Schmack Biogas S.r.l.
Sicily Biomethan S.r.l.	Castelvetrano - TP (IT)	31.12.2023	EUR	13,000	(1,527)	10,106		50%	Schmack Biogas S.r.l.
Biomethane Invest S.r.l.	Milan (IT)	31.12.2023	EUR	100,000	(42,999)	(22,883)		25%	Schmack Biogas S.r.l.

The consolidation scope at December 31, 2023 changed from December 31, 2022 due to the following corporate transactions:

- 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 April 5, 2023 and are treated in accordance with IFRS 5 "Discontinued Operations";
- Idroelettrica 2014 S.r.l. Unipersonale was excluded from the Group's ownership structure as it was sold on September 25, 2023;
- Pangreen Mozambique Ltd was excluded from the Group's ownership structure as it was sold on September 29, 2023;
- Schmack Biogas S.r.l. was treated in accordance with IFRS 5 as the shareholding was sold on March 7, 2024.



### 3.4.2 NOTES ON THE CONSOLIDATED RESULTS AT DECEMBER 31, 2023

#### A. TANGIBLE ASSETS

The balance of tangible assets at December 31, 2023 was Euro 6,538 thousand (Euro 7,743 thousand at December 31, 2022).

TANGIBLE ASSETS (figures in thousands of Euros)	Land and buildings	RES plants	General and Specific Plants	Equipment	Office machines and other assets	Fixed assets in progress	Rights to use tangible assets	Total
<b>Valore netto al 31.12.2022</b>	<b>3,100</b>	<b>1,213</b>	<b>129</b>	<b>1,250</b>	<b>30</b>	<b>1,235</b>	<b>786</b>	<b>7,743</b>
Increases	175	-	290	862	428	237	357	2,348
Decreases	(89)	(1,213)	-	(6)	(62)	(831)	-	(2,201)
Depreciation and write-downs	(107)	-	(43)	(244)	(198)	-	(202)	(794)
IFRS5 reclassifications	-	-	-	-	(71)	-	(486)	(558)
<b>Valore netto al 31.12.2023</b>	<b>3,079</b>	<b>0</b>	<b>376</b>	<b>1,862</b>	<b>127</b>	<b>640</b>	<b>455</b>	<b>6,538</b>

The increases for the year, amounting to Euro 2,348 thousand, mainly refer (i) to the purchase of machinery and equipment for troubleshooting activities for Euro 525 thousand, as well as the related vehicles for Euro 116 thousand; (ii) to the reclassification from assets in progress to equipment and to land and buildings (for improvements to the remote control room made to the property of PLC Service S.r.l. in Acerra) for a total of Euro 434 thousand related to the setting up of the remote control room that has become operational in November 2023; (iii) to the purchase of software and hardware for Euro 60 thousand; (iv) to other equipment for Euro 235 thousand; (vi) to assets in progress for Euro 237 thousand; (vii) to rights of use for Euro 357 thousand.

The decreases for the year, amounting to Euro 2,201 thousand, mainly refer: (i) to the plant and land of Idroelettrica 2014 Unipersonale S.r.l. for Euro 1,213 thousand and Euro 89 thousand, respectively, following the sale of the subsidiary by PLC System S.r.l.; (ii) to the capitalised costs of Pangreen Mozambique Ltd for Euro 397 thousand following the sale of the subsidiary by PLC Power S.r.l.; (iii) to the reclassification of the increases for the year as per point (ii) above.

The IFRS 5 reclassification of Euro 558 thousand refers to Schmack Biogas S.r.l..

#### B. GOODWILL

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



## GOODWILL

GOODWILL (figures in thousands of Euros)	31.12.2022	Increases	Decreases	Reclassification s	31.12.2023
Reverse merger operation	4,710	-	-	-	4,710
Idroelettrica acquisition	2	-	(2)	-	-
MSD Service acquisition	40	-	-	-	40
<b>Total</b>	<b>4,752</b>	-	<b>(2)</b>	-	<b>4,750</b>

### Impairment

As required by the relevant accounting standards, at December 31, 2023, the directors performed an impairment test on all 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 December 31, 2023, the market capitalisation of the Group, equal to Euro 44,263 thousand, is higher than the consolidated shareholders' equity at the same date, equal to Euro 12,619 thousand.

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

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

The cash flows used to estimate the recoverable amount of the individual CGUs were determined starting from the data of the 2023-2027 Business Plan approved by the Board of Directors, supplemented by the 2024 Budget approved by the Board of Directors on March 8, 2024, considering for impairment purposes an explicit time horizon of 3 years, taking into account, in line with the requirements of the ESMA Public Statements of October 25, 2023, the discontinuity factors related to the current macro-economic, environmental and energy context. They were determined since the best available information and expectations at the time of the estimate. These forecasts consider management's future expectations in relation to the respective business segments, as well as actual results.



Cash flows include a terminal value determined on the basis of the perpetuity method by applying a long-term growth rate "g" of 1% to the terminal cash flow, consistent with the long-term and predictable development of the macro-economic context in which the PLC Group operates.

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

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

The value in use at December 31, 2023 was therefore determined by discounting the after-tax cash flows using a specific discount rate for each CGU. The discount rates used on December 31, 2023 were updated from those used on December 31, 2022 and June 30, 2023.

Evolution of discount rates used for the impairment test	31.12.2023	31.12.2022
Construction Segment - Italy	10.22%	9.73%
Services Segment - Italy	9.27%	10.01%
Level 2 WACC	9.31%	9.83%

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

The impairment tests and sensitivity analysis on the CGUs revealed a surplus of recoverable amount (headroom) over the carrying amount.

### C. INTANGIBLE ASSETS

The balance of intangible assets at December 31, 2023 was Euro 3,802 thousand (Euro 4,165 thousand at December 31, 2022).



INTANGIBLE ASSETS (figures in thousands of Euros)	Customer lists	Development costs	Other intangible assets	Intangible assets in progress	Total
<b>Valore netto al 31.12.2022</b>	<b>380</b>	<b>1,443</b>	<b>1,979</b>	<b>363</b>	<b>4,165</b>
Increases	-	744	158	304	1,206
Decreases	-	-	(17)	-	(17)
Amortisation and write-downs	(127)	(347)	(258)	-	(732)
IFRS5 reclassifications	(253)	(518)	(10)	(39)	(820)
<b>Valore netto al 31.12.2023</b>	<b>-</b>	<b>1,322</b>	<b>1,852</b>	<b>628</b>	<b>3,802</b>

The increases for the year, amounting to Euro 1,206 thousand, refer: (i) for Euro 154 thousand to investments in software relating to the implementation of the new management software at Group level, (ii) for Euro 744 thousand to development costs relating to the PON MISE M4.0 project developed by PLC Service Srl and (iii) for Euro 304 thousand to investments by the subsidiary PLC Power Srl to obtain the authorisations necessary for the development of new wind and photovoltaic plants.

The IFRS 5 reclassification refers to the customer list of Schmack Biogas S.r.l. in the amount of Euro 253 thousand and the reclassification of intangible assets of Schmack Biogas S.r.l. and its subsidiaries in the amount of Euro 567 thousand.

#### D. EQUITY INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

At December 31, 2023, there were no equity investments accounted for using the equity method (Euro 7 thousand at December 31, 2022).

#### E. EQUITY INVESTMENTS IN OTHER COMPANIES

EQUITY INVESTMENTS IN OTHER COMPANIES (figures in thousands of Euros)	31.12.2022	Increases	Decreases	31.12.2023
Equity investment in Banca del Sud	10	-	-	10
Other equity investments	1	-	-	1
<b>Total</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>11</b>

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

#### F. DEFERRED TAX ASSETS

Deferred tax assets at December 31, 2023 equal Euro 1,402 thousand (Euro 332 thousand at December 31, 2022).



DEFERRED TAX ASSETS (figures in thousands of Euros)	31.12.2022	Increases	Decreases	31.12.2023
Deferred tax assets	332	1,335	(265)	1,402
<b>Total</b>	<b>332</b>	<b>1,335</b>	<b>(265)</b>	<b>1,402</b>

The increases and decreases relate to temporary differences between the carrying amounts and the fiscally recognised values of some financial statement items, mainly relating to the tax effect recognised on the losses of the previous year, the allocation to provisions for risks, the discounting of the employee severance indemnity pursuant to IAS 19.

The directors have recognised deferred tax assets because they believe there is a reasonable certainty of their recovery, and the presence of taxable income when the temporary differences will reverse.

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

#### G. RECEIVABLES AND OTHER NON-CURRENT ASSETS

NON-CURRENT RECEIVABLES (figures in thousands of Euros)	31.12.2023	31.12.2022
Non-current receivables from related parties	-	211
Non-current receivables from others	1,233	1,426
<b>Total</b>	<b>1,233</b>	<b>1,637</b>

The item "Receivables and other non-current assets", amounting to Euro 1,233 thousand at December 31, 2023 (Euro 1,637 thousand at December 31, 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 3.4.3.

#### H. NON-CURRENT DERIVATIVE INSTRUMENTS

Non-current derivative instruments had a positive fair value of Euro 52 thousand at December 31, 2023 (Euro 127 thousand at December 31, 2022).

NON-CURRENT DERIVATIVE INSTRUMENTS (figures in thousands of Euros)	31.12.2023	31.12.2022
Interest Rate Contracts	52	127
<b>Total</b>	<b>52</b>	<b>127</b>



It should be noted that with regard to derivative contracts, the PLC Group had active interest rate hedging contracts at December 31, 2023. The Group has opted for fair value measurement with changes recognised in the income statement; the decrease recorded relates entirely to the negative change in fair value in the reporting period.

## I. INVENTORIES AND CONTRACT ASSETS

INVENTORIES AND CONTRACT ASSETS (figures in thousands of Euros)	31.12.2023	31.12.2022
Inventories of raw materials	6,847	5,099
Raw material write-down provision	(631)	(655)
<b>Inventories of raw materials</b>	<b>6,216</b>	<b>4,444</b>
<b>Contract assets</b>	<b>7,174</b>	<b>5,054</b>
<b>Total</b>	<b>13,390</b>	<b>9,498</b>

### Inventories

At December 31, 2023, inventories amounted to Euro 6,216 thousand (Euro 4,444 thousand at December 31, 2022). The significant increase over the previous year is mainly attributable to purchases made under revamping contracts signed by PLC Service S.r.l., which also include the direct procurement of components such as modules, inverters, tackers, cables, etc.

Inventories, which include raw materials for the EPC business and spare parts mainly for the O&M business, are shown net of an inventory write-down provision of Euro 631 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	31.12.2023
Inventory write-down provision	(655)	(29)	53	(631)

### Contract assets

Contract assets at December 31, 2023 amounted to Euro 7,174 thousand (Euro 5,054 thousand at December 31, 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 over the previous year is due to the progressive advancement of new job orders in the portfolio.



## J. TRADE RECEIVABLES

Trade receivables at December 31, 2023 amounted to Euro 19,219 thousand, compared to Euro 20,245 thousand at December 31, 2022. Trade receivables are shown net of the related bad debt provision, amounting to Euro 916 thousand, which decreased because of the favourable settlement of certain disputed credit positions.

TRADE RECEIVABLES (figures in thousands of Euros)	31.12.2023	31.12.2022
<b>Trade receivables from related parties</b>	-	4
Trade receivables from others	20,135	21,290
Bad debt provision for receivables from others	(916)	(1,049)
<b>Trade receivables from others</b>	<b>19,219</b>	<b>20,241</b>
<b>Total</b>	<b>19,219</b>	<b>20,245</b>

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

BAD DEBT PROVISION (figures in thousands of Euros)	31.12.2022	Increases	Decreases	31.12.2023
Bad debt provision	(1,049)	-	133	(916)

## K. CURRENT FINANCIAL RECEIVABLES

Current financial receivables at December 31, 2023 amounted to Euro 18 thousand (Euro 102 thousand at December 31, 2022).

CURRENT FINANCIAL RECEIVABLES (figures in thousands of Euros)	31.12.2023	31.12.2022
<b>Current financial receivables from related parties</b>	<b>18</b>	<b>9</b>
Current financial receivables from others	-	93
Bad debt provision - current financial receivables from others	-	-
<b>Current financial receivables from others</b>	<b>-</b>	<b>93</b>
<b>Total</b>	<b>18</b>	<b>102</b>

Financial receivables from related parties are illustrated in paragraph 3.4.3.

## L. OTHER RECEIVABLES

The total balance of other receivables at December 31, 2023 was Euro 6,435 thousand (Euro 3,547 thousand at December 31, 2022).





OTHER CURRENT RECEIVABLES (figures in thousands of Euros)	31.12.2023	31.12.2022
<b>Other receivables from related parties</b>	-	-
Receivables - Augmented Reality project	281	266
Tax receivables	1,143	1,526
Advances, deposits and security deposits	4,385	1,166
Accrued income and prepaid expenses	248	423
Other receivables	378	165
<b>Other receivables from others</b>	<b>6,435</b>	<b>3,547</b>
<b>Total</b>	<b>6,435</b>	<b>3,547</b>

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

Tax receivables, which amounted to Euro 1,143 thousand at December 31, 2023 (Euro 1,526 thousand at December 31, 2022) mainly related to VAT receivables for Euro 882 thousand and tax credits of PLC Service for Euro 261 thousand.

Other receivables, equal to Euro 378 thousand at December 31, 2023, include Euro 32 thousand of receivables from employees and social security institutions; Euro 13 thousand in receivables from the GSE for the photovoltaic system owned by PLC Service; Euro 78 thousand towards C&C Energy; Euro 227 thousand for receivables from suppliers.

#### **M. SHAREHOLDERS' EQUITY**

Consolidated shareholders' equity at December 31, 2023 amounted to Euro 12,619 thousand, of which Euro 24 thousand was attributable to minority interests. The changes that occurred in the shareholders' equity items are related to (i) the overall positive result for the period for Euro 600 thousand and (ii) other changes in shareholders' equity for Euro 1,522 thousand attributable to the release of the reserve for exchange differences (Translation Reserve) on foreign subsidiaries' financial statements translated into Euro and (iii) for Euro 176 thousand to other components reclassifiable to the Income Statement (OCI reserve for discounting of employee severance indemnity). Finally, it should be noted that the stock market capitalisation of the PLC share at December 31, 2023, equal to Euro 44,263 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)	31.12.2023	31.12.2022
A. CASH AND CASH EQUIVALENTS	9,961	8,420
B. CASH AND CASH EQUIVALENTS	-	-
C. OTHER CURRENT FINANCIAL ASSETS	-	-
<b>D. LIQUIDITY (A + B + C)</b>	<b>9,961</b>	<b>8,420</b>
<b>E. CURRENT FINANCIAL PAYABLE</b>	<b>-</b>	<b>(3)</b>
Short-term financial liabilities	(4,767)	(5,027)
Financial liabilities IFRS 16	(378)	(412)
<b>F. CURRENT PART OF NON-CURRENT FINANCIAL DEBT</b>	<b>(5,145)</b>	<b>(5,439)</b>
<b>G. CURRENT FINANCIAL DEBT (E + F)</b>	<b>(5,145)</b>	<b>(5,442)</b>
<b>H. NET CURRENT FINANCIAL DEBT (G - D)</b>	<b>4,816</b>	<b>2,978</b>
Long-term financial liabilities	(3,045)	(5,139)
Financial liabilities IFRS 16	(500)	(764)
<b>I. NON-CURRENT FINANCIAL DEBT</b>	<b>(3,545)</b>	<b>(5,903)</b>
<b>J. DEBT INSTRUMENTS</b>	<b>-</b>	<b>-</b>
<b>K. TRADE PAYABLES AND OTHER NON-CURRENT PAYABLES</b>	<b>-</b>	<b>-</b>
<b>L. NON-CURRENT FINANCIAL DEBT (I + J + K)</b>	<b>(3,545)</b>	<b>(5,903)</b>
<b>M. NET FINANCIAL POSITION (H + L)</b>	<b>1,271</b>	<b>(2,925)</b>

The net financial position of the PLC Group at December 31, 2023 was positive for Euro 1,271 thousand, marking a positive change of Euro 4,196 thousand compared to December 31, 2022. This change is mainly attributable to the increase in the Group's business volume due to the start and progress of new job orders during the year and the receipt of advance payments from customers in the Engineering & Construction segment and revamping in the Services segment.

The total amount of financial indebtedness decreased by Euro 2,357 thousand due to repayments made in accordance with the amortisation schedules, net of new financing disbursed.

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

In 2023, the subsidiary PLC Service S.r.l. signed a new loan with MPS S.p.A. for Euro 500 thousand, maturing on November 11, 2024, used to support working capital dynamics; in addition, the subsidiary PLC System S.r.l. signed a new loan with BPM S.p.A., maturing on June 30, 2026, for Euro 1,500 thousand.

### *Loans outstanding at December 31, 2023*

Shown below is a list of loans outstanding at December 31, 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 31.12.2023
BNL loan	PLC S.p.A.	22/01/2025	1,250	312	1,562
BPM loan (MCC Guarantee 90%)	PLC S.p.A.	03/07/2024	441		441
Advance BPM	PLC System S.r.l.	10/01/2024	632		632
BPM loan	PLC System S.r.l.	30/06/2026	545	796	1,341
BPER loan (MCC Guarantee 80%)	PLC System S.r.l.	02/02/2027	596	701	1,297
BNL contract advance (overdraft for personal and business use)	PLC System S.r.l.	27/09/2023			-
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	321	-	321
BNL loan	PLC Service S.r.l.	31/07/2029	143	726	869
BNL Loan FV (MCC Guarantee 90%)	PLC Service S.r.l.	28/06/2027	58	145	204
BNL Casalbore Property loan (Sace Guarantee 80%)	PLC Service S.r.l.	31/03/2028	45	159	205
Soft loan PON project	PLC Service S.r.l.	30/06/2031	31	205	237
MPS loan	PLC Service S.r.l.	09/11/2024	498		498
Unicredit advance	PLC Service Wind S.r.l.	Subject to revocation	205		205
<b>Total</b>			<b>4,767</b>	<b>3,045</b>	<b>7,812</b>

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 1,562 thousand and between PLC Service S.r.l. and Banca Nazionale del Lavoro S.p.A. for a residual Euro 869 thousand, require compliance with certain financial covenants (ratio of financial debt to EBITDA and ratio of financial debt to shareholders' equity), which are subject to annual verification. Failure to comply with either covenants may result in forfeiture. At December 31, 2023, both constraints had been complied with.

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 December 31, 2023, provisions for risks and charges amounted to Euro 675 thousand (Euro 1,017 thousand at December 31, 2022) and include the best estimate, based on the information available at the date and taking into account the evaluation elements acquired by the external consultants, the possible obligations of the PLC Group, especially with reference to the estimate of expected losses on multi-year job orders.

PROVISIONS FOR NON-CURRENT RISKS AND CHARGES (figures in thousands of Euros)	31.12.2022	Increases	Decreases	31.12.2023
Provision for contractual penalties	125	-	-	125
Other risk provisions	892	200	(542)	550
<b>Total</b>	<b>1,017</b>	<b>200</b>	<b>(542)</b>	<b>675</b>



The increases for the period mainly relate to the estimated losses expected on multi-year job orders considering longer construction schedules.

Decreases amounting to Euro 542 thousand include: (i) the divestment, following the sale of the company, of the provision set aside for the restoration of the plant of Idroelettrica 2014 Unipersonale S.r.l. for Euro 330 thousand; (ii) the reclassification of the provision for job orders guarantees of Schmack Biogas S.r.l. as a result of the reclassification made in accordance with IFRS 5 for Euro 162 thousand; (iii) the reduction of the provision for risks on the Tirreno litigation for Euro 50 thousand.

## P. EMPLOYEE SEVERANCE INDEMNITY

The provision for employee severance indemnity ("TFR") at December 31, 2023 is equal to Euro 2,412 thousand (Euro 2,506 thousand at December 31, 2022).

EMPLOYEE SEVERANCE INDEMNITY (figures in thousands of Euros)	31.12.2022	Increases (Decreases)	Provisions	Utilizations	Actuarial gains/losses	31.12.2023
Employee severance indemnity	2,506	(477)	625	(352)	110	2,412

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 statement.

The following table summarises the main actuarial assessment 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	3.17%	2.20%	4.00%	3.00%	70.00%	M2019	F2019	Null	Null
PLC System	3.17%	2.20%	4.00%	3.00%	70.00%	M2019	F2019	Null	Null
PLC Service	3.17%	2.20%	4.00%	3.00%	70.00%	M2019	F2019	Null	Null
PLC Service Wind	3.17%	2.20%	4.00%	3.00%	70.00%	M2019	F2019	Null	Null

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

The decrease from the previous year is mainly attributable, for Euro 94 thousand, to the reclassification of Schmack Biogas s.r.l. in accordance with IFRS 5.

At December 31, 2023, the Group had 233 employees (net of Schmack Biogas, which had 46 employees on the same date), of which 6 were managers, 104 were middle managers and clerks and 123 were workers. The



average number of employees by category and the comparison with the previous year are shown in the table below.

AVERAGE NUMBER OF EMPLOYEES (in units)	31.12.2023	31.12.2022
Managers	7	7
Middle managers and clerical staff	97	114
Workers	106	115
<b>Total</b>	<b>210</b>	<b>237</b>

Data net of Schmack Biogas S.r.l.

#### Q. 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	31.12.2023
Deferred tax liabilities and other non-current taxes	359	-	(148)	211
<b>Total</b>	<b>359</b>	<b>-</b>	<b>(148)</b>	<b>211</b>

At December 31, 2023, the balance of deferred tax liabilities and other non-current liabilities amounted to Euro 211 thousand (Euro 359 thousand at December 31, 2022) and consisted entirely of the residual amount of deferred tax liabilities calculated on the fair value of the authorisations related to the 2021 C&C Transaction.

#### R. TRADE PAYABLES

The balance of trade payables at December 31, 2023 was Euro 22,854 thousand (Euro 20,960 thousand at December 31, 2022). The increase is attributable to the significant increase in the volume of business recorded by the subsidiaries PLC System and PLC Service and the related impact on the debt to suppliers. Trade payables to related parties are illustrated in paragraph 3.4.3.

TRADE PAYABLES (figures in thousands of Euros)	31.12.2023	31.12.2022
<b>Trade payables to related parties</b>	<b>19</b>	<b>19</b>
Trade payables to others	22,835	20,942
<b>Total</b>	<b>22,854</b>	<b>20,960</b>

#### S. CONTRACT LIABILITIES

Contract liabilities, amounting to Euro 17,094 thousand (Euro 5,475 thousand at December 31, 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 significant increase compared to the previous year is the consequence of advances received on new active contracts signed during the 2023 financial year, particularly in the last quarter.

## T. OTHER PAYABLES

Other payables at December 31, 2023 amounted to Euro 4,034 thousand (Euro 5,323 thousand at December 31, 2022).

OTHER PAYABLES (figures in thousands of Euros)	31.12.2023	31.12.2022
<b>Other payables to related parties</b>	-	-
Residual debt - purchase of Schmack Biogas S.r.l.	-	706
Payables to tax authorities	985	851
Accrued expenses and deferred income	365	664
Payables to social security institutions	674	767
Payables to directors	93	104
Other payables	1,917	2,230
<b>Other payables to others</b>	<b>4,034</b>	<b>5,323</b>
<b>Total</b>	<b>4,034</b>	<b>5,323</b>

Other payables for Euro 1,917 are mainly related to payables to employees for wages, holidays and ROL (reduced working hours) not taken, annual bonuses (Euro 1,104 thousand) and advances from customers (Euro 700 thousand); payables to social security institutions refer to social security charges and contributions to be paid; payables to directors are related to residual emoluments accrued during the year. The decrease in the period is mainly attributable to the IFRS 5 reclassification of the residual debt for the purchase of Schmack Biogas S.r.l. deriving from the valuation of the put option granted to the sellers on the residual 49% stake in the share capital and calculated in application of IFRS 3. Amounts due to tax authorities mainly include VAT payables and withholding tax payables.

Other payables to related parties are illustrated in paragraph 3.4.3.



## AA. REVENUES FROM CORE BUSINESS

REVENUES FROM CORE BUSINESS (figures in thousands of Euros)	01.01.2023 31.12.2023	01.01.2022 31.12.2022
<b>Revenues from related parties</b>	-	-
Revenues - Construction Segment	37,120	17,657
Revenues - Services Segment	23,412	20,746
Revenues - Trading Segment	4,599	8,255
Revenues - Holding Segment	188	-
<b>Revenues from others</b>	<b>65,319</b>	<b>46,657</b>
<b>Total</b>	<b>65,319</b>	<b>46,657</b>

Revenues at December 31, 2023 amounted to Euro 65,319 thousand (Euro 46,657 thousand at December 31, 2022).

Revenues relating to the Construction Segment increased significantly compared to the previous year because of the new job orders acquired and started during the year and the overcoming of the difficulties encountered on some job orders in the Construction segment. There was also a significant increase in revenues from the Services segment and a reduction in revenues relating to dispatching activities carried out by the subsidiary MSD Service S.r.l. due to the decrease in the price of electricity.

## BB. OTHER OPERATING REVENUES

OTHER OPERATING REVENUES (figures in thousands of Euros)	01.01.2023 31.12.2023	01.01.2022 31.12.2022
<b>Other operating revenues from related parties</b>	-	-
Revenues from BOT business	-	-
Other revenues	1,331	693
<b>Other operating revenues from others</b>	<b>1,331</b>	<b>693</b>
<b>Total</b>	<b>1,331</b>	<b>693</b>

Other revenues amounted to Euro 1,331 thousand at December 31, 2023 (Euro 693 thousand at December 31, 2022) and mainly include (i) the non-repayable contribution relating to the PON MISE M4.0 Project equal to Euro 85 thousand, (ii) the capitalisation of development costs relating to the MAIA 4.0 Project for Euro 600 thousand, (iii) the capitalisation of the costs of internal personnel employed in the development of the new management system for Euro 283 thousand; (iv) other operating revenues from construction activities for Euro 319 thousand.



## CC. COSTS FOR RAW MATERIALS

COSTS FOR RAW MATERIALS (figures in thousands of Euros)	01.01.2023 31.12.2023	01.01.2022 31.12.2022
Raw material purchases from related parties	-	-
Purchase of raw materials from third parties	23,232	11,049
<b>Total</b>	<b>23,232</b>	<b>11,049</b>

Costs for raw materials at December 31, 2023 amounted to Euro 23,232 thousand (Euro 11,049 thousand at December 31, 2022). The actual increase is mainly related to the progress of major job orders in the Construction Segment.

## DD. SERVICE COSTS

The breakdown of service costs totalling Euro 23,955 thousand (Euro 29,291 thousand at December 31, 2022) is shown below.

SERVICE COSTS (figures in thousands of Euros)	01.01.2023 31.12.2023	01.01.2022 31.12.2022
Service costs from related parties	19	19
<b>Service costs from related parties</b>	<b>19</b>	<b>19</b>
Services and other goods	20,162	25,470
Administrative and tax consulting	89	143
Legal and notarial consulting	263	240
Technical and professional consulting	486	630
Compensation of control bodies	209	207
Independent Auditors fees	246	186
Maintenance and utilities	740	628
Insurance	489	418
Rentals and other costs on third-party assets	1,158	1,376
Leases payable and charges	94	(26)
<b>Service costs from others</b>	<b>23,936</b>	<b>29,272</b>
<b>Total</b>	<b>23,955</b>	<b>29,291</b>

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, (iii) electricity costs incurred by MSD. The decrease in the amount of this item of Euro 5,308 thousand is due for Euro 3,644 thousand to the reduction in MSD costs attributable to the





decrease in the price of electricity, and for Euro 1,415 thousand attributable to the internalisation of site activities previously outsourced to third parties.

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 reduction is attributable to the reduced use of third-party equipment.

The service costs to related parties are illustrated in paragraph 3.4.3.

#### EE. PERSONNEL COSTS

Personnel costs at December 31, 2023 amounted to Euro 13,781 thousand (Euro 11,287 thousand at December 31, 2022). The increase of Euro 2,494 thousand was substantially due to the reinforcement of certain staff functions, new personnel hires, and provisions for annual bonuses to employees. These initiatives are part of the objective to strengthen the operating model defined in the 2023-2027 Business Plan.

#### FF. OTHER OPERATING COSTS

OTHER OPERATING COSTS (figures in thousands of Euros)	01.01.2023 31.12.2023	01.01.2022 31.12.2022
<b>Other operating costs from related parties</b>	-	25
Indirect taxes and fees	166	163
Write-down of receivables and inventory	14	61
Other Provisions	195	(56)
Other expenses	1,693	2,119
<b>Other operating costs from others</b>	<b>2,068</b>	<b>2,287</b>
<b>Total</b>	<b>2,068</b>	<b>2,312</b>

Other operating costs at December 31, 2023 amounted to Euro 2,068 thousand (Euro 2,312 thousand at December 31, 2022). The item "Other provisions" includes an estimate of expected losses on a multi-year job order considering the extended construction period and potential penalties on an O&M contract of the subsidiary PLC Service Wind. The comparative figure for 2022 is affected by the reclassification of Schmack Biogas carried out in accordance with IFRS 5.

Other expenses mainly include fleet expenses, travel expenses, and entertainment expenses.

Other operating costs to related parties are illustrated in paragraph 3.4.3.



## GG. AMORTISATION AND DEPRECIATION

AMORTISATION AND DEPRECIATION (figures in thousands of Euros)	01.01.2023 31.12.2023	01.01.2022 31.12.2022
Depreciation of tangible assets	794	626
Amortisation of intangible assets	732	1,851
<b>Total</b>	<b>1,526</b>	<b>2,477</b>

Amortisation and depreciation for the period amounted to Euro 1,526 thousand (Euro 2,477 thousand at December 31, 2022).

Amortisation of intangible assets mainly includes the amortisation of the prototype related to the PON MISE 4.0 Project for Euro 347 thousand and the new ERP operating system for Euro 230 thousand. The decrease compared to last year is attributable to the fact that the customer list of the Monsson Perimeter in the amount of Euro 1,139 thousand was fully amortised in 2022.

## HH. WRITE-DOWNS

No write-downs were made during 2023 that were not included in the item "Profit (loss) for the period from discontinued operations".

## II. FINANCIAL INCOME

Financial income amounted to Euro 95 thousand at December 31, 2023 (Euro 194 thousand at December 31, 2022) and referred to the mark-to-market of hedging derivatives on loans taken out by PLC S.p.A. and PLC System S.r.l.

## JJ. FINANCIAL CHARGES

Financial charges amounted to Euro 539 thousand at December 31, 2023 (Euro 289 thousand at December 31, 2022) and refer to interest on existing loans.

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

The result of equity investments accounted for using the equity method is entirely included in the item "Profit (loss) for the period from discontinued operations".



## LL. INCOME TAXES

INCOME TAXES (figures in thousands of Euros)	01.01.2023 31.12.2023	01.01.2022 31.12.2022
Current income taxes (IRAP)	(335)	215
Deferred income taxes	35	136
Prepaid income taxes	1,303	160
Tax credits	210	-
Taxes relating to previous financial years	-	(1)
<b>Total</b>	<b>1,213</b>	<b>510</b>

The balance of the tax item, positive for Euro 1,213 thousand at December 31, 2023 (positive for Euro 510 thousand at December 31, 2022), is composed: (i) for Euro 335 thousand of the current tax charge related to *IRAP* for the year; (ii) for Euro 35 of the income related to the utilisation of deferred tax liabilities; (iii) for Euro 210 of tax credits related to investments in new equipment and development projects; (ii) for Euro 1,303 thousand of the income related to the recognition of deferred tax assets, mainly on tax losses accrued in the previous year.

## 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 a negative Euro 176 thousand, net of the related tax effect of Euro 68 thousand.

## NN. RESULT FOR THE PERIOD OF DISCONTINUED OPERATIONS

This refers to the result for the period of the Monsson Perimeter, Idroelettrica 2014 S.r.l. Unipersonale, Pangreen Mozambique Ltd, and Schmack Biogas S.r.l. treated as discontinued operations under IFRS 5.



Income statement - "Discontinued Operations" (figures in thousands of Euros)	Idroelettrica 2014 s.r.l. Unipersonale	Schmack Group	Monsson Group	Pangreen	01.01.2023 31.12.2023
Total revenues	-	18,878	1,853	-	20,731
Operating costs	(21)	(19,195)	(2,174)	(21)	(21,411)
<b>GROSS OPERATING MARGIN</b>	<b>(21)</b>	<b>(317)</b>	<b>(321)</b>	<b>(21)</b>	<b>(680)</b>
Amortisation, depreciation and write-downs	(380)	(327)	(121)	(396)	(1,224)
<b>EBIT</b>	<b>(401)</b>	<b>(644)</b>	<b>(442)</b>	<b>(417)</b>	<b>(1,904)</b>
Net financial income (charges)	-	25	38	8	71
Income from (Charges on) equity investments	-	(28)	(51)	-	(79)
Income taxes	(197)	16	-	-	(181)
Profit (loss) from disposal	(115)	-	68	60	12
<b>Profit (loss) for the period</b>	<b>(713)</b>	<b>(632)</b>	<b>(387)</b>	<b>(349)</b>	<b>(2,081)</b>

Income statement - "Discontinued Operations" (figures in thousands of Euros)	Idroelettrica 2014 s.r.l. Unipersonale	Schmack Group	Monsson Group	Pangreen	01.01.2022 31.12.2022
Total revenues	77	12,948	9,497	-	22,522
Operating costs	(383)	(12,161)	(11,940)	(33)	(24,517)
<b>GROSS OPERATING MARGIN</b>	<b>(306)</b>	<b>786</b>	<b>(2,443)</b>	<b>(33)</b>	<b>(1,995)</b>
Amortisation, depreciation and write-downs	(585)	(352)	(782)	-	(1,719)
<b>EBIT</b>	<b>(891)</b>	<b>434</b>	<b>(3,225)</b>	<b>(33)</b>	<b>(3,715)</b>
Net financial income (charges)	34	33	(212)	(10)	(155)
Income from (Charges on) equity investments	-	(20)	(4)	-	(25)
Income taxes	197	9	(74)	-	131
Profit (loss) from disposal	-	-	-	-	-
<b>Profit (loss) for the period</b>	<b>(661)</b>	<b>455</b>	<b>(3,516)</b>	<b>(42)</b>	<b>(3,764)</b>

Financial position statement - "Discontinued Operations" (figures in thousands of Euros)	31.12.2023 Schmack Biogas*
Tangible assets	718
Intangible assets	914
Tax receivables	295
Inventories	8,072
Trade receivables and other receivables	3,487
Cash	857
<b>Assets held for sale</b>	<b>14,343</b>
Trade payables and other payables	10,694
Provisions for risks and charges	805
Deferred tax liabilities	107
Financial liabilities	913
<b>Liabilities held for sale</b>	<b>12,520</b>

\*Also includes the subsidiaries BioForCH4 S.r.l., Biomethane Invest S.r.l. and Sicily Biomethan S.r.l.



Cash Flow "Discontinued Operation "Schmack Biogas" Euro thousands	01.01.2023 31.12.2023	01.01.2022 31.12.2022
Cash flow from operating activities	5	(1,806)
Cash flow from investing activities	(258)	(154)
Cash flow from financing activities	90	0
<b>Net change in cash and cash equivalents</b>	<b>(162)</b>	<b>(1,960)</b>
Cash and cash equivalents at the beginning of the period	1,019	2,979
Cash and cash equivalents at the end of the period	857	1,019

\*Also includes the subsidiaries BioForCH4 S.r.l., Biomethane Invest S.r.l. and Sicily Biomethan S.r.l.

## 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;
- surety issued by PLC S.p.A. in the interest of PLC System S.r.l. in favour of Banco BPM for Euro 3,663;
- 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 Unicredit for Euro 1,690 thousand;
- letter of patronage issued by PLC S.p.A. in the interest of PLC System S.r.l. in favour of Ecoenergia Franzese S.r.l. for a total of Euro 4,950 thousand;
- letters of patronage issued by PLC S.p.A. in the interest of PLC Service S.r.l. in favour of Unicredit S.p.A. for a total of Euro 390 thousand;
- letters of patronage issued by PLC S.p.A. in the interest of PLC Service Wind S.r.l. in favour of Unicredit S.p.A. for a total of Euro 260 thousand;
- corporate guarantee issued by PLC S.p.A. in favour of Nidec ASI for Euro 267 thousand.

### PLC SYSTEM S.r.l.

- 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;
- 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 1,042 thousand;



- sureties issued by Banco BPM in favour of domestic customers for Euro 2,617 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 3,663;
- bank sureties issued by BNL in favour of domestic customers for a total of Euro 1,609 thousand;
- insurance sureties issued by Sace BT, Generali, Coface, Reale Mutua and Axa in favour of domestic customers for a total of Euro 7,548 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 Unicredit for Euro 1,690 thousand;
- corporate guarantee issued by PLC S.p.A. in favour of Nidec ASI for Euro 267 thousand.

#### PLC SERVICE S.r.l.

- 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 2,178 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.;
- letters of patronage issued by PLC S.p.A. in favour of Unicredit S.p.A. for a total of 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;
- 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.

#### 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;
- letters of patronage issued by PLC S.p.A. in favour of Unicredit S.p.A. for a total of Euro 260 thousand;



- guarantee issued by Unicredit on behalf of PLC Service Wind S.r.l. in favour of Enpower 3 for Euro 200 thousand.

#### **PP. SEGMENT REPORTING**

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

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

Construction segment: into which PLC System S.r.l. is merged;

Services Segment: into which PLC Service S.r.l. and PLC Service Wind 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	31.12.2023
<b>Non-current assets</b>					
Tangible assets	980	5,345	213	-	6,538
Goodwill	-	-	4,711	39	4,750
Other intangible assets	1,479	1,577	746	-	3,802
Equity investments accounted for using the equity method	-	-	-	-	-
Equity investments in other companies	11	-	-	-	11
Deferred tax assets	131	7	1,264	-	1,402
Receivables and other non-current assets	978	205	50	-	1,233
Other non-current financial assets	-	-	-	-	-
Non-current derivative instruments	52	-	-	-	52
<b>Total non-current assets</b>	<b>3,631</b>	<b>7,134</b>	<b>6,984</b>	<b>39</b>	<b>17,788</b>
<b>Current assets</b>					
Inventories	851	5,365	-	-	6,216
Contract assets	7,174	-	-	-	7,174
Trade receivables	8,767	10,138	44	270	19,219
Financial receivables	5	-	13	-	18
Other receivables	3,985	2,173	217	60	6,435
Cash and cash equivalents	5,306	3,803	436	416	9,961
Other current financial assets	-	-	-	-	-
Current derivative instruments	-	-	-	-	-
<b>Total current assets</b>	<b>26,088</b>	<b>21,479</b>	<b>710</b>	<b>746</b>	<b>49,023</b>
<b>Assets held for sale / disposal</b>	<b>139</b>	<b>13,922</b>	<b>282</b>	<b>-</b>	<b>14,343</b>
<b>TOTAL ASSETS</b>	<b>29,858</b>	<b>42,535</b>	<b>7,976</b>	<b>785</b>	<b>81,154</b>
FINANCIAL POSITION STATEMENT (figures in thousands of Euros)	Construction	Services	Holding	Trading	31.12.2023
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>(969)</b>	<b>11,104</b>	<b>2,404</b>	<b>80</b>	<b>12,619</b>
<b>Non-current liabilities</b>					
Non-current financial liabilities	1,554	1,628	363	-	3,545
Provisions for non-current risks and charges	550	125	-	-	675
Employee severance indemnity	644	1,274	494	-	2,412
Deferred tax liabilities and other non-current taxes	234	48	(71)	-	211
Payables and other non-current liabilities	-	-	-	-	-
Non-current derivative instruments	-	-	-	-	-
<b>Total non-current liabilities</b>	<b>2,982</b>	<b>3,075</b>	<b>786</b>	<b>-</b>	<b>6,843</b>
<b>Current liabilities</b>					
Current financial liabilities	2,156	1,256	1,733	-	5,145
Provisions for current risks and charges	-	45	-	-	45
Trade payables	15,862	5,826	462	704	22,854
Contract liabilities	9,189	7,905	-	-	17,094
Other payables	638	1,577	1,818	1	4,034
Current derivative instruments	-	-	-	-	-
<b>Total current liabilities</b>	<b>27,845</b>	<b>16,609</b>	<b>4,013</b>	<b>705</b>	<b>49,172</b>
<b>Liabilities held for sale / disposal</b>	<b>-</b>	<b>11,747</b>	<b>773</b>	<b>-</b>	<b>12,520</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>29,858</b>	<b>42,535</b>	<b>7,976</b>	<b>785</b>	<b>81,154</b>





RECLASSIFIED COMPREHENSIVE INCOME STATEMENT (figures in thousands of Euros)	Construction	Services	Holding	Trading	01.01.2023 31.12.2023
<b>Revenues from core business</b>	<b>37,120</b>	<b>23,412</b>	<b>188</b>	<b>4,599</b>	<b>65,319</b>
Other operating revenues	319	696	292	24	1,331
<b>Total revenues</b>	<b>37,439</b>	<b>24,108</b>	<b>480</b>	<b>4,623</b>	<b>66,650</b>
Operating costs	(33,267)	(17,534)	(5,618)	(4,549)	(60,968)
Other operating costs	(725)	(1,150)	(189)	(4)	(2,068)
<b>GROSS OPERATING MARGIN (EBITDA)</b>	<b>3,447</b>	<b>5,424</b>	<b>(5,327)</b>	<b>70</b>	<b>3,614</b>
<b>EBITDA %</b>	<b>9%</b>	<b>22%</b>	<b>n.a.</b>	<b>2%</b>	<b>5%</b>
Amortisation, depreciation and write-downs	(133)	(1,059)	(334)	-	(1,526)
<b>OPERATING RESULT (EBIT)</b>	<b>3,314</b>	<b>4,365</b>	<b>(5,661)</b>	<b>70</b>	<b>2,088</b>
Net financial income (charges)	(219)	(79)	(146)	-	(444)
Income from (Charges on) equity investments	-	-	-	-	-
Income taxes	651	(527)	1,091	(2)	1,213
<b>Profit (loss) for the period from continuing operations</b>	<b>3,746</b>	<b>3,760</b>	<b>(4,717)</b>	<b>68</b>	<b>2,857</b>
Profit (loss) for the period from discontinued operations	-	(2,081)	-	-	(2,081)
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>3,746</b>	<b>1,679</b>	<b>(4,717)</b>	<b>68</b>	<b>776</b>
Total other comprehensive income statement components	(43)	(78)	(55)	-	(176)
<b>COMPREHENSIVE INCOME STATEMENT</b>	<b>3,703</b>	<b>1,601</b>	<b>(4,772)</b>	<b>68</b>	<b>600</b>
RECLASSIFIED COMPREHENSIVE INCOME STATEMENT (figures in thousands of Euros)	Construction	Services	Holding	Trading	01.01.2022 31.12.2022
<b>Revenues from core business</b>	<b>17,657</b>	<b>20,746</b>	<b>-</b>	<b>8,255</b>	<b>46,657</b>
Other operating revenues	390	283	20	-	693
<b>Total revenues</b>	<b>18,046</b>	<b>21,029</b>	<b>20</b>	<b>8,255</b>	<b>47,350</b>
Operating costs	(23,986)	(15,383)	(4,052)	(8,206)	(51,627)
Other operating costs	(951)	(1,139)	(218)	(4)	(2,312)
<b>GROSS OPERATING MARGIN (EBITDA)</b>	<b>(6,891)</b>	<b>4,507</b>	<b>(4,250)</b>	<b>45</b>	<b>(6,589)</b>
<b>EBITDA %</b>	<b>-38%</b>	<b>21%</b>	<b>-21250%</b>	<b>1%</b>	<b>-14%</b>
Amortisation, depreciation and write-downs	(593)	(1,721)	(3,602)	-	(5,916)
<b>OPERATING RESULT (EBIT)</b>	<b>(7,483)</b>	<b>2,786</b>	<b>(7,852)</b>	<b>45</b>	<b>(12,505)</b>
Net financial income (charges)	48	(51)	(90)	(1)	(94)
Income from (Charges on) equity investments	-	-	-	-	-
Income taxes	442	(237)	304	-	510
<b>Profit (loss) for the period from continuing operations</b>	<b>(6,994)</b>	<b>2,499</b>	<b>(7,638)</b>	<b>44</b>	<b>(12,089)</b>
Profit (loss) for the period from discontinued operations	(704)	(3,061)	-	-	(3,765)
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>(7,697)</b>	<b>(562)</b>	<b>(7,638)</b>	<b>44</b>	<b>(15,854)</b>
Total other comprehensive income statement components	84	309	601	-	994
<b>COMPREHENSIVE INCOME STATEMENT</b>	<b>(7,613)</b>	<b>(253)</b>	<b>(7,037)</b>	<b>44</b>	<b>(14,860)</b>



### 3.4.3 TRANSACTIONS WITH RELATED PARTIES

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

#### Revenues and costs from related parties

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

#### Receivables from and payables to related parties

RECEIVABLES FROM AND PAYABLES TO RELATED PARTIES (in thousands of Euros)	Receivables			Payables		
	Trade receivables	Financial receivables	Other receivables	Trade payables	Financial payables	Other payables
Antonio Carrano	-	13	-	19	-	-
Biomethane Invest S.r.l.	-	-	-	-	-	-
BZEE - Bildungszentren Erneuerbare Energien e.V.	-	-	-	-	-	-
Idea S.r.l.	-	5	-	-	-	-
Marcello Bardini	-	-	-	-	-	-
Massimo Rossetto	-	-	-	-	-	-
Nicolò Cariboni	-	-	-	-	-	-
P&P IMPRESA S.r.l.	-	-	-	-	-	-
Sicily Biomethan S.r.l.	-	-	-	-	-	-
<b>Total</b>	-	<b>18</b>	-	<b>19</b>	-	-
% impact on financial statements item	0.0%	1.4%	0.0%	0.1%	0.0%	0.0%



### 3.4.4 FINANCIAL RISK MANAGEMENT POLICY

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

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

#### Types of financial instruments and fair value hierarchy

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

FINANCIAL ASSETS AND LIABILITIES - IFRS 9 (figures in thousands of Euros)	Measurement criteria adopted				31.12.2023	31.12.2022
	Fair value	Fair Value Hierarchy	Measurement at cost	Amortised cost	Carrying amount	Carrying amount
Loans and receivables	-	-	-	18	18	313
Cash and cash equivalents	9,961	Level 1	-	-	9,961	8,420
Trade receivables	-	-	-	19,219	19,219	20,245
Other current receivables	-	-	-	6,435	6,435	3,547
Other non-current receivables	-	-	-	1,233	1,233	1,426
Investments in other companies measured at fair value	-	-	-	-	-	-
Investments in other companies measured at cost	-	-	11	-	11	11
Other financial assets	-	-	-	-	-	-
<b>TOTAL FINANCIAL ASSETS</b>	<b>9,961</b>	<b>-</b>	<b>11</b>	<b>26,905</b>	<b>36,877</b>	<b>33,962</b>
Trade payables	-	-	-	39,948	39,948	26,435
Other current payables	-	-	-	4,034	4,034	5,323
Provisions for current risks and charges	-	-	-	45	45	-
Current financial payables	-	-	-	5,145	5,145	5,245
Non-current financial payables	-	-	-	3,545	3,545	6,101
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52,717</b>	<b>52,717</b>	<b>43,104</b>

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 financial year are assessed using the amortised cost method.



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

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

#### Liquidity Risk

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

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

The policies applied were aimed at guaranteeing sufficient financial resources to cover short-term commitments and maturing bonds, as well as to ensure the availability of an adequate level of operational flexibility for the Group development programmes, pursuing the maintenance of balance in terms of duration and composition of debt and an adequate structure of bank credit lines. At December 31, 2023, the Group had a balanced net short-term financial position, and had credit lines granted and not utilised amounting to approximately Euro 2,000, which may be drawn down in the event of liquidity needs. It should also be noted that in connection with the sale of Schmack Biogas S.r.l. on March 7, 2024, the Parent Company received Euro 7,606 thousand. At this stage, the PLC Group has not been exposed to an increase in liquidity risk due to the



Covid-19 pandemic and/or the ongoing conflict between Russia and Ukraine, even though, given the long-term uncertainty, a potential worsening of financial stress scenarios cannot be ruled out, resulting from a deterioration of liquidity in general, delays in payments from customers and the slowdown of operational activities on projects with delays in invoicing customers.

#### Credit Risk

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

Credit risk is generally mitigated by the fact that the Group carries out a prior assessment of counterparty solvency risk based on procedures and that, generally, receivables of a significant amount are due from known and reliable counterparties. Despite the market environment being negatively impacted by the Covid-19 pandemic, credit risk has, for the time being, remained low; however, it cannot be excluded that some customers may delay, or fail to honour, payments under the agreed terms and conditions, with a subsequent increase in credit risk. Where there are changes in the creditworthiness of a counterparty, the value of the credit is adjusted accordingly, to bring it in line with the actual probability of recovery. At December 31, 2023, the maximum exposure to credit risk was equal to the carrying amount of the receivables in the financial statement.

#### Market risk

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

#### Exchange rate risk

During 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 goal 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 December 31, 2022, there was (i) a cap strike agreement on the loan agreement in place with BNL and (ii) an Interest Rate Option Cap (IRO Cap) agreement on the loan agreement in place with BPER Banca S.p.A.

### Capital management

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



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

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

Nature of the service	Company that provided the service	Recipient	Consideration for the 2023 financial year (figures in thousands of Euros)	Consideration for the 2022 financial year (figures in thousands of Euros)
Audit and accounting control	EY S.p.A.	PLC S.p.A.	67	51
Attestation services (*)	EY S.p.A.	PLC S.p.A.	44	36
Audit and accounting control	EY S.p.A.	Group companies	93	80
Attestation services (**)	EY S.p.A.	Group companies	14	14
<b>Total</b>			<b>218</b>	<b>181</b>

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

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



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

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

- the adequacy in relation to the characteristics of the business and
- the effective application of the administrative and accounting procedures in preparing the consolidated financial statement at December 31, 2023.

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

It is also certified that:

the consolidated financial statement at December 31, 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 July 19, 2002;
- are consistent with the data in the accounting records and other corporate documents;
- provide a true and fair view of the financial position, results of operations and cash flows of the issuer and the group of consolidated companies.

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

Acerra, March 27, 2024

The Chief Executive Officer

The Financial Reporting Manager

*Signed Diego Percopo*

*Signed Marco Aulisa*





### 3.7 INDEPENDENT AUDITORS' REPORT



# PLC S.p.A.

**Consolidated Financial statements as at 31 December 2023**

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

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working world**EY S.p.A.  
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## **Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014**

**(Translation from the original Italian text)**

To the Shareholders of  
PLC S.p.A.

### **Report on the Audit of the Consolidated Financial Statements**

#### **Opinion**

We have audited the consolidated financial statements of PLC Group (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of income, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

#### **Basis for Opinion**

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

#### **Key Audit Matters**

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

We identified the following key audit matters:

Key Audit Matter	Audit Response
<p><b>Revenue recognition and evaluation of construction contracts</b></p> <p>The consolidated financial statements as of 31 December 2023 include revenues related to construction contracts for Euro 37,1 million and assets and liabilities related to the component accrued at the balance sheet date of Euro 7,2 million and Euro 17,1 million respectively.</p> <p>Revenues related to construction contracts, as well as the related margins, are recognized based on the project progress in accordance with the percentage of completion method, based on the ratio between the costs incurred and the total costs expected to complete the construction contracts, in accordance with the applicable accounting principle for the revenues recognition on an “over time” method. The processes and methods related to the revenues recognition and construction contracts evaluation are based on assumptions which are sometimes complex and which imply the Directors judgment, in particular with reference to the cost forecast to complete each project, including the estimation of risks and penalties, where applicable, as well as to contract modifications either expected or under negotiation.</p> <p>Considering the economic and financial influence of the construction contracts, of the judgment required by the complexity of the assumptions used in forecasting the costs to complete the construction contracts and of the contractual modifications under negotiation and of the potential effect on the net income for the current year of the changes of estimate, we assessed this matter as a key audit matter.</p> <p>The paragraph “Contract Assets and Liabilities” and the paragraph “Revenues from contracts with customers” as well as the note “Inventories and contract assets” of the explanatory notes to the financial statements, show the information relating to the revenue recognition and the evaluation of construction contracts.</p>	<p>Our audit procedures in response to the key audit matter concerned, among other matters:</p> <ul style="list-style-type: none"> <li>- verification of the calculation of the actual progress of the projects, on a sample basis;</li> <li>- with reference to the most significant projects, the analysis of the main assumptions used in forecasting the costs to complete the contract orders and to determine the overall revenues, by examining the construction contracts reports, contractual documentation and project managers interviews;</li> <li>- comparative analysis of the main changes in construction contracts results compared to the original budget or to the previous year;</li> <li>- execution of substantive audit procedures on a sample basis on construction contracts’ costs;</li> <li>- external confirmation procedures, on a sample basis for major projects, to contractors.</li> </ul> <p>Finally, we verified the adequacy of the information provided in the explanatory notes to the financial statements related to the key audit matter concerned.</p>

## Goodwill evaluation

Goodwill as at 31 December 2023 amounted to EUR 4,7 million and was primarily generated as a result of the Reverse Merger operation, related to the acquisition of subsidiaries PLC System S.r.l. and PLC Service S.r.l.

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

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

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

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

- analysis of the Impairment test procedure approved by the Board of Directors on 8 March 2024 and of the key controls implemented by the Group, in connection with the assumptions adopted;
- verification of the correctness of the CGUs perimeter and the cost allocation to the assets and liabilities of each CGU;
- the examination of future cash flows forecast, including normalized cash flows used for the terminal value estimation, through: (i) the analysis of the consistency on the forecast of future cash flows for each CGU with the Group Business Plan; (ii) the evaluation of the forecast quality throughout a look-back analysis on previous cash flow estimation;
- verification of the growth rates and discount rates applied after the explicit period of the Business plan.

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

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

## ***Discontinued Operation***

Assets and liabilities related to the disposal Group as at 31 December 2023 amount to Euro 14,3 million and Euro 12,5 million respectively. Furthermore, the loss for the period from *discontinued operations* amounts to 2,0 million, of which 0,6 million related to Schmack CGU

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

- inquiries with company management in order to understand which elements have been considered to assess compliance, at the reporting date, with the requirements of IFRS 5;
- verification of the negotiations and preliminary agreements as at 31 December 2023, relating to the sale of the Schmack CGU;

During the financial year 2023, the Parent Company started a process with the aim to sale the Schmack CGU, a process which concluded positively during the first months of 2024.

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

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

The paragraph “Main PLC Group operations during the year 2023” and the paragraph “Significant events occurring after 31 December 2023” as well as the note “Result for the period of discontinued operations” of the explanatory notes to the financial statement, show the disclosure related to assets and liabilities of the disposal group and relating to the result of *discontinued operations*

- analysis of the sale agreement signed on 7 March 2024;
- reading the company's social books;
- verification of the valuation of the *disposal group* at the lower between its book value and the related fair value less costs to sell;
- verification of the presentation in the consolidated financial statements of the assets and liabilities related to the disposal group and to the result of the *discontinued operations*.

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

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

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company PLC S.p.A. or to cease operations, or have no realistic alternative but to do so.

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

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

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

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

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

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

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

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

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

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

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

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

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

## **Report on compliance with other legal and regulatory requirements**

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

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

We have performed the procedures under the auditing standard SA Italia n. 700B, in order to express an opinion on the compliance of the consolidated financial statements as at 31 December 2023 with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at 31 December 2023 have been prepared in the XHTML format and have been marked-up, in all material aspects, in compliance with the provisions of the Delegated Regulation.



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

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

The Directors of PLC S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of Group PLC as at 31 December 2023, including their consistency with the related consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the consolidated financial statements of PLC Group as at 31 December 2023 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operations and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the consolidated financial statements of PLC Group as at 31 December 2023 and comply with the applicable laws and regulations.

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

Milan, 8 April 2024

EY S.p.A.

Signed by: Lorenzo Secchi, Auditor

As disclosed by the Directors on page 56, the accompanying consolidated financial statements of PLC S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.



#### 4 FINANCIAL STATEMENT



## 4.1 ACCOUNTS STATEMENT

### 4.1.1 FINANCIAL POSITION STATEMENT

FINANCIAL POSITION STATEMENT (figures in Euro)	Notes	31.12.2023	of which from related parties	31.12.2022	of which from related parties
<b>Non-current assets</b>					
Tangible assets	A	213,251	-	147,747	-
Goodwill		-	-	-	-
Intangible assets	B	998,702	-	1,109,643	-
Equity investments in subsidiaries	C	43,093,320	-	44,593,320	-
Equity investments in associates		-	-	-	-
Equity investments in other companies		-	-	-	-
Deferred tax assets	D	1,264,051	-	29,970	-
Receivables and other non-current assets	E	1,033,916	970,831	902,960	783,571
Other non-current financial assets		-	-	-	-
Non-current derivative instruments	F	2,365	-	21,450	-
<b>Total non-current assets</b>		<b>46,605,605</b>		<b>46,805,090</b>	
<b>Current assets</b>					
Inventories		-	-	-	-
Contract assets		-	-	-	-
Trade receivables	G	790,636	784,645	307,972	291,267
Financial receivables	H	19,388	19,388	12,703	-
Other receivables	I	1,212,301	994,944	1,365,704	1,091,049
Cash and cash equivalents	K	435,680	-	420,428	-
Other current financial assets		-	-	-	-
Current derivative instruments		-	-	-	-
<b>Total current assets</b>		<b>2,458,005</b>		<b>2,106,807</b>	
<b>Non-current assets held for sale / disposal</b>		<b>1,500,000</b>		<b>-</b>	
<b>TOTAL ASSETS</b>		<b>50,563,610</b>		<b>48,911,897</b>	



FINANCIAL POSITION STATEMENT (figures in Euro)	Notes	31.12.2023	<i>of which from related parties</i>	31.12.2022	<i>of which from related parties</i>
Share capital and reserves		41,120,959	-	48,176,078	-
Profit (loss) for the period		(2,283,265)	-	(7,055,119)	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>J</b>	<b>38,837,694</b>		<b>41,120,959</b>	
<b>Non-current liabilities</b>					
Non-current financial liabilities	K	363,190		2,007,034	801,510
Provisions for non-current risks and charges		-		-	-
Employee severance indemnity	L	493,820		375,930	-
Deferred tax liabilities and other non-current taxes		-		28,704	-
Payables and other non-current liabilities		-		-	-
Non-current derivative instruments		-		-	-
<b>Total non-current liabilities</b>		<b>857,010</b>		<b>2,411,668</b>	
<b>Current liabilities</b>					
Current financial liabilities	K	7,744,969	6,012,199	3,041,709	400,000
Provisions for current risks and charges		-		-	-
Trade payables	M	461,581		1,234,411	-
Contract liabilities		-		-	-
Other payables	N	2,662,356	1,372,000	1,103,150	16,198
Current derivative instruments		-		-	-
<b>Total current liabilities</b>		<b>10,868,906</b>		<b>5,379,270</b>	
<b>Non-current liabilities held for sale / disposal</b>		-	-	-	-
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>50,563,610</b>		<b>48,911,897</b>	



#### 4.1.2 INCOME STATEMENT

INCOME STATEMENT (Figures in Euros)	Notes	01.01.2023 31.12.2023	of which from related parties	01.01.2022 31.12.2022	of which from related parties
Revenues from core business	AA	3,282,617	3,094,490	2,421,847	2,420,368
Other operating revenues	BB	283,417	-	19,917	-
Costs for raw materials		(2,304)	-	(3,768)	-
Service costs	CC	(1,486,183)	(4,233)	(1,415,104)	(2,000)
Personnel costs	DD	(4,134,046)	-	(2,635,457)	-
Other operating costs	EE	(188,815)	-	(426,046)	(207,979)
<b>GROSS OPERATING MARGIN (EBITDA)</b>		<b>(2,245,314)</b>		<b>(2,038,611)</b>	
Amortisation and depreciation	FF	(334,890)		(182,382)	
Reassessments (write-downs)	GG	-		(10,144,370)	
<b>OPERATING RESULT (EBIT)</b>		<b>(2,580,204)</b>		<b>(12,365,363)</b>	
Financial income	HH	160,254	140,900	325,978	341,422
Financial charges	HH	(277,522)	(112,383)	(150,997)	(76,626)
Income from (Charges on) equity investments					
Dividends	II	1,266,000	-	4,768,029	-
Share of the result of equity investments in shareholders' equity		-	-	-	-
Gains (losses) on equity investments		-	-	-	-
Income taxes	JJ	1,090,447	-	303,291	-
<b>Profit (loss) for the period from continuing operations</b>		<b>(341,025)</b>		<b>(7,119,062)</b>	
Profit (loss) for the period from discontinued operations		(1,887,173)	-	-	-
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>(2,228,198)</b>		<b>(7,119,062)</b>	

#### 4.1.3 COMPREHENSIVE INCOME STATEMENT

COMPREHENSIVE INCOME STATEMENT (figures in Euros)	Notes	01.01.2023 31.12.2023	01.01.2022 31.12.2022
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>(2,228,198)</b>	<b>(7,119,062)</b>
<b>Other comprehensive income statement components</b>			
Components that cannot be reclassified to the income statement		(76,376)	88,687
Tax effect of non-reclassifiable components		21,309	(24,744)
<b>Total components that cannot be reclassified to the income statement</b>		<b>(55,067)</b>	<b>63,943</b>
Components reclassifiable to the income statement		-	-
Tax effect on reclassifiable components		-	-
<b>Total components that can be reclassified to the income statement</b>		<b>-</b>	<b>-</b>
<b>Total other comprehensive income components</b>	KK	<b>(55,067)</b>	<b>63,943</b>
<b>COMPREHENSIVE INCOME STATEMENT</b>		<b>(2,283,265)</b>	<b>(7,055,119)</b>



#### 4.1.4 CASH FLOW STATEMENT

CASH FLOW STATEMENT (figures in thousands of Euros)	01.01.2023 31.12.2023	01.01.2022 31.12.2022
<b>Comprehensive income / (loss)</b>	<b>(396,092)</b>	<b>(7,055,119)</b>
Comprehensive income/(loss) from discontinued operations	(1,887,173)	-
<b>Comprehensive income/(loss) from continuing operations</b>	<b>(2,283,265)</b>	<b>(7,055,119)</b>
(Capital Gain)/Loss from assets sold	-	10,144,370
Adjustment of investment property	-	-
Amortisation, depreciation and impairment of fixed assets	334,890	182,382
Write-downs (Revaluations) of financial assets	(19,085)	(20,358)
Write-downs (Revaluations) of fixed assets	-	-
Associates' share of comprehensive income	-	-
Charges (Net financial income)	117,268	(174,981)
Dividends	(1,266,000)	(4,768,029)
Other non-monetary items included in the income statement	-	-
<b>Net changes in working capital</b>		
Contract assets	-	-
Inventories	-	-
Trade receivables and other receivables	(460,217)	989,534
Trade payables and other payables	786,376	(760,536)
Change in other provisions and deferred tax assets and liabilities	(891,244)	3,821
<b>Gross Cash Flow</b>	<b>(3,681,276)</b>	<b>(1,458,916)</b>
Interest paid	(197,486)	(76,408)
Interest received	19,354	-
Income taxes (paid) received	-	-
Income taxes	-	-
<b>CASH FLOW FROM OPERATING ACTIVITIES [A]</b>	<b>(3,859,409)</b>	<b>(1,535,324)</b>
(Investments) in tangible and intangible fixed assets	(324,062)	(1,053,201)
Divestment of tangible and intangible fixed assets	-	-
(Investments) in subsidiaries	-	-
Disinvestments in subsidiaries	-	-
(Investments) in other financial assets	-	-
Divestments in other financial assets	-	-
Dividends received	1,203,637	1,868,028
<b>CASH FLOW FROM INVESTING ACTIVITIES [B]</b>	<b>879,574</b>	<b>814,827</b>
Increase/(Reduction) of Share Capital net of ancillary charges	-	-
Obtainment of loans, financing and other financial liabilities	5,600,000	4,572,483
(Repayments) of loans, financing and other financial liabilities	(2,604,914)	(4,036,224)
Repayments of loans, financing and other financial assets	-	-
(Disbursement) of loans, financing and other financial assets	-	-
Dividends paid	-	-
<b>CASH FLOW FROM FINANCING ACTIVITIES [C]</b>	<b>2,995,086</b>	<b>536,259</b>
<b>CASH FLOW FROM DISCONTINUED OPERATIONS [D]</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS [A+B+C+D]</b>	<b>15,252</b>	<b>(184,239)</b>
Cash and cash equivalents at the beginning of the period	420,428	604,667
Cash and cash equivalents at the end of the period	435,680	420,428



#### 4.1.5 CHANGES IN SHAREHOLDERS' EQUITY

CHANGES IN SHAREHOLDERS' EQUITY (figures in thousands of Euros)	Share capital	Statutory reserve	Other Comprehensive Income	Other reserves	Profit (loss) carried forward	Profit (loss) for the year	Total shareholders' Equity
<b>SHAREHOLDERS' EQUITY AT 31.12.2020</b>	<b>27,026</b>	<b>5,405</b>	<b>(46)</b>	<b>12,998</b>	<b>2,337</b>	<b>(264)</b>	<b>47,456</b>
Allocation of 2020 net income/(loss)	-	-	-	-	(264)	264	-
Distribution of dividends	-	-	-	-	-	-	-
Profit (loss) at 31.12.2021	-	-	-	-	-	737	737
Other components of comprehensive income (loss)	-	-	(17)	-	-	-	(17)
<i>Profit (loss) for the period</i>	-	-	(17)	-	-	737	720
<b>SHAREHOLDERS' EQUITY AT 31.12.2021</b>	<b>27,026</b>	<b>5,405</b>	<b>(63)</b>	<b>12,998</b>	<b>2,073</b>	<b>737</b>	<b>48,176</b>
Allocation of 2021 net income/(loss)	-	-	-	-	737	(737)	-
Distribution of dividends	-	-	-	-	-	-	-
Profit (loss) at 31.12.2022	-	-	-	-	-	(7,119)	(7,119)
Other components of comprehensive income (loss)	-	-	64	-	-	-	64
<i>Profit (loss) for the period</i>	-	-	64	-	-	(7,119)	(7,055)
<b>SHAREHOLDERS' EQUITY AT 31.12.2022</b>	<b>27,026</b>	<b>5,405</b>	<b>1</b>	<b>12,998</b>	<b>2,810</b>	<b>(7,119)</b>	<b>41,121</b>
Allocation of 2022 net income/(loss)	-	-	-	-	(7,119)	7,119	-
Distribution of dividends	-	-	-	-	-	-	-
Profit (loss) at 31.12.2023	-	-	-	-	-	(2,228)	(2,228)
Other components of comprehensive income (loss)	-	-	(55)	-	-	-	(55)
<i>Profit (loss) for the period</i>	-	-	(55)	-	-	(2,228)	(2,283)
<b>SHAREHOLDERS' EQUITY AT 31.12.2023</b>	<b>27,026</b>	<b>5,405</b>	<b>(54)</b>	<b>12,998</b>	<b>(4,309)</b>	<b>(2,228)</b>	<b>38,838</b>



## 4.2 MAIN PLC GROUP OPERATIONS DURING THE YEAR 2023

### *Finalising corporate divestments*

The operations described below are a step in the realisation of the 2023-2027 business plan, in which the absolute strategic centrality of the domestic market and the strengthening of the operating model have been defined, to be realised, inter alia, through the simplification of the corporate structure and the divestment of companies deemed non-core. These disposals allow the PLC Group to consolidate its growth path by focusing its activities and resources on the Italian market, which shows significant growth trends in the various sectors in which the Group operates.

#### *1) Sale of the Monsson perimeter*

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

As part of the transaction, the purchaser - with the payment of a symbolic amount - assumed on its own account the management and entrepreneurial risk arising from the companies of the Monsson perimeter, also for the activities carried out prior to the sale - with the provision of an express indemnity for the benefit of the Company against any and all claims that may be made by third parties in relation to the companies. Most of the negative accounting effects generated by this transaction have already been accounted for in last year's financial statement. The 2023 financial statement includes residual negative effects amounting to Euro 1,887 thousand, related to the waiver of financial receivables, arising in 2023, due from the transferred perimeter.

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

On July 25, 2023, 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 (NA), Via delle Industrie 100.

#### *Approval of the 2024-2027 Strategic Sustainability Plan*

Confirming and reinforcing PLC Group commitment to sustainability, on December 21, 2023, PLC S.p.A. approved the 2024-2027 Strategic Sustainability Plan, which envisages an organic set of initiatives, highlighting the responsibility of PLC in the environmental and social context in which it operates and the continuous improvement in the Group governance with medium- and long-term goals. The initiatives of the Strategic Sustainability Plan will lead to concrete and measurable improvements in the areas Environment (with projects





on decarbonisation, circular economy and biodiversity), Social (with projects on well-being, training, health and safety, and territorial impact) and Governance (with projects on sustainable finance, risk management, integration and transparency, and supply chain). The Strategic Sustainability Plan places the PLC Group, which is already preparing its Sustainability Report on a voluntary basis since 2021, in a leading position and anticipates the actions to adjust to future regulatory developments on ESG information requirements.

### ***Process initiated for the sale of the shareholding in Schmack Biogas S.r.l. and its subsidiaries***

With the aim of assessing the opportunity of a further focus of the PLC Group on the core business related to electricity infrastructures, photovoltaic and wind power technology in Italy (highlighted by the important backlog and pipeline values achieved in 2023, higher than those envisaged in the 2023-2027 Business Plan), a process was started in July 2023 to assess the market conditions for the potential sale of the entire shareholding held by PLC S.p.A, equal to 51%, of the capital, in the subsidiary Schmack Biogas S.r.l.. The company acts as a general contractor in plant construction and provider of Operation & Maintenance (O&M) services in the biogas and biomethane sector. Furthermore, through its subsidiaries<sup>7</sup>, Schmack Biogas S.r.l. is active in the authorisation development of plants also in the biogas and biomethane sector. Following the positive feedback received, a sales process was structured starting in November, which involved inviting various industry players and financial investors to make non-binding purchase offers, and a documentary data room was set up to perform the requisite due diligence.

On December 27, Hitachi Zosen Inova AG ("HZI"), a leading European operator in the sector, made a binding offer that considers the enterprise value of 100% of the share capital of Schmack Biogas S.r.l. and its subsidiaries to be approximately Euro 19.5 million, with a price adjustment mechanism linked to the achievement of specific short-term business results. To negotiate and come to the conclusion of a final and binding agreement for the purchase and sale of the shares of Schmack, and any other documents necessary to complete the transaction, PLC S.p.A., on December 29, 2023, granted HZI exclusivity until January 31, 2024. Schmack Biogas S.r.l. recorded positive EBITDA of approximately Euro 543 thousand in 2022 and negative EBITDA of approximately Euro 610 thousand in 2023.

In preparing the financial statement for the year ended December 31, 2023, the directors, in light of the status of negotiations for the sale described above, and the high probability of the sale, have classified the investment in Schmack Biogas S.r.l. in accordance with IFRS 5, "Discontinued Operations". The financial statement at December 31, 2022 was also restated in accordance with the same accounting standard.

The sale was successfully completed with the signing of the transaction closing on March 7, 2024.

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<sup>7</sup> Schmack Biogas S.r.l. holds the following shareholdings: 60% of BioForCH4 S.r.l., 50% of Sicily Biomethan S.r.l., 25% of Biomethane Invest S.r.l.



#### ***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 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 very 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 has no direct exposure to the affected markets and 2023 was not significantly impacted by indirect effects on the supply chain. Looking ahead, however, one cannot exclude possible negative consequences resulting from the development of the conflict between Russia and Ukraine, with yet unforeseeable effects on business.

### **4.3 SIGNIFICANT EVENTS OCCURRING AFTER DECEMBER 31, 2023**

#### ***Closing of the sale of the shareholding in Schmack Biogas s.r.l.***

On March 7, 2024, the shares of Schmack Biogas s.r.l. were transferred to Hitachi Zosen Inova AG ("HZI"). The purchase price for the shareholding held by PLC S.p.A. amounted to about Euro 10.6 million, of which about Euro 7.6 million was paid at the Closing date. The Agreement also provides for the accrual of an additional and contingent consideration component based on an earn-out mechanism linked to: (i) the operating and commercial results of Schmack Biogas in the 12 months following the date of signature of the Agreement and (ii) the successful completion of the authorisation processes of the projects held by Schmack Biogas through its subsidiaries in the 3 years following the date of signature of the Agreement. The amount of the two variable components could also accrue only in part based on the results, even partial results, achieved. The agreement includes the repayment of the pre-existing shareholder loan in the amount of about Euro 685 thousand. This transaction generated no accounting effects in the 2023 financial statement of the parent company PLC S.p.A.. This transaction will generate a significant gain in the 2024 financial statement.

### **4.4 NOTES TO THE FINANCIAL STATEMENT**

#### **ACCOUNTING STANDARDS AND VALUATION CRITERIA**

The financial statement of PLC S.p.A. has been prepared in accordance with the international accounting standards (International Financial Reporting Standards - hereinafter "IFRS" or "International Accounting



Standards") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union pursuant to Regulation no. 1606/2002, as well as the provisions issued pursuant to Article 9 of Italian Legislative Decree no. 38/2005. These standards are supplemented by the interpretative documents issued by the International Financial Reporting Interpretations Committee ("IFRIC"), which were also endorsed by the European Union at December 31, 2023.

The English version of the financial statements of PLC S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815.

The financial statement at December 31, 2023 was authorised for publication by the Board of Directors on March 27, 2024.

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

#### **FINANCIAL STATEMENT FORMATS ADOPTED**

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

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

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

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

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



### Going concern assumption

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

From an economic point of view, the final loss of Euro 2,283 thousand was however negatively impacted by the consequences of the sale of the Monsson Perimeter (negative effect of Euro 1,887 thousand).

The economic forecasts of the PLC Group, included in the 2023-2027 Business Plan approved on December 22, 2022, forecast a positive economic result for the financial year 2024, as well as for subsequent years.

From a financial point of view, the Company and the PLC Group have adequate cash and credit lines to enable them to meet their financial commitments for a future period of at least 12 months from the date of approval of these financial statement. In this regard, it should also be noted that the sale of Schmack Biogas S.r.l., finalised on March 7, 2024, resulted in the receipt of Euro 7,606 thousand on the same date.

From an equity perspective, it should be noted that the Company's equity balance, despite the actual loss, is adequate to the performance of its business activities.

In light of the above, the Directors assumed that the going concern assumption was met and, therefore, prepared the financial statement using the standards and criteria applicable to operating companies.

### **TANGIBLE ASSETS**

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

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

Depreciation is calculated based on rates considered suitable for distributing the value of the fixed assets over their respective useful lives, understood as an estimate of the period in which the asset will be used by the company; the recoverability of their carrying amount is verified by adopting the criteria indicated in the Section "Impairment of tangible and intangible assets". Land, whether free of construction or attached to buildings, is not depreciated. Tangible assets are derecognised from the financial position statement at the time of disposal or when they are permanently withdrawn from use and, consequently, no future economic benefits are expected from their sale or use. Gains and losses arising on the disinvestment or disposal of tangible assets are determined as the difference between the net disposal fee and the carrying amount of the asset.

The depreciation rates applied are shown below:



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

### **INTANGIBLE ASSETS**

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

Other intangible assets include:

#### **Research and development costs**

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

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

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



### **Software**

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

### **IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS**

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

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

### **LEASES AND RIGHT OF USE**

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

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



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

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

### **EQUITY INVESTMENTS IN SUBSIDIARIES**

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

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

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

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

### **EQUITY INVESTMENTS IN ASSOCIATES AND JOINTLY CONTROLLED COMPANIES**

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

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

Impairments must be immediately recognised as a reduction in the cost of the equity investment and charged to the income statement without the possibility of deferring the cost. When the write-down no longer exists,



the value of the equity investment is restored within the limit of the carrying amount that would have been determined had the write-down not been recognised.

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

### **EQUITY INVESTMENTS IN OTHER COMPANIES**

Equity investments in other companies are equity investments other than those in subsidiaries, joint ventures and associates and, following the introduction of IFRS 9, they fall within the category of "financial assets assessed at fair value through profit or loss". After initial recognition at cost, these financial assets are assessed at fair value; assessment gains or losses are recognised in an income statement item. If the fair value cannot be reasonably determined, and therefore in the case of unlisted equity investments and equity investments for which the fair value is not reliable and cannot be determined, these financial assets are assessed at cost adjusted for impairments. Classification as a current or non-current asset depends on the strategic choices made regarding the duration of ownership of the asset and the actual marketability of the same; current assets include those expected to be realised within 12 months of the reporting date.

Impairment losses are assessed based on (i) the significance of the impairment in absolute terms (severity) calculated on the basis of thresholds determined for the type of financial instrument and (ii) the length of the period of loss (durability) generally estimated at 24 months.

### **DERIVATIVE INSTRUMENTS**

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

#### **Derivatives qualifying as hedging instruments**

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

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





- verification of the hedging relationship between the hedged item and the hedging instrument used by the Company.

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

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

#### **Derivatives not qualifying as hedging instruments**

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

#### **FINANCIAL ASSETS**

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

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

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

Differently, financial assets representing debt instruments whose business model provides for the possibility of both collecting contractual cash flows and realising capital gains on disposal are measured at fair value and the effects are recognised in the "Other Comprehensive Income" ("OCI") reserve. In this case: (i) interest



income, calculated using the effective interest rate, exchange rate differences and write-downs are booked in the income statement; (ii) changes in the fair value of the instrument are booked to shareholders' equity, under OCI. The cumulative amount of changes in fair value, recognised in the shareholders' equity reserve which includes the other components of comprehensive income, is reversed to the income statement upon derecognition of the instrument. A financial asset representing a debt instrument that is not assessed at amortised cost or at fair value with the effects recognised in the OCI is assessed at fair value through profit or loss; this category includes financial assets held for trading. Interest income earned on financial assets held for trading is included in the overall fair value assessment of the instrument and is recognised as financial income or charges.

#### **WRITE-DOWN OF FINANCIAL ASSETS**

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

#### **CASH AND CASH EQUIVALENTS**

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

#### **NON-CURRENT ASSETS HELD FOR SALE / DISPOSAL**

Non-current assets held for sale and/or disposal groups are classified as available for sale when their carrying amount will be recovered mainly through a sale transaction rather than through its continuous use; in



particular, the non-current assets must be available for immediate sale in their current condition and the sale must be highly probable within 12 months of their classification, without prejudice to further considerations in the event of delayed execution of the sale, granted by the standard in the event of an extension of the time-frame associated with the disposal plan.

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

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

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

#### **EMPLOYEE SEVERANCE INDEMNITY**

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



arising from the remeasurement of liabilities and assets must be recognised in the Statement of other comprehensive income.

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

#### **PROVISIONS FOR RISKS AND CHARGES**

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

#### **FINANCIAL LIABILITIES**

Financial liabilities other than derivative instruments are initially recognised at the fair value of the fee received, net of directly attributable operation costs, and are subsequently assessed using the amortised cost method.

#### **REVENUES**

Revenues are recognised to the extent that it is probable that the economic benefits will be realised and the amount can be reliably determined. Revenues from the sale of goods and services are measured at the fair value of the consideration received or due, considering any discounts and premiums. Regarding the sale of goods and services, the revenue is recognised when the company has transferred to the purchaser the



significant risks and benefits associated with the ownership of the goods or with the performance of the service.

## **COSTS**

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

## **DIVIDENDS**

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

## **INTEREST AND FINANCIAL CHARGES**

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

## **TAXES**

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

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

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

The item "Prepaid taxes" includes any taxes which, although pertaining to future financial years, refer to the current financial year and are recognised when there is a likelihood that future taxable income will be sufficient to absorb their recovery.



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

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

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

#### **DETERMINATION OF THE FAIR VALUE OF FINANCIAL INSTRUMENTS**

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

#### **EXCHANGE DIFFERENCES**

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



## USE OF ESTIMATES

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

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

### Impairments of non-current assets

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

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

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

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

The accounting standards adopted for the preparation of the consolidated financial statement complies with those in force at the date of these financial statement, including the new standards, amendments and interpretations in force from January 1, 2023. The Group has not arranged for the early adoption of any new



standards, interpretations or amendments issued but not yet in force. Several amendments apply for the first time in 2023, but did not have an impact on the company financial statement.

#### **IFRS 17 Insurance Contracts, including the amendments of June 25, 2020**

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 characteristics; some exceptions apply with respect to scope. The overall goal 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 the 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.

#### **Insurance Contracts: Initial application of IFRS 17 and IFRS 9 - Comparative information - Amendments to IFRS 17**

The IASB published an amendment to this standard on December 9, 2021. The amendment is a transition option relating to comparative information on financial assets presented in connection with the first-time application of IFRS 17. The amendment is intended to help entities avoid temporary accounting mismatches between the financial assets and liabilities of insurance contracts, and thus to improve the usefulness of comparative information for users of cash flow statement. The amendment is effective for financial years beginning on January 1, 2023. This standard is not applicable to the company.

#### **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 assessment 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 the accounting standard disclosure. The amendments aim to help entities provide more useful accounting standard information 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 operations that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning liabilities.

### **International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12**

The amendments to IAS 12 were introduced to respond to the OECD BEPS Pillar Two rules and include:

- a temporary mandatory exemption to the recognition and disclosure requirements for deferred taxes resulting from the implementation in jurisdictions of the Pillar Two rules and
- disclosure requirements for entities involved to help users of financial statement better understand the income tax impacts arising from such legislation, particularly prior to the effective date of entry into force.

The amendment has no impact on the Group consolidated financial statement as the Group is not affected by the Pillar Two rules, since its revenues are less than Euro 750 million/year.

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

Standards and interpretations that had already been issued at the date of preparation of this financial report but that were not yet in force are illustrated below. The company intends to adopt these standards and interpretations, if applicable, when they come into force. No material impact on the Company is expected from these standards and amendments:



**Presentation of Financial Statement: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Amendments to IAS 1**

On January 23, 2020, the IASB published an amendment to IAS 1 that aims to clarify one of the criteria in IAS 1 for classifying a liability as non-current, namely the requirement that the entity must have the right to defer settlement of the liability for at least 12 months after the reporting date. The amendment includes:

- indication that the right to defer settlement must exist at the end of the reporting period;
- clarification regarding the fact that classification is unaffected by management intentions or expectations about possible exercise of the deferral right;
- clarification about how loan conditions influence classification and;
- clarification of the requirements for classifying a liability that the entity intends to settle or might settle by the transfer of its own capital instruments.

In addition, on October 31, 2022, the IASB published amendments that relate to non-current liabilities subject to conditions. Only the terms of a liability arising from a loan arrangement that an entity must meet by the reporting date will affect the classification of that liability as current or non-current. The new amendment applies on or after January 1, 2024, and is to be applied retroactively.

**Lease Liability in a Sale and Leaseback - Amendments to IFRS 16**

On September 22, 2022, the IASB issued an amendment to this standard that specifies the requirements that a seller-lessee uses to measure the lease liability arising from a sale and leaseback operation to ensure that the seller-lessee does not recognise any amount of gain or loss that relates to the right of use it retains. The amendment is intended to improve the requirements for sale and leaseback operations in IFRS 16 but it does not change the accounting for leases that are not related to sale and leaseback operations.

The amendment will be effective for financial years beginning on January 1, 2024; early application is permitted.

**Cash Flow Statement and IFRS 7 Financial Instruments: Supplementary Information: Reverse Factoring Arrangements - Amendments to IAS 7**

On May 25, 2023, the IASB issued amendments to IAS 7 Cash Flow Statement and IFRS 7 Financial Instruments: Supplementary Information, to clarify the characteristics of reverse factoring agreements and request further disclosure of such agreements. The information requirements included in the amendments are intended to assist users of financial statement in understanding the effects on an entity liability, cash flows and exposure to liquidity risk of reverse factoring arrangements.



The amendments will be effective for financial years beginning on or after January 1, 2024. Early application is permitted and disclosure of this is required.

**Effects of changes in foreign currency exchange rates: Lack of exchangeability - Amendments to IAS 21**

On August 15, 2023, the IASB issued amendments to IAS 21 that specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. A currency is considered exchangeable into another currency when the entity is able to obtain the other currency within a period of time that permits a normal administrative delay and through an exchange market or mechanism in which an exchange operation would create enforceable rights and obligations.

If a currency is not exchangeable into another currency, the entity is required to estimate the spot exchange rate at the assessment date. The entity goal in estimating the spot exchange rate is to reflect the rate at which an orderly exchange operation would take place at the assessment date between market participants under prevailing economic conditions. The amendments note that an entity may use an observable exchange rate without adjustments or other estimation techniques. When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it provides information that enables users of its financial statement to understand how the non-exchangeable currency in the other currency affects, or is expected to affect, the entity results of operations, financial position and cash flows. The amendments will be effective for financial years beginning on or after January 1, 2025. Early application is permitted and disclosure of this is required.

**4.5 NOTES ON THE RESULTS FOR THE YEAR ENDED DECEMBER 31, 2023**

**A. TANGIBLE ASSETS**

TANGIBLE ASSETS							
TANGIBLE ASSETS (figures in thousands of Euros)	Land and buildings	General and Specific Plants	Equipment	Office machines and other assets	Fixed assets in progress	Rights to use tangible assets	Total
<b>Valore netto al 31.12.2022</b>	-	-	-	124	-	24	148
Increases	-	-	-	71	-	99	170
Decreases	-	-	-	(18)	-	-	(18)
Depreciation	-	-	-	(56)	-	(31)	(87)
Use of accumulated depreciation	-	-	-	-	-	-	-
<b>Valore netto al 31.12.2023</b>	-	-	-	121	-	92	213

"Tangible assets" at December 31, 2023 amounted to Euro 213 thousand (Euro 148 thousand at December 31, 2022). The increases for the year, amounting to Euro 170 thousand, relate for Euro 71 thousand to the purchase of hardware devices and for Euro 99 thousand to rights of use.



## B. INTANGIBLE ASSETS

INTANGIBLE ASSETS			
INTANGIBLE ASSETS (figures in thousands of Euros)	New management software development	Other intangible assets	Total
<b>Valore netto al 31.12.2022</b>	<b>1,068</b>	<b>42</b>	<b>1,110</b>
Increases	154	-	154
Decreases	(17)	-	(17)
Amortisation	(244)	(4)	(248)
Use of accumulated amortisation	-	-	-
<b>Valore netto al 31.12.2023</b>	<b>961</b>	<b>38</b>	<b>999</b>

"Intangible assets" at December 31, 2023 amounted to Euro 999 thousand (Euro 1,110 thousand at December 31, 2022). Investments for the year, equal to Euro 154 thousand, relate entirely to the implementation of the new ERP management software.

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

## C. EQUITY INVESTMENTS IN SUBSIDIARIES

The balance of equity investments in subsidiaries at December 31, 2023 was Euro 43,093 (Euro 44,593 thousand at December 31, 2022). The only change during the year was the reclassification of Schmack Biogas S.r.l. in accordance with IFRS 5 to "Non-current assets held for sale/disposal" because of the sale on March 7, 2024.

The following table summarises the value of equity investments in subsidiaries at the end of the 2023 financial year:

EQUITY INVESTMENTS IN SUBSIDIARIES (figures in thousands of Euros)	% held	31.12.2022	Increases	Decreases	Reclassification s	31.12.2023
PLC System S.r.l.	100%	31,643			-	31,643
PLC Service S.r.l.	100%	10,425			-	10,425
PLC Power S.r.l.	100%	584			-	584
PLC Service Wind S.r.l.	100%	348			-	348
Schmack Biogas S.r.l.	51%	1,500			(1,500)	-
MSD Service S.r.l.	92.5%	93			-	93
<b>Total</b>		<b>44,593</b>	-	-	<b>(1,500)</b>	<b>43,093</b>

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



EQUITY INVESTMENTS IN SUBSIDIARIES (figures in thousands of Euros)	REG. OFFICE	Share capital	SE 31.12.2023	Result 31.12.2023	% held	Share of shareholders' equity	Carrying amount
PLC System S.r.l.	Acerra (IT)	10,000	9,617	1,474	100%	9,617	31,643
PLC Service S.r.l.	Acerra (IT)	100	3,033	1,957	100%	3,033	10,425
PLC Power S.r.l.	Acerra (IT)	100	1,320	(283)	100%	1,320	584
PLC Service Wind S.r.l.	Acerra (IT)	100	301	8	100%	301	348
Schmack Biogas S.r.l.	Bolzano (IT)	204	1,355	(696)	51%	691	-
MSD Service S.r.l.	Acerra (IT)	10	35	57	93%	32	93
<b>Total</b>		<b>10,514</b>	<b>15,662</b>	<b>2,517</b>		<b>14,995</b>	<b>43,093</b>

### Impairment

As required by the reference accounting standards, all equity investments in subsidiaries have been subjected to the impairment test, regardless of the presence or absence of indicators of potential impairment. Consistent with previous years, checking recoverability of the carrying amounts of equity investments was carried out by comparing the net carrying amount with the recoverable amount which is determined based on the value in use, obtained by discounting the future cash flows expected at the weighted average cost of capital (WACC) specifically by business segment and geographical area in which the subsidiary operates.

Regarding the equity investment in Schmack S.r.l., the recoverability of the CGU carrying amount was verified by comparing the net carrying amount with the relevant recoverable amount, which was determined based on fair value less costs to sell, in consideration of the investment disposal.

The prospective cash flows for estimating the recoverable amount of the other individual investments were determined based on the data in the 2023-2027 Business Plan, supplemented by the 2024 Budget approved by the Board of Directors on March 8, 2024, considering for impairment purposes an explicit time horizon of 3 years, taking into account, in line with the requirements of ESMA Public Statements of October 25, 2023, the discontinuity factors related to the current macro-economic and environmental context; they were determined based on the best available information and expectations at the time of the estimate.

These forecasts consider management's future expectations in relation to the respective business segments, as well as actual results.

Cash flows include a terminal value determined on the basis of the perpetuity method by applying a long-term growth rate "g" of 1% to the terminal cash flow, consistent with the long-term and predictable development of the macro-economic context in which the PLC Group operates.

These estimates, in accordance with the provisions of IAS 36, do not consider any inflows or outflows deriving from (i) a future restructuring not yet approved or for which the entity has not yet committed or (ii) from the improvement or optimisation of business performance based on initiatives not yet started or approved. The value in use at December 31, 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 at December 31, 2023 have been updated with respect to those used at December 31, 2022.

Evolution of discount rates used for the impairment test	01.01.2023 31.12.2023	01.01.2022 31.12.2022
PLC System S.r.l. - Construction Segment - Italy	10.22%	9.73%
PLC Power S.r.l. - Construction Segment - Italy	10.22%	9.73%
PLC Service S.r.l. - Services Segment - Italy	9.27%	10.01%
PLC Service Wind S.r.l. - Services Segment - Italy	9.27%	10.01%

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

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

#### D. DEFERRED TAX ASSETS

Deferred tax assets at December 31, 2023 amounted to Euro 1,264 thousand (Euro 30 thousand at December 31, 2022). The increase is attributable for Euro 1,257 to deferred tax assets calculated on the residual tax loss carry-forwards recoverable in future years, while the decrease refers to the discounting of the TFR.

DEFERRED TAX ASSETS (figures in thousands of Euros)	31.12.2022	Increases	Decreases	31.12.2023
Deferred tax assets	30	1,263	(29)	1,264
<b>Total</b>	<b>30</b>	<b>1,263</b>	<b>(29)</b>	<b>1,264</b>

#### E. NON-CURRENT RECEIVABLES

NON-CURRENT RECEIVABLES (figures in thousands of Euros)	31.12.2023	31.12.2022
MSD Service S.r.l. loan	-	73
Schmack Biogas S.r.l. loan	685	710
PLC Power S.r.l. loan	298	-
Tax credit	50	108
Guarantee deposits	0	12
<b>Total</b>	<b>1,034</b>	<b>903</b>



Non-current receivables, equal to Euro 1,034 thousand at December 31, 2023 (Euro 903 thousand at December 31, 2022), relate to the shareholder loans paid to the subsidiary net of refunds received during the year. The loan to Schmack Biogas S.r.l. was repaid in full as part of the sale transaction described above.

To enable the company to carry out its authorisation development activities, the company provided a loan to PLC Power in the amount of Euro 298 thousand. Tax credits, amounting to Euro 50 thousand, refer to tax benefits from investments made for Technological Innovation 4.0 and software licences.

#### F. NON-CURRENT DERIVATIVE INSTRUMENTS

Non-current derivative instruments, equal to Euro 2 thousand at December 31, 2023 (Euro 21 thousand at December 31, 2022), represent the mark-to-market value, at the balance sheet date, of the cap strike contract signed in relation to the BNL loan, to hedge the interest rate risk. It should be remembered that with reference to this contract, PLC S.p.A. opted for fair value measurement with recognition of changes in the income statement.

#### G. TRADE RECEIVABLES

Trade receivables at December 31, 2023 amounted to Euro 791 thousand (Euro 308 thousand at December 31, 2022) and almost entirely refer to invoices issued and to be issued to subsidiaries for staff services performed centrally by the parent company PLC S.p.A..

The significant increase compared to the previous year is related to the increase in revenues generated by the provision of services rendered to the subsidiaries.

Trade receivables from related parties are illustrated in paragraph 4.6.

TRADE RECEIVABLES (figures in thousands of Euros)	31.12.2023	31.12.2022
<b>Trade receivables from related parties</b>	<b>785</b>	<b>291</b>
Trade receivables from others	6	17
Bad debt provision for receivables from others	-	-
<b>Trade receivables from others</b>	<b>6</b>	<b>17</b>
<b>Total</b>	<b>791</b>	<b>308</b>

#### H. FINANCIAL RECEIVABLES

Financial receivables at December 31, 2023 amounted to Euro 19 thousand (Euro 13 thousand at December 31, 2022).

Financial receivables from related parties are illustrated in paragraph 4.6.



CURRENT FINANCIAL RECEIVABLES (figures in thousands of Euros)	31.12.2023	31.12.2022
<b>Current financial receivables from related parties</b>	<b>19</b>	-
Current financial receivables from others	-	13
Bad debt provision - current financial receivables from others	-	-
<b>Current financial receivables from others</b>	<b>-</b>	<b>13</b>
<b>Total</b>	<b>19</b>	<b>13</b>

## I. OTHER RECEIVABLES

Other receivables at December 31, 2023 amounted to Euro 1,212 thousand (Euro 1,351 thousand at December 31, 2022).

OTHER CURRENT RECEIVABLES (figures in thousands of Euros)	31.12.2023	31.12.2022
<b>Other receivables from related parties</b>	<b>995</b>	<b>1,091</b>
Tax receivables	128	142
Prepaid expenses	39	118
Guarantee deposits	-	-
Other receivables	50	-
<b>Other receivables from others</b>	<b>217</b>	<b>260</b>
<b>Total</b>	<b>1,212</b>	<b>1,351</b>

Other receivables from others amounting to Euro 217 thousand refer to tax credits for direct taxes for Euro 64 thousand, tax credits for Technological Innovation 4.0 and Training 4.0 for Euro 64 thousand, and other receivables from social security institutions, employees and for advances to suppliers for a total of Euro 50 thousand.

Prepaid expenses, amounting to Euro 39 thousand at December 31, 2023, include prepayments for insurance, software licences and consulting services.

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

Other current receivables from related parties are illustrated in paragraph 4.6.

## J. SHAREHOLDERS' EQUITY

At December 31, 2023, the shareholders' equity of PLC S.p.A. amounted to Euro 38,838 thousand. The changes in the shareholders' equity items refer exclusively to the recognition of the overall result for the period, negative for Euro 2,283 thousand.





At December 31, 2023, the share capital amounted to Euro 27,026 thousand and consisted of 25,960,575 listed ordinary shares with no nominal value.

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

DISTRIBUTABILITY OF SHAREHOLDERS' EQUITY (figures in thousands of Euros)				Uses in the last 3 years	
	Amount	Possibility of use	Available share	Coverage of losses	Other reasons
<b>Share capital</b>	27,026	B		-	-
<b>Capital reserves</b>					
Share premium reserve	12,998	A/B/C	12,998	-	-
<b>Profit reserves</b>					
Statutory reserve	5,405	B	5,405	-	-
Other Comprehensive Income Reserve	(54)	B	(54)	-	-
Retained earnings (losses)	(4,309)	A/B/C	(4,309)	-	-
Profit (loss) for the year	(2,228)	A/B/C	(2,228)	-	-
<b>Total</b>	<b>38,838</b>		<b>11,812</b>	-	-

Key:

A: for capital increase

B: to cover losses

C: for distribution to shareholders

## K. NET FINANCIAL POSITION

The net financial position of PLC S.p.A. at December 31, 2023 was negative for Euro 7,672 thousand (negative for Euro 4,628 thousand at December 31, 2022).

NET FINANCIAL POSITION (figures in thousands of Euros)	31.12.2023	31.12.2022
A. CASH AND CASH EQUIVALENTS	436	421
B. CASH AND CASH EQUIVALENTS	-	-
C. OTHER CURRENT FINANCIAL ASSETS	-	-
<b>D. LIQUIDITY</b>	<b>436</b>	<b>421</b>
<b>E. CURRENT FINANCIAL PAYABLE</b>	<b>-</b>	<b>-</b>
Short-term financial liabilities	(7,704)	(3,025)
Financial liabilities IFRS 16	(41)	(17)
<b>F. CURRENT PART OF NON-CURRENT FINANCIAL DEBT</b>	<b>(7,745)</b>	<b>(3,042)</b>
<b>G. CURRENT FINANCIAL DEBT (E + F)</b>	<b>(7,745)</b>	<b>(3,042)</b>
<b>H. NET CURRENT FINANCIAL DEBT (G - D)</b>	<b>(7,309)</b>	<b>(2,621)</b>
Long-term financial liabilities	(312)	(1,995)
Financial liabilities IFRS 16	(51)	(12)
<b>I. NON-CURRENT FINANCIAL DEBT</b>	<b>(363)</b>	<b>(2,007)</b>
<b>J. DEBT INSTRUMENTS</b>	<b>-</b>	<b>-</b>
<b>K. TRADE PAYABLES AND OTHER NON-CURRENT PAYABLES</b>	<b>-</b>	<b>-</b>
<b>L. NON-CURRENT FINANCIAL DEBT (I + J + K)</b>	<b>(363)</b>	<b>(2,007)</b>
<b>M. NET FINANCIAL POSITION (H + L)</b>	<b>(7,672)</b>	<b>(4,628)</b>



Total financial debt amounted to Euro 8,015 thousand (of which Euro 7,703 thousand was short-term) and was composed:

- (i) for Euro 1,562 thousand of the medium-long term loan signed with BNL (short-term portion of Euro 1,250 thousand), with a nominal value of Euro 5,000 thousand and valued at amortised cost. This loan accrues interest at a variable rate (3M Euribor + 2% spread);
- (ii) for Euro 441 thousand of the loan granted by Banco BPM, which will be settled within the year, secured by the direct guarantee of the Fondo di Garanzia per le PMI (Guarantee Fund for SMEs) for 90%. This loan accrues interest at a variable rate (3M Euribor + 1.3% spread);
- (iii) for Euro 6,000 thousand of a short-term loan granted by the subsidiary PLC System S.r.l.. This loan accrues interest at a fixed rate of 1%;
- (iv) for Euro 12 thousand of interest accrued on the loan of Euro 800 thousand granted by Schmack Biogas and repaid at the beginning of August 2023. This interest was paid to Schmack when the shares in the company were sold.

The table below provides a breakdown of bank loans.

Loans					
Loans (figures in thousands of Euros)	Amount of loan/advance	Last expiry date	Short-term portion	Long-term portion	Total residual loan
BNL loan	5,000	22/01/2025	1,250	312	1,562
BPM loan (MCC Guarantee 90%)	2,000	03/07/2024	441		441
<b>Total</b>	<b>7,000</b>		<b>1,691</b>	<b>312</b>	<b>2,003</b>
PLC System loan	6,000	31/12/2024	6,000		6,000
Schmack loan	800	30/04/2023	12		12
<b>Total</b>	<b>7,800</b>		<b>7,704</b>	<b>312</b>	<b>8,016</b>

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

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

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

#### BNL medium-long term Loan Agreement

The loan signed on January 22, 2019 by the parent company PLC S.p.A. with BNL requires compliance with two financial covenants subject to verification annually starting from December 31, 2018 and for the entire duration of the loan (i.e. January 22, 2025); the simultaneous failure to meet the financial covenants constitutes a Material Event under the loan agreement. These constraints, to be recognised on the values resulting from the consolidated financial statement of the PLC Group, envisage (i) a ratio between financial debt and an EBITDA of less than 2.0 and (ii) a ratio between financial debt and a Shareholders' Equity of less than 1.5. At December 31, 2023, both constraints had been complied with.



## L. EMPLOYEE SEVERANCE INDEMNITY

The Employee severance indemnity ("TFR") provision at December 31, 2023 amounted to Euro 494 thousand (Euro 376 thousand at December 31, 2022); the change compared to the previous year was due to the provisions for the year net of the amounts paid, as well as to the effects of the actuarial calculation in accordance with IAS 19.

EMPLOYEE SEVERANCE INDEMNITY (figures in thousands of Euros)	31.12.2022	Increases	Provisions	Utilizations	Actuarial gains/losses	31.12.2023
Employee severance indemnity	376	72	173	(145)	19	494

The employee severance indemnity includes what is due to employees and not transferred to complementary pension schemes or to the treasury fund set up at INPS and the severance pay of the directors. Employee severance indemnity is identified as defined benefit plans under IAS 19, and is therefore subject to actuarial valuations, 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 statement.

The following table summarises the main actuarial assessment 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	3.17%	2.20%	4.00%	3.00%	70.00%	M2019	F2019	Null	Null

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

At December 31, 2023, the Company had 39 employees, including 4 managers, 8 middle managers, and 27 clerks. The average number of employees in 2023 by category and the comparison with the previous financial year are shown in the table below.

AVERAGE NUMBER OF EMPLOYEES (in units)	31.12.2023	31.12.2022
Managers	5	4
Middle managers and clerical staff	36	30
Workers	0	1
<b>Total</b>	<b>42</b>	<b>35</b>

## M. TRADE PAYABLES

Trade payables at December 31, 2023 amounted to Euro 462 thousand (Euro 1,234 thousand at December 31, 2022) and consist of payables to suppliers. The decrease in payables is mainly due to the payment of



payables related to the investment in the new ERP system started in the second half of 2022 and to the strategic consultancy for the preparation of the 2023-2027 Business Plan.

TRADE PAYABLES (figures in thousands of Euros)	31.12.2023	31.12.2022
Trade payables to related parties	-	-
Trade payables to others	462	1,234
<b>Total</b>	<b>462</b>	<b>1,234</b>

#### N. OTHER PAYABLES

Other payables at December 31, 2023 amounted to a total of Euro 2,662 thousand (Euro 1,103 thousand at December 31, 2022) and are detailed as follows:

OTHER PAYABLES (figures in thousands of Euros)	31.12.2023	31.12.2022
Other payables to related parties	1,372	16
<b>Other payables to related parties</b>	<b>1,372</b>	<b>16</b>
Payables to employees	477	230
Payables to directors	68	67
Payables to tax authorities	511	294
Payables to social security institutions	198	172
Other payables	9	8
Accrued expenses and deferred income	27	316
<b>Other payables to others</b>	<b>1,290</b>	<b>1,087</b>
<b>Total</b>	<b>2,662</b>	<b>1,103</b>

Payables to the tax authorities, equal to Euro 511 thousand, relate to payables for withholdings to employees and professionals for Euro 219 thousand and VAT payable for Euro 292 thousand.

Payables to employees, and the related liabilities to social security institutions, refer to wages, holidays and ROL (reduced working hours) not taken, as well as annual bonuses. The increase for the year is attributable to the latter item.

Other payables to related parties are illustrated in paragraph 4.6.

#### AA. REVENUES FROM CORE BUSINESS

Revenues from core business at December 31, 2023 amounted to Euro 3,283 thousand (Euro 2,422 thousand at December 31, 2022) and are mainly related to services performed centrally by PLC S.p.A. and rendered to Group companies. The increase is mainly due to the remuneration of the management and coordination activities carried out by PLC S.p.A. in favour of Group companies.



REVENUES FROM CORE BUSINESS (figures in thousands of Euros)	01.01.2023 31.12.2023	01.01.2022 31.12.2022
Revenues for intragroup services	3,283	2,422
<b>Total</b>	<b>3,283</b>	<b>2,422</b>

## BB. OTHER OPERATING REVENUES

Other operating revenues, equal to Euro 283 thousand (Euro 20 thousand at December 31, 2022) are entirely related to the capitalisation of the costs of personnel employed for the implementation of the new Group management software (ERP).

## CC. SERVICE COSTS

Service costs at December 31, 2023 amounted to Euro 1,486 thousand (Euro 1,415 thousand at December 31, 2022).

SERVICE COSTS (figures in thousands of Euros)	01.01.2023 31.12.2023	01.01.2022 31.12.2022
Advisory services from related parties		-
Service costs from related parties	4	2
<b>Service costs from related parties</b>	<b>4</b>	<b>2</b>
Non-recurring consulting costs	-	-
Administrative and tax consulting	49	94
Legal and notarial consulting	197	169
Compensation of control bodies	149	148
Independent Auditors fees	133	97
Technical and professional consulting	328	407
Maintenance and utilities	312	250
Insurance	105	92
Rentals and other costs on third-party assets	59	34
Services and other goods	150	124
<b>Service costs from others</b>	<b>1,482</b>	<b>1,413</b>
<b>Total</b>	<b>1,486</b>	<b>1,415</b>

The item "Technical and professional consultancy" is mainly related to financial consultancy (share reporting), human resources recruitment and selection, communication, support for the drafting of the ESG Sustainability Plan, and technical assistance for the new ERP system.

The item "Maintenance and utilities" mainly refers to utilities, telephony, and various maintenance for Euro 52 thousand, software licence fees for Euro 196 thousand, and other ICT costs for Euro 63 thousand.

The service costs to related parties are illustrated in paragraph 4.6.



#### DD. PERSONNEL COSTS

Personnel costs at December 31, 2023 amounted to Euro 4,134 thousand (Euro 2,635 thousand at December 31, 2022) and included directors' fees of Euro 558 thousand and relative allocation to the provision for severance pay for Euro 25 thousand.

The increase in personnel costs of about Euro 1,500 thousand is substantially related to the reinforcement of some staff functions, the centralisation of some organisational functions previously located in operating companies (Procurement, Research & Development, Business Development), 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), the allocations of annual bonuses to employees. These initiatives are part of the objective to strengthen the operating model defined in the 2023-2027 Business Plan.

#### EE. OTHER OPERATING COSTS

Other operating costs at December 31, 2023 amounted to Euro 189 thousand (Euro 426 thousand at December 31, 2022).

OTHER OPERATING COSTS (figures in thousands of Euros)	01.01.2023 31.12.2023	01.01.2022 31.12.2022
Indirect taxes and fees	27	25
Other operating / intra-group expenses	-	208
Write-down of receivables	-	(7)
Other operating costs	162	201
<b>Total</b>	<b>189</b>	<b>426</b>

In 2023, there was a significant decrease in Other operating / intra-group expenses due to the fact that 2022 included the waiver of the trade receivable from Monsson GmbH (included in the Monsson Perimeter being divested)

The item "other operating costs", amounting to Euro 162 thousand at December 31, 2023, includes costs for travel and expense reimbursements in the amount of Euro 48 thousand, membership fees and administrative expenses in the amount of Euro 33 thousand, costs for company cars in the amount of Euro 41 thousand, and entertainment expenses in the amount of Euro 40 thousand.

#### FF. AMORTISATION AND DEPRECIATION

Amortisation and depreciation for the period amounted to Euro 335 thousand (Euro 182 thousand at December 31, 2022). The increase compared to the previous year is related to investments in IT material and



software licenses (including the new management software) and to the recognition of the amortisation of the rights of use deriving from long-term car rental contracts, in application of the provisions of IFRS 16.

#### GG. WRITE-DOWNS

No write-downs were made during 2023 that were not included in the item "Profit (loss) for the period from discontinued operations".

#### HH. FINANCIAL INCOME AND CHARGES

Financial income amounted to Euro 160 thousand at December 31, 2023 (Euro 325 thousand at December 31, 2022) and mainly related (i) for Euro 141 thousand to interest income accrued on interest-bearing loans disbursed to subsidiaries (ii) for Euro 19 thousand to the mark to market of the derivative on the BNL loan.

Financial charges amounted to Euro 277 thousand at December 31, 2023 (Euro 151 thousand at December 31, 2022) and consist of Euro 165 thousand in bank interest expense and Euro 112 thousand in interest and amortised cost on intercompany loans. The increase compared to the previous year is the consequence of the increase in variable rates on new loans.

#### II. GAINS (LOSSES) ON EQUITY INVESTMENTS

This item, equal to a gain of Euro 1,266 thousand, includes the dividends distributed in the 2023 financial year by the subsidiaries PLC Service Srl for Euro 1,215 thousand and Schmack for Euro 51 thousand.

#### JJ. INCOME TAXES

INCOME TAXES (figures in thousands of Euros)	01.01.2023 31.12.2023	01.01.2022 31.12.2022
Income from tax consolidation	803	307
Prepaid income taxes	288	(4)
Taxes relating to previous financial years	-	0
<b>Total</b>	<b>1,090</b>	<b>303</b>

The balance of the taxes item at December 31, 2023 is positive for Euro 1,090 thousand (positive for Euro 303 thousand at December 31, 2022) and includes the recognition of the proceeds relating to the transfer of the tax loss relating to the 2022 financial year to the Group under the national tax consolidation regime, in which the Company participates as a consolidating company, for Euro 803 thousand, deferred tax assets for Euro 304 thousand, mainly relating to previous losses, and negative taxes on the discounting of employee severance indemnity based on IAS 17 for Euro 16 thousand.



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

Theoretical tax charge (figures in thousands of Euros)	Taxable income	31.12.2023
<b>Pre-tax losses</b>	<b>(3,319)</b>	
<b>Theoretical tax charge</b>		<b>796</b>
Temporary differences	15	
Temporary differences from previous years		
Permanent differences	887	
<b>Actual taxable profit</b>	<b>(2,417)</b>	
<b>Actual tax charge</b>		<b>580</b>

#### KK. PROFIT (LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATIONS

The 2023 financial year recorded write-downs of Euro 1,887 relating to the waiver of financial receivables from the Monsson Perimeter arising in 2023 (used to recapitalise the Monsson Operation LTD, therefore with a consequent increase and simultaneous write-down of the value of the investment, in line with the contractual agreements signed with the Buyer).

#### LL. COMPONENTS OF COMPREHENSIVE INCOME STATEMENT

The components of the comprehensive income statement that cannot be reclassified to the income statement relate to the effect of the actuarial calculation on the Employee severance indemnity under IAS 19 and are negative for Euro 76 thousand net of the related tax effect, positive for Euro 21 thousand.

#### MM. COMMITMENTS AND GUARANTEES

The commitments and guarantees outstanding at December 31, 2023 are set out below:

- 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;
- surety issued by PLC S.p.A. in the interest of PLC System S.r.l. in favour of Banco BPM for Euro 3,663;
- 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 Unicredit for Euro 1,690 thousand;
- letter of patronage issued by PLC S.p.A. in the interest of PLC System S.r.l. in favour of Ecoenergia Franzese S.r.l. for a total of Euro 4,950 thousand;





- letters of patronage issued by PLC S.p.A. in the interest of PLC Service S.r.l. in favour of Unicredit S.p.A. for a total of Euro 390 thousand;
- letters of patronage issued by PLC S.p.A. in the interest of PLC Service Wind S.r.l. in favour of Unicredit S.p.A. for a total of Euro 260 thousand;
- corporate guarantee issued by PLC S.p.A. in favour of Nidec ASI for Euro 267 thousand.

#### **NN.SEGMENT REPORTING**

With reference to the parent company PLC S.p.A., the segment reporting at December 31, 2023 does not appear to be significant since the Company operates exclusively as the Group's operating holding company and therefore in a single "holding" segment.



#### 4.6 OPERATIONS WITH RELATED PARTIES AND INTRA-GROUP TRANSACTIONS

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

##### *Revenues and costs from related parties*

REVENUES AND COSTS FROM RELATED PARTIES (figures in thousands of Euros)	Revenues			Costs			
	Revenues	Research and development	Financial income	Raw materials	Services	Staff and other costs	Financial charges
MSD Service S.r.l.	9,495		1,523				
Schmack Biogas S.r.l.	110,319		31,747				35,622
PLC Service S.r.l.	1,351,468		4,618		651		
PLC Service Wind S.r.l.	189,648		1,167				
PLC System S.r.l.	1,239,130		94,672		3,582		45,004
Idroelettrica 2014 S.r.l.	2,830						
PLC Power S.r.l.	179,000						31,757
C&C Irsina S.r.l.	4,200						
Alisei Wind S.r.l.	4,200						
Tirreno S.r.l.	4,200						
Monsson Operation LTD			2,774				
Monsson Operation S.r.l.			4,399				
<b>Total</b>	<b>3,094,490</b>	-	<b>140,900</b>	-	<b>4,233</b>	-	<b>112,383</b>
% impact on financial statements item	94.3%	0.0%	87.9%	0.0%	0.3%	0.0%	40.5%

##### *Receivables from and payables to related parties*

RECEIVABLES FROM AND PAYABLES TO RELATED PARTIES (In thousands of Euros)	Receivables			Payables		
	Trade	Financial	Others	Trade	Financial	Others
MSD Service S.r.l.	5,094					
Schmack Biogas S.r.l.	310,897	691,977			12,199	
PLC Service S.r.l.	79,389		971,871			
PLC Service Wind S.r.l.	155,513		15,073			14,002
PLC System S.r.l.					6,000,000	1,262,345
PLC Power S.r.l.	218,380	298,243	5,000			95,653
C&C Irsina S.r.l.	5,124		500			
Alisei Wind S.r.l.	5,124		1,500			
Tirreno S.r.l.	5,124		1,000			
<b>Total subsidiaries</b>	<b>784,645</b>	<b>990,219</b>	<b>994,944</b>	-	<b>6,012,199</b>	<b>1,372,000</b>
Antonio Carrano		19,388				
<b>Total other related parties</b>	-	<b>19,388</b>	-	-	-	-
<b>Total</b>	<b>784,645</b>	<b>1,009,607</b>	<b>994,944</b>	-	<b>6,012,199</b>	<b>1,372,000</b>
% impact on financial statements item	99.2%	95.9%	82.1%	0.0%	74.1%	51.5%



#### 4.7 FINANCIAL RISK MANAGEMENT POLICY

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

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

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

##### Types of financial instruments and fair value hierarchy

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

FINANCIAL ASSETS AND LIABILITIES - IFRS 9 (figures in thousands of Euros)	Measurement criteria adopted				31.12.2023	31.12.2022
	Fair value	Fair Value Hierarchy	Measurement at cost	Amortised cost	Carrying amount	Carrying amount
<b>Financial assets at fair value through profit or loss</b>						
Loans and receivables	-	-	-	1,053	1,053	5,489
Cash and cash equivalents	436	Level 1	-	-	436	605
Trade receivables	-	-	-	791	791	832
Other current receivables	-	-	-	1,212	1,212	1,958
Other non-current receivables	2	-	-	1,265	1,267	29
<b>Financial assets available for sale</b>					-	-
Investments in other companies measured at fair value	-	-	-	-	-	-
Investments in other companies measured at cost	-	-	-	-	-	-
Other financial assets	-	-	-	-	-	-
<b>Financial assets held for sale</b>	-	-	-	-	1,500	-
<b>TOTAL FINANCIAL ASSETS</b>	<b>438</b>	<b>-</b>	<b>-</b>	<b>4,321</b>	<b>6,259</b>	<b>8,913</b>
<b>Financial liabilities at amortised cost</b>						
Trade payables	-	-	-	462	462	475
Other current payables	-	-	-	2,662	2,662	1,102
Other non-current payables	-	-	-	-	-	-
Current financial payables	-	-	-	7,745	7,745	5,286
Non-current financial payables	-	-	-	363	363	3,798
<b>Financial liabilities held for sale</b>	-	-	-	-	-	-
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,232</b>	<b>11,232</b>	<b>10,661</b>

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 financial year are assessed using the amortised cost method.

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

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

#### Liquidity Risk

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

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

It should also be noted that in connection with the sale of Schmack Biogas S.r.l. on March 7, 2024, the Company received Euro 7,606 thousand. 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 development programmes, pursuing the maintenance of balance in terms of duration and composition of debt and an adequate structure of bank credit lines.

At December 31, 2023, the Company had a balanced net short-term financial position.

#### Credit Risk

Credit risk is the risk that a counterparty will fail to meet its obligations in relation to a financial instrument or contract, thereby generating a financial loss. Considering its nature as an industrial holding company, the Company is directly exposed to other Group companies but indirectly to third-party customers of subsidiaries



and associates, since its economic results and profitability depend on the results and profitability of other Group companies that are, in turn, directly exposed to this risk. Credit risk is generally mitigated by the fact that the Group carries out a prior assessment of the counterparty risk of solvency based on procedures and that, generally, receivables of a significant amount are due from known and reliable counterparties.

Despite the negative macroeconomic context, credit risk has currently remained contained; however, it cannot be ruled out that some Group customers may delay or fail to honour payments under the agreed terms and conditions, with a consequent increase in credit risk.

Where there are changes in the creditworthiness of a counterparty, the value of the credit is adjusted accordingly, to bring it in line with the actual probability of recovery. At December 31, 2023, the maximum exposure to credit risk was equal to the carrying amount of the receivables in the financial statement.

#### Market risk

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

#### Interest rate risk

The Company is exposed to the risk deriving from changes in interest rates in consideration of the existing loans with Banco BPM and BNL. This risk originates from the fact that these loans, being at a variable rate, expose the Company to a cash flow risk linked to the volatility of the Euribor curve. Generally, the goal 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 December 31, 2023, the Company has a cap strike contract in place to hedge interest rate risk in relation to the BNL loan.

#### Capital management

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



**4. 8 CERTIFICATION OF THE FINANCIAL STATEMENT PURSUANT TO ART. 154-BIS OF LEGISLATIVE DECREE NO. 58/98**

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

- the adequacy in relation to the characteristics of the business and
- the effective application,

of the administrative and accounting procedures for the preparation of the financial statement at December 31, 2023.

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

It is also certified that:

the financial statement at December 31, 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 July 19, 2002;
- are consistent with the data in the accounting records and other corporate documents;
- provide a true and fair view of the issuer's financial position, results of operations and cash flows.

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

Acerra, March 27, 2024

The Chief Executive Officer

The Financial Reporting Manager

*Signed Diego Percopo*

*Signed Marco Aulisa*



#### 4.9 BOARD OF DIRECTORS' PROPOSALS TO THE SHAREHOLDERS' MEETING

Dear Shareholders,

- having taken note of the financial statement documents and, in particular, the report of the Board of Directors on the Group's situation and performance;
- having examined the draft financial statement at December 31, 2023 which highlight an operating loss of Euro 2,228,198;
- having examined the consolidated financial statement at December 31, 2023;

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



#### 4.10 REPORT OF THE BOARD OF STATUTORY AUDITORS



BOARD OF STATUTORY AUDITORS REPORT TO THE SHAREHOLDERS' MEETING  
CALLED FOR THE APPROVAL OF THE FINANCIAL STATEMENT AT DECEMBER 31,  
2023, PURSUANT TO ARTICLE 153, LEGISLATIVE DECREE NO. 58/98

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

Dear Shareholders,

The next Shareholders' Meeting scheduled for April 29, 2024 will be called, among other things, to resolve on the draft financial statement at December 31, 2023, approved by the Board of Directors at its meeting on March 27, 2024.

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

The Board of Statutory Auditors, in its current composition, therefore, comes to the end of its mandate, thanks the Shareholders for the trust they have placed in it and invites the Annual Shareholders' Meeting, called for April 29, 2024, to adopt the related and consequent resolutions. In this regard, the Board of Statutory Auditors has prepared some notes on the suggested guidelines for shareholders on the renewal of the Board of Statutory Auditors, which are available in the Shareholders' Meeting material in a separate document.

The financial statement for the year ended December 31, 2023 show shareholders' equity of Euro 38,837,694, already including the loss for the year of Euro 2,283,265, which, after the components that cannot be reclassified to the income statement, amounting to Euro 55,067, leads to a total loss of Euro 2,228,198.

**Supervision activities in compliance with laws, regulations and statutory provisions**

During the financial year ended December 31, 2023, the Board of Statutory Auditors carried out its supervisory activities based on the tasks assigned to it by Legislative Decree no. 58 of February 24, 1998 and current legislation, also taking into account the recommendations of the Rules of Conduct of the Board of Statutory Auditors of listed companies drawn up by the National Council of Chartered Accountants and Accounting Experts, by Consob provisions on corporate control and by the indications contained in the Corporate Governance Code of listed companies promoted by Borsa Italiana, to which the Company has declared to endorse.

In addition, since PLC S.p.A. (hereinafter also referred to as "PLC" or the "Company") has adopted the "traditional" governance model, the Board of Statutory Auditors allies itself with the "Internal Control and Audit Committee", which is responsible for further specific control and monitoring functions over financial reporting and auditing, as provided for by Article 19 of

Legislative Decree no. 39 of January 27, 2010, as amended by Legislative Decree no. 135 of July 17, 2016, implementing Directive 2014/56/EU, amending Directive 2006/43/EC concerning the statutory audit of annual accounts and consolidated accounts, and European Regulation 537/2014.

The statutory auditing tasks, pursuant to "Legislative Decree no. 39/2010" (as subsequently amended by Legislative Decree 135/2016), were assigned to the Independent Auditors EY S.p.A. (hereinafter referred to as the "Independent Auditors" or "EY"), appointed by the Shareholders' Meeting of June 23, 2015 for the nine-year period 2015-2023; therefore, since the mandate of the Independent Auditors is expiring, the Board of Statutory Auditors will also submit its Reasoned Proposal to the Annual Shareholders' Meeting, in a separate document, pursuant to Article 13 of Legislative Decree no. 39 of January 27, 2010, (as amended by Legislative Decree no. 135 of July 17, 2016).

With reference to the supervisory activities carried out during the year, considering the information provided by Consob in its communication of April 6, 2001, amended and supplemented by communication DEM/3021582 of April 4, 2003 and subsequently by communication no. DEM/6031329 of April 7, 2006, the Board of Statutory Auditors represents the following.

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

The Board also met with the Supervisory Body set up by the Company pursuant to Article 6 of Legislative Decree no. 231/2001 and, as part of the exchange of information between the control body and the auditor required by law, held numerous meetings with the Independent Auditors and with the corresponding control bodies of Group companies.

During the 2023 financial year, the Board of Statutory Auditors met 14 times and also attended 14 meetings of the Board of Directors. After the end of the 2023 financial year and up to the date of preparation of this Report, the Board of Statutory Auditors met 7 times and attended 4 meetings of the Board of Directors.

### **Supervisory activities on compliance with the principles of correct administration**

The Board participated in the corporate meeting and in all meetings of the Board of Directors, acquiring knowledge of the activities carried out and the most important operations carried out by the Company or its subsidiaries, according to the provisions of the law and the articles of association; the Board acknowledges that it has held numerous joint meetings with the Control, Risks and Sustainability Committee and that it has in any case participated, through one or more

of its members, in the meetings of the Board Committees established and operating within the Board of Directors.

The Directors provided us with extensive information on the activities performed and on the most important economic, financial and equity operations carried out by the Company and its subsidiaries, as well as, in general, on the operating performance and on the events that had the greatest impact on the determination of the result for the year.

The Board of Statutory Auditors verified that the actions resolved and implemented were in compliance with the law and the Articles of Association and that they were not manifestly imprudent, risky, in conflict of interest or in contrast with the resolutions passed by the Shareholders' Meeting, or as such as to compromise the integrity of the company's assets.

With regard to the decision-making processes of the Board of Directors, the Board of Statutory Auditors ascertained, also by attending Board meetings, that the management decisions made by the Directors complied with the law and the Articles of Association, and verified that the related resolutions were supported by analyses and assessments concerning, in particular, the fairness of the transactions and their subsequent consistency with the interests of the Company.

During the meetings of the Board of Directors, the periodic results of operations and all aspects relating to the most significant transactions carried out were carefully analysed and discussed in detail.

The Board of Statutory Auditors also noted that adequate documentation supporting the topics discussed at Board meetings was made available to directors and auditors.

### **Supervisory activities on the adequacy of the organisational structure and the adequacy of the instructions given to subsidiaries**

The Board of Statutory Auditors monitored the adequacy of the Company's organisational structure and the adequacy of the provisions given to the subsidiaries pursuant to Article 114, paragraph 2, of Legislative Decree no. 58/1998, through the acquisition of information from the heads of the competent corporate functions and through meetings and exchanges of documents with the independent auditors, also for the mutual sharing of relevant data and information. In this regard, the Board has no observations to report, considering the organisational structure of the Company to be substantially adequate for its needs and suitable to ensure compliance with the principles of proper administration.

With particular reference to the subsidiaries, the Board of Statutory Auditors ascertained that the Company is able to promptly and regularly fulfil the reporting obligations provided for by law; this is also through the collection of information from the heads of organisational functions, for the purpose of the mutual exchange of relevant data and information: in this regard, there are no particular observations to report.

The Board of Statutory Auditors monitored the development of the organisational structure, the necessary changes and the strengthening of supervision in the parent company.

### **Supervisory activities on the adequacy of the internal control and risk management system and the adequacy of the administrative-accounting system**

The Board of Statutory Auditors monitored the adequacy of the internal control and risk management system and the adequacy of the administrative-accounting system, as well as the reliability of the latter to correctly represent operational events, by means of:

- obtaining information from the heads of the respective corporate functions;
- the examination of the positive assessment expressed by the Board of Directors on the adequacy of the Company's organisational, administrative and accounting structure with particular reference to the internal control and risk management system, pursuant to Article 2381, paragraph 3 of the Civil Code and Recommendation 1.d) of Article 1 of the Corporate Governance Code of January 2020;
- the examination of the reports of the Financial Reporting Manager on the administrative and accounting structure, the internal control system and corporate reporting, as well as the meetings with the same, who, together with the Chief Executive Officer-CEO, issued, on March 27, 2024, the statement required by Article 154-bis of Legislative Decree no. 58/1998 with reference to the 2023 financial statement and the 2023 consolidated financial statement of PLC;
- the examination of the Control, Risks and Sustainability Committee Report, as well as participation in its work and, in most cases, joint discussion thereof;
- the examination of the Annual Report of the Head of Internal Audit and Internal Audit;
- the examination of the half-yearly reports of the PLC Supervisory Body, set up by the Company in accordance with the provisions of Legislative Decree no. 231/2001, from which it is noted that no evidence was found that the Model 231 adopted by the Company was inadequate;
- the examination of the additional report of the Independent Auditors, issued pursuant to Article 11 of European Regulation no. 537 of April 16, 2014;
- the exchanges of information with the supervisory bodies of subsidiaries, pursuant to paragraphs 1 and 2 of Article 151 of Legislative Decree no. 58/1998.

Providing the foregoing, the Board of Statutory Auditors expresses an assessment of the overall effectiveness of the internal control system.

The Board of Statutory Auditors also supervised:

- on the analysis process carried out by the Board of Directors of the Company, as part of the programme for the preparation of the 2024 Budget;

- on the preliminary investigation carried out by the Control, Risks and Sustainability Committee, aimed at expressing its opinion to the Board of Directors on the methodology to be used to perform the impairment test at December 31, 2023, carried out with the support of an independent consultant;
- on the fulfilment of obligations related to "Market abuse" and "Protection of savings" regulations regarding corporate disclosure and "Internal Dealing", with particular reference to the handling of confidential information and the procedure for the distribution of press releases and information to the public.

### **Going concern**

The Directors prepared the financial statement at December 31, 2023 on a going concern basis, therefore using the principles and criteria applicable to operating companies.

The Directors, in assessing the existence of the going concern assumption, have considered all the events well described in the Management Report: the economic result for the period is still negatively affected by the accounting effects of the extraordinary operations, carried out in line with the objectives of the 2023-2027 Business Plan, which envisages a return to economic equilibrium.

The Directors also state that *"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 statement"* and that *"the Parent Company's balance sheet, despite the actual loss, is adequate to carry out its business activities"*.

In this regard, it should be noted that the sale of Schmack Biogas S.r.l., finalised on March 7, 2024, resulted in the collection of Euro 7,606 thousand on the same date.

### **Internal Control and Audit Committee pursuant to Article 19, Legislative Decree no. 39/2010 and Legislative Decree no. 135/2016 issued in implementation of Directive 2014/56/EU amending Directive 2006/43/EC and European Regulation 537/2014**

As the Internal Control and Audit Committee pursuant to Article 19 of Italian Legislative Decree no. 39/2010, the Board monitored the financial reporting process.

The Board of Statutory Auditors examined, with the assistance of the Financial Reporting Manager, the procedures relating to the preparation of the Company's financial statement and the consolidated financial statement, as well as any other communications of a financial nature.

The Board of Statutory Auditors has been informed that these procedures are prepared under the responsibility of the Financial Reporting Manager, who, together with the Chief Executive Officer and the Chairman of the Board of Directors, certifies the adequacy and effective applica-

tion of these procedures at the time of the annual and consolidated financial statement and the half-yearly financial report.

The findings made it possible to ascertain the overall adequacy of the internal control and risk management system to guarantee the reliability of the financial information relating to the 2023 financial year.

As provided for by art. 16 of Italian Legislative Decree no. 39/2010, the Independent Auditors carried out the audit on an exclusive basis:

- on the regular keeping of company accounts and the correct recording of operating events in the accounting records;
- on the consistency of the financial statement with the results of the accounting records and compliance with the rules governing them.

As part of the supervision of the statutory audit of the annual and consolidated accounts, the Board of Statutory Auditors *i*) examined the Group audit plan at December 31, 2023 prepared by the Independent Auditors - which highlighted the significant risks identified in relation to the main areas of the financial statement - and found it to be appropriate to the characteristics and size of the Group and *ii*) monitored the effectiveness of the statutory audit process, noting that it was carried out in compliance with the audit plan and in accordance with the International Standards on Audit (ISAs). We have no particular comments to make in this respect.

The Independent Auditors EY S.p.A. today issued the reports pursuant to Article 14 of Legislative Decree no. 39/2010 and Article 10 of European Regulation 537/2014, for the financial statement and the Group's consolidated financial statement at December 31, 2023, prepared in accordance with the International Financial Reporting Standards - IFRS - adopted by the European Union, as well as the measures issued in implementation of Article 9 of Legislative Decree no. 38/2005.

The Independent Auditors submitted to the Board of Statutory Auditors, in its capacity as the Internal Control and Audit Committee, the *"Additional Report for the Internal Control and Audit Committee"*, which illustrates the results of the statutory audit carried out and includes the declaration concerning independence as per Article 6, paragraph 2, letter a) of Regulation (EU) no. 537 of April 16, 2014, as well as the disclosures required by Article 11 of the same Regulation. The Independent Auditors confirmed that during the audit of the Company's annual financial statement and the Group's consolidated financial statement at December 31, 2023, no significant deficiencies were identified in the internal control system for financial reporting and/or the accounting system.

The Board discussed with the Independent Auditors, during periodic meetings, the Key Audit Matters highlighted by EY in the Additional Report, relating to the Valuation of equity investments in subsidiaries, regarding the Financial Statement of PLC SpA, and the Recognition of

Revenues and evaluation of contract work in progress, Goodwill evaluation, and Discontinued Operations with regards to the Consolidated Financial Statement.

The Board of Statutory Auditors shall inform the Company's Board of Directors of the results of the statutory audit, transmitting for this purpose the additional report pursuant to Article 11 of European Regulation no. 537/2014, accompanied by any observations, pursuant to Article 19 of Legislative Decree no. 39/2010.

During the year, we held meetings with the managers of the Independent Auditors, pursuant to Article 150, paragraph 3, of Legislative Decree no. 58/1998, during which appropriate information was exchanged and no facts or situations worthy of mention emerged.

The Board of Statutory Auditors (i) analysed the activity carried out by the independent auditors, and in particular, the methodological structure, the audit approach used for the various significant areas of the financial statement and the planning of the audit work and (ii) shared with the independent auditors the problems relating to corporate risks, thus being able to appreciate the adequacy of the response planned by the independent auditors with the structural and risk profiles of the Company and the Group.

It should be noted that the Company's Board of Directors, in accordance with the indications of the joint Bank of Italy/Consob/ISVAP document of March 3, 2010, examined the compliance of the impairment test procedure with the requirements of international accounting standard IAS 36, also benefiting from the support expressed in this regard by specialist consultants, which was followed by the approval of the procedure itself on March 8, 2024 and the approval of the results of the impairment test on March 20, 2024.

As shown in the information provided pursuant to Article 149-*duodecies* of the Consob Issuers' Regulations reported in the Financial Report, the Company and the companies of the Group have appointed EY S.p.A, during the financial year 2023, in addition to the engagement for the legal audit of the annual financial statements, the consolidated financial statement, the half-yearly report and the checks on the regular maintenance of the company accounts, non-auditing engagements relating to services for the limited assurance engagement of the consolidated sustainability financial statement and services for the certification of expenses incurred for a) training activities for employees in the subjects concerning technologies relevant to the process of technological and digital transformation of companies envisaged by the "4.0 National Plan Companies"; b) technological innovation activities; c) research and development activities.

The total fees due to the Independent Auditors for the additional attestation services amounted to Euro 58,900 (of which Euro 44,400 on PLC S.p.A. and Euro 14,500 on Group companies).

These engagements were examined in advance by the Board of Statutory Auditors and, based on the checks carried out, the Board of Statutory Auditors did not find any critical issues with regard to the independence of the Independent Auditors.

As provided for in Article 19 of Legislative Decree no. 39/2010, the Board of Statutory Auditors verified and monitored the independence of the Independent Auditors in accordance with Articles 10, 10-bis, 10-ter, 10-quater and 17 of the aforementioned decree and Article 6 of the European Regulation, in particular with regard to the adequacy of the provision of non-audit services, in accordance with Article 5 of said Regulation.

Pursuant to the provisions of Article 17, paragraph 9, letter a) of Italian Legislative Decree no. 39/2010, the Board of Statutory Auditors has received confirmation from the Independent Auditors that, in the period from January 1, 2023 to the date of the communication, April 8, 2024, it has not found any situations that could compromise its independence or causes of incompatibility indicated in Articles 10 and 17 of Italian Legislative Decree no. 39/2010 and the relative implementing provisions.

Therefore, also considering the communication issued by EY S.p.A. and the tasks assigned to it by the Company and the Group companies, no critical aspects emerged, based on the supervisory activity carried out pursuant to art. 19 of Legislative Decree no. 39/2010, with regard to the independence of the independent auditors EY S.p.A.

## **Other activities**

### **Significant transactions**

In order to oversee compliance with the principles of correct administration, in addition to having participated, as described above, in all the meetings of the Board of Directors and the Board Committees, the Board of Statutory Auditors, pursuant to Article 2381, paragraph 5, of the Italian Civil Code, Article 150 of Legislative Decree no. 58/98, obtained from the directors, information on the activities carried out and the most significant economic, financial and equity transactions approved and implemented during the year by PLC and its subsidiaries; this information is exhaustively represented in the Report on Operations, to which reference should be made.

### **Transactions with Directors' and Statutory Auditors' interests and transactions with related parties**

The Board of Statutory Auditors assesses the information provided by the Board of Directors in the Management Report on intra-group and related party transactions as adequate.

The Board of Statutory Auditors did not find any atypical and/or unusual transactions with Group companies, third parties or related parties, as confirmed by the Board of Directors, the independent auditors EY S.p.A., the Related Parties Committee and the Internal Control Manager.



During the 2023 financial year, based on the information received, some transactions with related parties were carried out, both within the group and with third parties; to our knowledge, such transactions:

- were carried out in compliance with the Procedure for Related Parties Transactions, as last updated on June 28, 2021, drafted in accordance with Consob Resolution no. 17221 of March 12, 2010, as subsequent amended, containing the Regulation of Related Parties Transactions;
- are carried out in the interest of the Company, of an ordinary nature and concluded at conditions equivalent to market or standard conditions;
- do not include atypical or unusual transactions.

Transactions with related parties are adequately described in the financial statement, which also show the main economic and equity balances deriving from the same.

#### **Complaints pursuant to Article 2408 of the Civil Code**

During the year, the Board of Statutory Auditors received no complaints pursuant to Article 2408 of the Civil Code.

#### **Corporate Governance Code**

Pursuant to Article 149, paragraph 1, letter c-bis of Legislative Decree no. 58/1998, the Board of Statutory Auditors monitored the procedures for the concrete implementation of the Corporate Governance system set forth in the Corporate Governance Code for listed companies, promoted by Borsa Italiana S.p.A., to whose recommendations and principles the Company has adhered, incorporating the relevant updates and recommendations over time. From its adherence to the Corporate Governance Code up to the latest version of January 2020 as the Corporate Governance Code, the Board of Directors has passed specific resolutions implementing and specifying the provisions of the Code.

In particular, having acknowledged the assessments conducted by the Board of Directors and the Control, Risks and Sustainability Committee, the Board of Statutory Auditors verified *i)* that the assessment criteria and procedures adopted by the Board itself to assess the independence of its members were correctly applied, *ii)* the adequacy, in relation to the needs and operations of the Company, of the size, composition and functioning of the Board and its Committees, and *iii)* the respect of the independence criteria by the individual members of the Board.

In this context, the Board acknowledged that the annual report on corporate governance and ownership structures, drawn up pursuant to art. 123-bis, of Legislative Decree no. 58/98 and art. 89-bis, of the Issuers' Regulation, contains information on ownership structures, on adherence to

codes of conduct and on observance of the consequent commitments, highlighting the choices that the Company has made in applying the governance principles.

There are no particular comments to be made on the contents of these documents.

### **Self-assessment by the Board of Statutory Auditors**

The Board of Statutory Auditors carried out the periodic verification of its members' compliance with the criteria of independence as well as professionalism and honourableness, as required by law and by the principles set forth in the Rules of Conduct of the Board of Statutory Auditors of listed companies recommended by the National Council of Chartered Accountants and Accounting Experts, as well as by the Corporate Governance Code, noting that its members:

- do not fall into any situation of ineligibility, incompatibility and disqualification provided for in relation to the office of Statutory Auditor by law, regulations and the Articles of Association;
- meet the requirements of honourability prescribed by applicable legislation and, specifically, the requirements established for members of control bodies by Regulation issued pursuant to Article 148 paragraph 4, of Legislative Decree no. 58/1998; and
- comply with the provisions concerning the limits on the accumulation of offices laid down in the regulations in force.

In the composition of the Board of Statutory Auditors, gender balance shall be ensured in the bodies of companies with listed shares, in accordance with the provisions of the Articles of Association and Law no. 160 of December 27, 2019 ("2020 Budget Law"), Article 1 of which, in paragraphs 302, 303 and 304, amends Articles 147-ter, paragraph 1 ter, and 148, paragraph 1 bis, of Legislative Decree no. 58 of February 24, 1998 ("TUF"), introduced by Law no. 20 of July 12, 2011 ("Golfo-Mosca Law") and Consob Communication no. 1 of January 30, 2020.

As to its functioning, the Board:

- (i) verified the assiduous participation of its members (in the quantitative terms indicated above) both in board meetings frequently held jointly with the Company's Control, Risks and Sustainability Committee, and in all meetings of the Board of Directors and Board Committees in general; and
- (ii) assessed the relevance of the topics dealt with on the basis of planning aimed at identifying the main risk profiles (risk-based approach), as well as on the basis of adequate planning of the periodic information flows with the Company's management, the internal control functions and the Supervisory Body. The specific control and monitoring functions in financial reporting and auditing, provided for by Art. 19 of Legislative Decree no. 39 of January 27, 2010, provided, *inter alia*, for a constant and mutual exchange of information periodically with the independent auditors and with the Financial Reporting Manager, ensuring the cor-

rect and effective functioning of the Board of Statutory Auditors also as the Internal Control and Audit Committee.

### **Opinions expressed by the Board of Statutory Auditors**

During the year, the Board of Statutory Auditors did not issue opinions required by applicable regulations.

### **Impacts related to the Russia-Ukraine war conflict and the Covid-19 epidemic**

The Company disclosed in the management report information on the current and foreseeable direct and indirect effects of the war crisis on PLC activities and business: the Company has no direct exposure to the affected markets and the financial year 2023 was not significantly impacted by the indirect effects on the supply chain. However, possible negative consequences deriving from the evolution of the conflict cannot be ruled out, with effects on the business that are currently unforeseeable.

Regarding the Covid-19 outbreak, the Directors believe that the risk factors, while remaining, are limited, and monitoring of the development of the phenomenon is continuing. At present, the expected impacts are considered very limited.

### **Consolidated Sustainability Report**

The Board has noted that neither PLC nor Group companies are subject to Italian Legislative Decree no. 254/2016 concerning the disclosure of non-financial information, since the Company does not fall within the scope of application of Article 2 of that decree, nor are the Group companies public interest entities. The company voluntarily published the Consolidated Sustainability Report for the year 2022 on July 17, 2023 as a separate document from the management report. The Independent Auditors, in its report issued on June 28, 2023, pointed out that no evidence had come to its attention that the Consolidated Sustainability Report of the PLC Group for the year ending December 31, 2022 had not been prepared, in all material respects, in accordance with the requirements of the Global Reporting Initiative (GRI) Standards.

The Board of Statutory Auditors obtained, also by attending the meetings of the Control, Risks and Sustainability Committee, periodic updates on the performance of preparatory activities for the drawing up of the Consolidated Sustainability Report and, during its activities, did not become aware of any violations of the relevant regulatory provisions.

The Company will publish the 2023 Consolidated Sustainability Report, although this will remain voluntary.

Confirming and reinforcing its commitment to sustainability, on December 21, 2023, the Company approved the 2024-2027 Strategic Sustainability Plan, which highlights the Group's re-

sponsibility in the environmental and social context in which it operates and the continuous improvement in the Group's governance with medium/long-term objectives, anticipating actions to adapt to future regulatory developments on ESG disclosure requirements.

### **Separate financial statement at December 31, 2023**

First of all, we point out that the draft financial statement and the draft consolidated financial statement at December 31, 2023 were made available to the Board of Statutory Auditors following their approval by the Board of Directors on March 27, 2024.

The Board of Statutory Auditors verified the compliance with the legal provisions governing the preparation of the financial statement at December 31, 2023 - prepared in accordance with the IFRS international accounting standards issued by the IASB - and with the Directors' Report, by means of direct checks and information obtained from the Independent Auditors.

In their Report and in the Notes to the Financial Statement, the Directors provided extensive information on operations, on the main transactions that took place during 2023 and on events occurring after the end of the year, in particular with regard to the finalisation of the disposal of the subsidiary Schmack Biogas S.r.l..

On April 8, 2024, the Independent Auditors provided their reports pursuant to Article 14 of Italian Legislative Decree no. 39 of January 27, 2010, on the Company's annual financial statement and consolidated financial statement at December 31, 2023, which show an unmodified and un-revised opinion.

The Independent Auditors expressed their opinion by pointing out that *"the financial statement provide a true and fair view of the Company's financial position at December 31, 2023, results of operations and of its cash flows for the year then ended, in accordance with the International Financial Reporting Standards adopted by the European Union, as well as the measures issued to implement Article 9 of Italian Legislative Decree no. 38 of February 28, 2005"*.

\* \* \*

The Board of Statutory Auditors, taking into account all of the foregoing, based on the control activities performed, considering the results of the activity of the Independent Auditors, under the profiles of its own competence and based on its own knowledge, does not find any reasons to oppose the approval of the Financial Statement for the year ended December 31, 2023, as prepared by the Administrative Body, and the proposed resolution concerning the allocation of the loss for the year, amounting to Euro 2,228,198.

Milan, April 8, 2024

THE BOARD OF STATUTORY AUDITORS

Massimo Invernizzi (*Chairman*)

Claudio Sottoriva

Maria Francesca Talamonti



#### 4.11 INDEPENDENT AUDITORS' REPORT



# PLC S.p.A.

**Financial statements as at 31 December 2023**

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

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

**(Translation from the original Italian text)**

To the Shareholders of  
PLC S.p.A.

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of PLC S.p.A. (the Company), which comprise the statement of financial position as at 31 December 2023, and the statement of income, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

#### **Basis for Opinion**

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

#### **Key Audit Matters**

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



We identified the following key audit matters:

Key Audit Matter	Audit Response
<p><b>Valuation of Equity investment in subsidiaries</b></p> <p>The financial statement as at 31 December 2023 includes Equity investments in subsidiaries for an amount of EUR 43,1 million. The reduction of Euro 1,5 million compared to the previous year is determined by the classification of the equity investment held in Schmack Biogas S.r.l. in accordance with the provisions of the accounting standard <i>IFRS 5 – Non current Assets Held for Sale and Discontinued Operations</i>, following the start of the sale process which took place during the year.</p> <p>Equity investment in subsidiaries are accounted for at acquisition cost, eventually reduced for impairment losses.</p> <p>The Company, at least once per year, performs an assessment on impairment indicators for each subsidiary, and subjects them to impairment test if trigger events occur. Processes and procedures to evaluate and determine the recoverable amount of each equity investment are based on assumptions, sometimes complex, which require the judgment of Directors, in particular with reference to the prospective cash flows and to the determination of the discount rates applied to such forecasts. In consideration of the required judgment and the complexity of the assumptions used in estimating the recoverable amount of the controlled entities, we considered that this issue was a key audit matter.</p> <p>The note “Equity investments in subsidiaries” of the financial statement’s explanatory note describes the assumptions used for the impairment test.</p>	<p>Our audit procedures in response to the key audit matter have, among other matters, concerned:</p> <ul style="list-style-type: none"> <li>- analysis of the Company's impairment test procedure, approved by the Board of Directors on 8 March 2024 and of the key controls on the identification of any losses and then on the valuation of equity investment in subsidiaries;</li> <li>- examination of the correct application of the procedure for the controlled entities evaluation with reference to how recoverable amount, discount rates and actual values of the companies being evaluated have been determined;</li> <li>- accuracy and reasonableness analysis of the assumptions underlying the prospective cash flows, including normalized cash flows used for the terminal value estimation, with particular reference to the rates used;</li> <li>- sensitivity analysis on key assumptions in order to determine any significant impacts on the evaluation of the recoverable value;</li> <li>- the assessment of the quality of the forecasts compared to the historical accuracy of the previous forecasts.</li> </ul> <p>Our procedures were performed with the support of our experts in valuation techniques who performed independent calculation and sensitivity analysis on the valuation of the recoverable amount as the main assumptions change.</p> <p>Finally, we verified the adequacy of the information provided in the explanatory notes to the financial statements related to the key audit matter concerned.</p>

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

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company's ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

However, future events or conditions may cause the Company to cease to continue as a going concern;

- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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

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

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

## **Report on compliance with other legal and regulatory requirements**

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

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

We have performed the procedures under the auditing standard SA Italia n. 700B, in order to express an opinion on the compliance of the financial statements as at 31 December 2023 with the provisions of the Delegated Regulation.

In our opinion, the financial statements as at 31 December 2023 have been prepared in the XHTML format in compliance with the provisions of the Delegated Regulation.

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

The Directors of PLC S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of PLC S.p.A. as at 31 December 2023, including their consistency with the related financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the financial statements of PLC S.p.A. as at 31 December 2023 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operations and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the financial statements of PLC S.p.A. as at 31 December 2023 and comply with the applicable laws and regulations.

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

Milan, 8 April 2024

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

As disclosed by the Directors on page 123, the accompanying financial statements of PLC S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.



## ANNEX 1 - SUMMARY OF THE ESSENTIAL DATA OF THE COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION

Pursuant to art. 2429, paragraphs 3 and 4 of the Italian Civil Code, the following table summarises the essential data of the companies included in the scope of consolidation.

SUBSIDIARIES														ASSOCIATES	
Alisei Wind S.r.l.	BioForCH4 S.r.l.	C&C Irsina S.r.l.	Cisterna Energia s.r.l.	PLC System Montenegro	MSD Service S.r.l.	PLC Service S.r.l.	PLC System South Africa	PLC System S.r.l.	PLC POWER S.r.l.	Samnium Energia s.r.l.	Schmack Biogas S.r.l.	Tirreno S.r.l.	PLC Service Wind S.r.l.	Biomethane Invest S.r.l.	Sicily Biomethan S.r.l.

### Financial position statement (figures in thousands of Euros)

FIXED ASSETS	260	61	231	10	-	-	6,660	-	3,502	2,869	38	1,304	234	174	1,226	79
CURRENT ASSETS	24	78	15	12	31	747	19,997	39	36,580	1,369	23	12,200	12	2,003	187	8
<b>TOTAL ASSETS</b>	<b>284</b>	<b>139</b>	<b>246</b>	<b>22</b>	<b>31</b>	<b>747</b>	<b>26,657</b>	<b>39</b>	<b>40,082</b>	<b>4,238</b>	<b>61</b>	<b>13,504</b>	<b>246</b>	<b>2,177</b>	<b>1,413</b>	<b>87</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>75</b>	<b>17</b>	<b>149</b>	<b>9</b>	<b>31</b>	<b>35</b>	<b>3,033</b>	<b>39</b>	<b>9,617</b>	<b>1,320</b>	<b>9</b>	<b>1,355</b>	<b>(65)</b>	<b>301</b>	<b>(23)</b>	<b>10</b>
NON-CURRENT LIABILITIES	146	115	87	-	-	-	4,332	-	2,548	448	-	1,631	278	347	1,427	76
CURRENT LIABILITIES	63	7	10	13	-	712	19,292	-	27,917	2,470	52	10,518	33	1,529	9	1
<b>TOTAL LIABILITIES</b>	<b>284</b>	<b>139</b>	<b>246</b>	<b>22</b>	<b>31</b>	<b>747</b>	<b>26,657</b>	<b>39</b>	<b>40,082</b>	<b>4,238</b>	<b>61</b>	<b>13,504</b>	<b>246</b>	<b>2,177</b>	<b>1,413</b>	<b>87</b>

### Income statement (figures in thousands of Euros)

REVENUES	5	-	-	-	1	4,623	20,507	-	37,771	190	-	18,878	-	3,966	0	1
PRODUCTION COSTS	15	9	10	1	12	4,562	17,923	30	36,608	628	1	19,638	(41)	3,899	18	1
<b>EBIT</b>	<b>(10)</b>	<b>(9)</b>	<b>(10)</b>	<b>(1)</b>	<b>(11)</b>	<b>61</b>	<b>2,584</b>	<b>(30)</b>	<b>1,163</b>	<b>(438)</b>	<b>(1)</b>	<b>(760)</b>	<b>41</b>	<b>67</b>	<b>(18)</b>	<b>(0)</b>
FINANCIAL INCOME (CHARGES)	4	(3)	1	-	-	(1)	(101)	-	(216)	33	-	49	(6)	(30)	(25)	-
INCOME FROM EQUITY INVESTMENTS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>PRE-TAX RESULT</b>	<b>(6)</b>	<b>(12)</b>	<b>(9)</b>	<b>(1)</b>	<b>(11)</b>	<b>60</b>	<b>2,483</b>	<b>(30)</b>	<b>947</b>	<b>(405)</b>	<b>(1)</b>	<b>(711)</b>	<b>35</b>	<b>37</b>	<b>(43)</b>	<b>(0)</b>
TAXES	-	-	-	-	-	3	526	-	(527)	(122)	-	(15)	(12)	29	-	-
<b>PROFIT (LOSS) FOR THE YEAR</b>	<b>(6)</b>	<b>(12)</b>	<b>(9)</b>	<b>(1)</b>	<b>(11)</b>	<b>57</b>	<b>1,957</b>	<b>(30)</b>	<b>1,474</b>	<b>(283)</b>	<b>(1)</b>	<b>(696)</b>	<b>47</b>	<b>8</b>	<b>(43)</b>	<b>(0)</b>



ANNEX 2 - REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE



## **REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE**

**Pursuant to art. 123-bis of the Consolidated Law on Finance**

**(traditional administration and control model)**

Issuer: PLC S.p.A.

Website: [www.plc-spa.it](http://www.plc-spa.it)

The financial year to which the Report refers: 2023

Date of approval of the Report: March 27, 2024

### **PLC SPA**

Registered office: Via Delle Industrie, 100 – 80011 Acerra (Na) – Italy

Tel.: 0810198565

VAT no. and Tax Code 05346630964 - R.E.A. (Economic and administrative index) NA993384 - Share capital

Euro 27,026,480.35 fully paid-up

Certified email: [plcspa@pec.it](mailto:plcspa@pec.it) – WEB: [www.plc-spa.it](http://www.plc-spa.it)



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## GLOSSARY

Below is a list of the main terms used in the Report and their definitions. These terms and definitions, unless otherwise specified, have the meaning shown below. The additional terms used in the Report have the meaning attributed to them and shown in the text. The definitions of directors, executive directors, chief executive officer (CEO), administrative body, control body, company with concentrated ownership, large company, sustainable success, top management referred to in the Code are referred to in full.

**Shareholders' Meeting:** the Issuer's shareholders' meeting.

**Code / CG Code:** the Corporate Governance Code of listed companies approved in January 2020 by the Corporate Governance Committee.

**Civil Code / CC:** Royal Decree no. 262 of March 16, 1942, as subsequently amended and/or supplemented.

**Committee / CG Committee / Corporate Governance Committee:** the Italian Corporate Governance Committee of listed companies, promoted not only by Borsa Italiana S.p.A., but also by ABI, Ania, Assogestioni, Assonime and Confindustria.

**Board / Board of Directors:** the Issuer's Board of Directors.

**Issuer / PLC / Company:** the issuer of listed shares admitted to trading on the Euronext Milan regulated market organised and managed by Borsa Italiana S.p.A., to which this Report refers.

**Financial Year:** the financial year ended on December 31, 2023, to which this Report refers.

**Group:** the Issuer together with the companies directly or indirectly controlled by it.

**Consob Issuers' Regulations:** the Regulations issued by Consob with resolution no. 11971 of 1999 regarding issuers, as subsequently amended and supplemented.

**Consob Market Regulations:** the Regulations issued by Consob with resolution no. 20249 of 2017 regarding markets, as subsequently amended and supplemented.

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**Consob Related Party Regulations:** the Regulations issued by Consob with resolution no. 17221 of March 12, 2010 regarding transactions with related parties, as subsequently amended and supplemented.

**Report:** this report on corporate governance and ownership structure that the Company is required to draw up and publish pursuant to art. 123-*bis* of the Consolidated Law on Finance.

**Remuneration Report:** the report on the remuneration policy and fees paid that the Company is required to draw up and publish pursuant to Articles 123-*ter* of the Consolidated Law on Finance and 84-*quater* of the Consob Issuers' Regulations.

**Articles of Association:** the Issuer's Articles of Association in force at the date of this Report.

**TUF:** Legislative Decree no. 58 of February 24, 1998 (Consolidated Law on Finance), as subsequently amended and supplemented.

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## FOREWORD

This Report describes, in accordance with the provisions of art. 123-*bis* of the Consolidated Law on Finance, the Corporate Governance model adopted by PLC, illustrating the level of compliance with the recommendations of the Code, as well as the ownership structure of the Company.

This document has been approved by the Board of PLC on March 27, 2024 and conforms, in its structure, to the "Format for the report on corporate governance and ownership structure" prepared by Borsa Italiana S.p.A., IX edition (January 2022).

Making this Report available at the registered office, sending it to Borsa Italiana S.p.A. and its publication on the website [www.plc-spa.it](http://www.plc-spa.it) will take place within the terms and in accordance with the provisions of the legislation, including regulations, in force on the matter.

## 1. PROFILE OF THE ISSUER AND CORPORATE GOVERNANCE SYSTEM

### 1.1. Profile of the Issuer

It should be noted that the Issuer falls within the definition of S.M.E. pursuant to art. 1, paragraph 1, letter w-*quater* 1), of the Consolidated Law on Finance and art. 2-*ter* of the Consob Issuers' Regulations. In this regard, it is noted that the value of the average market capitalisation for the Financial Year is equal to Euro 37,305 thousand. In addition, the Issuer falls within the definition of "*concentrated ownership company*" pursuant to the CG Code, due to the fact that the Shareholder Fraes S.r.l. holds a stake in the Issuer's share capital equal to 73.53%. Given the above, it should be noted that the Board used some flexibility options with respect to the provisions of the Corporate Governance Code relating to concentrated ownership companies: in this regard, reference is made to paragraph 4.2 (with reference to the definition and adoption of a succession plan for executive directors) and paragraph 4.7 (with reference to meetings of independent directors only) of this Report.

The Issuer has not published a non-financial statement pursuant to Legislative Decree no. 254/2016.

Nonetheless, with reference to non-financial data, the Issuer - in continuity with previous years - will prepare and make available a Group Sustainability Report on the institutional website at the following link: [Sustainability - Plc \(plc-spa.it\)](#).

### 1.2. Corporate mission and sustainability

The Issuer's corporate mission is focused on operating on the market as a multi-technology independent service provider (ISP), offering a complete range of services, from development, design and construction to

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operation and maintenance, with reference to the Italian market of electricity infrastructures and renewable energy power plants, with a special focus on photovoltaic and wind technologies.

As envisaged in its business plan (the "**2023-2027 Business Plan**"), the Group aims to achieve organic growth in its target markets, adopting a development by adjacencies strategy that can enhance its in-house technical expertise. To this end, the Group's operating model has already been partly strengthened (by simplifying the corporate structure, optimising the organisation and strengthening and rationalising processes) and significant investments have been made in the recruitment, growth and enhancement of human resources, in IT technology development and in projects - partly supported by public funding - for product and process innovation.

The Group confirms its role as enabler of the energy transition in Italy, investing in the growth of renewable energy sources and new technologies, as well as a company directly committed to ESG initiatives that can have a concrete impact on business.

In this regard, it should be noted that in 2023, the Board of Directors approved a Strategic Sustainability Plan for the years 2024-2027, consistent with the provisions of the 2023-2027 Business Plan. It should be recalled how the 2023-2027 Business Plan, approved on December 22, 2022, was characterised, *inter alia*, by a focus on ESG factors, an element that is also relevant to the market and of interest to all stakeholders, considering PLC and its subsidiaries as potentially involved in the energy transition and enablers of the growth of electricity sources with renewable technologies in Italy, with a direct impact and a commitment clearly expressed also in the 2023-2027 Business Plan.

On this point, it should be noted that the individual ESG points identified in the 2023-2027 Business Plan were outlined and transfused into as many specific and concrete objectives, as well as formalised in the Strategic Sustainability Plan for the years 2024-2027, already mentioned, aligning its duration with the previously approved 2023-2027 Business Plan. In particular, an overview was given of the Group's various initiatives, divided into the three relevant macro-areas, namely "Environment", "Social" and "Governance". For each area, with the active contribution of the Group's managers, a number of targets were identified, broken down into the following, further sub-categories:

- Environment in "Decarbonisation", "Circular Economy" and "Biodiversity";
- Social in "Diversity & Inclusion", "Well-Being", "Training & Academy" and "Health & Safety & Territory";
- Governance in "Sustainable Finance", "Risk Management", "Remuneration", "Integrity and Transparency", "Organisational Structure" and "Responsible Supply Chain".

With reference to non-financial data, please refer to the previous paragraph.

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### **1.3. Corporate governance system**

With regards to the corporate governance model, the Issuer, pursuant to articles 2380 et seq. cc, has adopted the traditional administration and control system, which provides for the following corporate bodies: the Shareholders' Meeting, the Board of Directors, the Board of Statutory Auditors and the independent auditors, to which accounting control is entrusted (currently, EY SpA whose mandate expires with the activity relating to the Financial Year). In compliance with the Articles of Association and the relevant provisions of law and regulations, the aforementioned bodies are assigned the following functions and powers.

#### **Shareholders' Meeting**

This body is responsible for resolving, in ordinary and extraordinary meetings, the matters reserved to it by law and/or by the Company's Articles of Association.

#### **Board of Directors**

This body is vested with the broadest powers for the ordinary and extraordinary administration of the Company, with the right to perform all the appropriate and necessary acts to achieve the corporate purposes, with the exception of those acts reserved - by law and/or by the Articles of Association - to the Shareholders' Meeting. It may therefore carry out all the acts, including acts of disposal, it deems appropriate and necessary for the achievement of the corporate purpose.

At the date of this Report, the following Committees have been established within the Board, which are assigned the duties provided for by the Code:

- Control, Risks and Sustainability Committee;
- Appointments, Remuneration and Stock Option Plans Committee.

With regard to the Board Committee for transactions with related parties, it is specified that, based on the "Procedure for Related Party Transactions" approved by the Board, most recently, on June 28, 2021 (hereinafter also the "**RPT Procedure**"), said Committee, depending on the matter being examined, refers to the Control, Risks and Sustainability Committee or the Appointments, Remuneration and Stock Option Plans Committee and is made up, in any case, of non-executive and unrelated directors, each in possession of the independence requisites envisaged by art. 147-ter of the Consolidated Law on Finance and the CG Code, as will be explained further below.

#### **Board of Statutory Auditors**

The aforementioned body has the task of supervising:

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- compliance with the law and the Articles of Association, as well as with the principles of correct administration;
- the adequacy of the Company's organisational structure, internal control system and administrative and accounting system, also with reference to the latter's reliability in correctly representing operating events;
- the procedures for the concrete implementation of the rules of corporate governance provided for by codes of conduct drawn up by companies managing regulated markets or by trade associations, which the Company, through public disclosure, declares that it complies with;
- the adequacy of the instructions given to subsidiaries in relation to the information to be provided in order to comply with reporting obligations.

In addition, the Board of Statutory Auditors, following the entry into force of Italian Legislative Decree no. 39 of January 27, 2010, is responsible for:

- examining the work plan prepared by the Head of the Internal Audit Function as well as the periodic reports prepared by him/her;
- evaluating the proposals made by the independent auditors to obtain the assignment of the relevant engagement, as well as the work plan prepared for the audit and the results set out in the report and in any letter of suggestions;
- assessing the proposals made by the independent auditors to obtain the award of any further assignments;
- monitoring the effectiveness of the audit process.

### **Independent Auditors**

Auditing is done by a specialised company registered in the Special Register of statutory auditors held by Consob, specifically appointed by the Shareholders' Meeting after obtaining the opinion of the Board of Statutory Auditors.

The company tasked with auditing the accounts is EY S.p.A., appointed by the Shareholders' Meeting of June 23, 2015, whose mandate will end with the approval of the Financial Statements at December 31, 2023.

\*\*\*\*\*

Lastly and for the sake of completeness, it should be noted that - at the date of this Report - the Company has the following codes, regulations and procedures in place:

- Regulations of the Board of Directors;
- Procedure for handling inside information;
- Internal Dealing procedure;

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- Procedure for the fulfilment of the disclosure obligations set forth in art. 150, par. 1 of the Consolidated Law on Finance;
- RPT Procedure;
- Code of Ethics of the PLC Group;
- Organisational and management model pursuant to Italian Legislative Decree no. 231/01 (the "**231 Model**");
- "The Internal Regulatory System" Manual;
- Policy for managing dialogue with the entirety of Shareholders;
- Group Global Quality Policy;
- Group Policy on Health, Safety and the Environment;
- Anti-corruption Group Policy;
- Procedure for the preparation of the Consolidated Financial Statements and management of Intercompany relationships;
- Procedure for the preparation of the Separate Financial Statements and Reporting;
- Group Budget Procedure;
- Financial Reporting Procedure;
- Legal and Corporate Affairs Management Procedure;
- Financial planning and treasury management procedure;
- Access and use of information systems procedure;
- New Business Development Management Procedure;
- Procedure for managing events, sponsorships, public initiatives and contributions;
- HQSE Resource Management Procedure;
- Procedure for the Management of relations with the Public Administration and the Supervisory Authorities;
- Gifts, gratuities and entertainment expenses management procedure;
- Procedure for the management of purchases of goods, services, advisory and professional services;
- Active Invoicing Procedure;
- Procedure for the selection, hiring and onboarding of personnel;
- Personnel Administration and Payroll Procedure;
- Actual vs Budget Quarterly Review Procedure;
- Whistleblowing procedure;
- Procedure on evaluation and approval of investments in information systems;

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- Procedure on assignment of engagements to the company in charge of the Statutory Audit and to its Network;
- Facility Management Procedure;
- Taxation management Procedure;
- Procedure for Public Funding Management and R&D activities.

**2. INFORMATION ON OWNERSHIP STRUCTURE (PURSUANT TO ART. 123-BIS, PARAGRAPH 1, TUF) AT THE DATE OF THIS REPORT**

**a) Share capital structure (pursuant to art. 123-bis, paragraph 1, letter a), TUF)**

At the date of this report, the subscribed and paid-up share capital of PLC amounts to Euro 27,026,480.35, divided into 25,960,575 shares with no nominal value. The shares are all ordinary and registered. There are no other classes of shares. See, in particular, the contents of the following table:

<b>SHARE CAPITAL STRUCTURE</b>				
	<b>no. shares</b>	<b>% with respect to s.c.</b>	<b>Listed on Euronext Milan – Standard Segment</b>	<b>Rights and obligations</b>
Ordinary shares	25960575	100%	100%	Ordinary
Preferred shares	N/A	N/A	N/A	N/A
Multiple voting shares	N/A	N/A	N/A	N/A
Other categories of shares with voting rights	N/A	N/A	N/A	N/A
Savings shares	N/A	N/A	N/A	N/A
Convertible savings shares	N/A	N/A	N/A	N/A
Other categories of shares without voting rights	N/A	N/A	N/A	N/A
Other	N/A	N/A	N/A	N/A

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<b>OTHER FINANCIAL INSTRUMENTS</b> (attributing the right to subscribe newly issued shares)				
	<b>Listed on Euronext Milan – Standard Segment</b>	<b>no. of instruments outstanding</b>	<b>Category of shares serving the conversion / exercise</b>	<b>number of shares serving the conversion / exercise</b>
Convertible bonds	N/A	N/A	N/A	N/A
<i>Warrants</i>	N/A	N/A	N/A	N/A

At the date of this Report, the Company has not adopted share-based incentive plans that entail increases, even free of charge, in the share capital.

**b) Securities transfer restrictions (pursuant to art. 123-bis, paragraph 1, letter b), TUF)**

There is no limitation to the free transferability of the shares issued by the Company, nor limits to their possession, pursuant to the law or the Articles of Association.

**c) Significant shareholdings in the share capital (pursuant to art. 123-bis, paragraph 1, letter c), TUF)**

Based on the results of the shareholders' book and taking into account the communications received pursuant to art. 120 of the Consolidated Law on Finance and other available information, at the date of this Report, the persons who hold a significant shareholding of more than 5% in the Company's share capital (as it is qualifiable as an S.M.E.), are shown in the following table:

<b>SIGNIFICANT SHAREHOLDINGS IN THE SHARE CAPITAL</b>			
<b>Declarant or person at the top of the shareholding chain</b>	<b>Direct shareholder</b>	<b>Percentage of share capital Ordinary</b>	<b>Percentage of share capital Voter</b>
Annamaria Scognamiglio	FRAES S.r.l.	73.53%	73.53%

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**d) Securities conferring special rights (pursuant to art. 123-bis, paragraph 1, letter d), TUF)**

The Company has not issued securities conferring special rights of control or shares with multiple or increased voting rights.

There are no subjects with special powers (such as, for example, the powers referred to in Law 474/94 or the special powers of the Italian State in strategic sectors, referred to in Decree Law no. 21 of March 15, 2021, converted into Law no. 56 of May 11, 2012) capable of affecting the Issuer's economic, commercial and/or financial policy.

The Articles of Association do not provide for multiple or increased voting shares.

**e) Employee shareholding: mechanism for exercising voting rights (pursuant to art. 123-bis, paragraph 1, letter e), TUF)**

There are no shareholding systems in place for the Issuer's employees.

**f) Restrictions on voting rights (pursuant to art. 123-bis, paragraph 1, letter f), TUF)**

There are no restrictions on the right to vote on the Company's shares issued.

**g) Shareholder agreements (pursuant to art. 123-bis, paragraph 1, letter g), TUF)**

As far as the Company is aware, there is only one agreement between the Company's Shareholders that are relevant pursuant to art. 122 of the Consolidated Law on Finance.

On June 16, 2023, a relevant shareholders' agreement was signed between the following parties: Nelke S.r.l., Gardil S.r.l., GM Investimenti S.r.l., Gregorio Rosselli, Riccardo Lancellotti, Ivan Marino, Mauro Marino, Manrico Montanelli, Maurizio Montanelli, Monica Montanelli, Marco Lodovico Romagnoni Orlandi and Gian Luca Solcia (the "**Agreement**"). The Agreement provides, in summary:

- the commitment by the parties to exercise their voting rights at the Company's meetings on the basis of a voting address determined, prior to each Shareholders' Meeting, in the manner and with the majorities provided for in the provisions of the Agreement, including the commitment to submit and vote for a common list of candidates in connection with the appointment of the board of directors and the board of statutory auditors, respectively;
- the commitment not to carry out, subject to exceptions, any ordering act of the shares covered by the Agreement.

A total of 2,857,756 ordinary shares of the Company, each of which gives the right to one vote in the Company's meetings, were conferred in the Agreement. The syndicated shares constitute approximately 11.1% of the share capital and voting rights of the Company.

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For further information on the Agreement, please refer to the relevant key information published on the Issuer's website [www.plc-spa.it](http://www.plc-spa.it) (*Investor Relations - Shareholders' Agreements* section).

**h) *Change of control clauses (pursuant to art. 123-bis, paragraph 1, letter h), TUF) and statutory provisions on take-over bids (pursuant to art. 104, paragraph 1-ter, and art. 104-bis, paragraph 1)***

***Change of control clauses***

At the date of preparation of this Report, the Issuer has not entered into any significant contracts with change of control clauses.

The following information is provided for the other Group companies at the date of preparation of this Report.

As part of the agreement entered into between PLC System S.r.l. and Lampino Wind S.r.l., a subsidiary of the partnership between GR Value S.p.A. and FOR.TE., concerning the construction of the utility substation serving a wind farm with a capacity of about 75.6 MW, located in the province of Foggia, Article 17.1 of the contract provides that if the contractor, during the performance of the contract, fails to notify the customer in advance of any change of control and the same change of control is assessed by the customer as prejudicial to the performance of the contract, the customer shall have the right to terminate the contract pursuant to Article 1456 of the Civil Code, with effect from the date of receipt of the communication by PLC System S.r.l..

***Statutory provisions on take-over bids***

Notwithstanding the provisions of art. 104 paragraph 1 of the Consolidated Law on Finance, art. 8 of the Articles of Association provides that "*[...] in the event that the Company's securities are subject of a take-over and/or exchange offer, the authorisation of the shareholders' meeting is not required for the performance of acts or transactions that may counteract the achievement of the objectives of the offer, during the period between the communication referred to in art. 102, paragraph 1, of the same Decree and the closure of the offer*".

Notwithstanding the provisions of art. 104, paragraph 1-bis, of the Consolidated Law on Finance, art. 8 of the Articles of Association provides that "*[...] the authorisation of the shareholders' meeting is not necessary even for the implementation of any decision taken before the beginning of the period indicated in the previous paragraph which has not yet been implemented in whole or in part, which does not fall within the normal course of the Company's activities and whose implementation may counteract the achievement of the objectives of the offer [...]*".

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**i) Powers to increase share capital and authorisations to purchase treasury shares (pursuant to art. 123-bis, paragraph 1, letter m), TUF)**

At the date of this Report, there were no powers to increase the share capital pursuant to art. 2443 of the Italian Civil Code.

The Extraordinary Shareholders' Meeting of October 11, 2011 introduced into the Articles of Association the power to increase the share capital, excluding pre-emption rights, within the limit of 10% of the pre-existing share capital, on the condition that the issue price of the new shares corresponds to the regulated market value of the shares and that this is confirmed in a specific report by the independent auditors, pursuant to art. 2441, paragraph 4, second sentence, of the Italian Civil Code.

Without prejudice to the previous reports, in the last 3 financial years, the Board has not exercised any proxies for treasury shares, nor has the Shareholders' Meeting authorised the purchase of treasury shares.

**l) Management and coordination activity (pursuant to art. 2497 et seq. of the Italian Civil Code)**

The Issuer is not subject to management and coordination activity pursuant to art. 2497 et seq. of the Italian Civil Code and is also equipped with organisational controls and governance rules that guarantee the compliance of corporate decisions with the principles of correct management and the company interest.

With specific reference to the assessments made regarding the absence of the parent company Fraes S.r.l. exercising management and coordination, it must be noted that the latter communicated to the Issuer not to exercise management and coordination for the reasons summarised below:

- a) the Issuer operates in full autonomy with respect to the management of relations with its subsidiaries, without there being any management interference by Fraes S.r.l.;
- b) the Issuer independently prepares the medium-term strategic, financial and business plans and the short-term economic-financial planning (budget) of the Company and the Group;
- c) the Issuer is not subject to group regulations;
- d) there is no organisational-functional link between Fraes S.r.l. and the Issuer;
- e) Fraes S.r.l. does not issue directives or instructions concerning decisions on financial and credit matters;
- f) Fraes S.r.l. limits the relationship with the Issuer to the simple exercise of administrative and financial rights deriving from the status of Shareholder, such as, for example, the exercise of the vote in the shareholders' meeting and the collection of dividends;

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- g) Fraes S.r.l. does not issue directives for the Issuer concerning the performance of extraordinary transactions, such as, inter alia, capital increases, listing of financial instruments, acquisitions, disposals, concentrations, contributions, mergers and demergers.

It should be noted that:

- the information required by art. 123-bis, first paragraph, letter i) of the Consolidated Law on Finance ("*the agreements between the company and the directors ... providing for indemnities in the event of resignation or dismissal without just cause or if their employment relationship ceases following a take-over bid*") is contained in the Remuneration Report to be published pursuant to art. 123-ter of the Consolidated Law on Finance. In this regard, reference should also be made to Section 8.1 of this Report;
- the information required by article 123-bis, paragraph 1, letter l) of the Consolidated Law on Finance ("*the rules applicable to the appointment and replacement of directors ... and to the amendment of the articles of association, if different from those applicable by way of supplementary legislation and regulations*") are illustrated in the section of this Report dedicated to the Board of Directors (Section 4, paragraph 2);
- the information required by art. 123-bis, first paragraph, letter l), second part of the Consolidated Law on Finance ("*the rules applicable ... to the amendment of the articles of association, if different from those applicable by way of supplementary legislation and regulations*") are illustrated in the section of this Report dedicated to the Board (Section 13).

### **3. COMPLIANCE (pursuant to art. 123-bis, paragraph 2, letter a), first part, TUF)**

The Company complies with the Code (available to the public on the Corporate Governance Committee's website at <http://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.htm>).

The primary objective of the corporate governance system adopted is to create value for Shareholders. The Issuer - aware of the need to set up an effective internal control system - is constantly committed to identifying, implementing and pursuing initiatives and actions aimed at improving the overall governance system, also with the support of technological tools with an impact on the processes and/or conduct implemented by its employees in the performance of their duties.

In compliance with the applicable regulations, this Report illustrates PLC's "Corporate Governance" system describing the actual methods of the Company's implementation of the provisions of the Code.

The Issuer's compliance to the Code is complete, except for limited deviations which are the subject of appropriate information as required by the Code.

To the best of the Issuer's knowledge, there are no non-Italian legal provisions applicable to the Issuer or its strategically important subsidiaries that affect its Corporate Governance structure.

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## 4. BOARD OF DIRECTORS

### 4.1 THE ROLE OF THE BOARD OF DIRECTORS (pursuant to art. 123-bis, paragraph 2, letter d), TUF)

The Board of Directors is the collective body entrusted with the management of the Company and is committed to pursuing the sustainable success of the Issuer and the Group, with a view to generating value for Shareholders in the medium to long term. In this regard, in the 2023-2027 Business Plan approved on December 22, 2022, the Board of Directors decided to pay maximum attention to the pursuit of sustainable success, also with a view to preserving the ability of future generations to meet their own needs. Based on these principles, the Issuer approved a strategic sustainability plan for the years 2024-2027 in the course of the Financial Year. For further details, please refer, among other things, to the previous Section 1.2 and to the sustainability reports published from time to time on the Company's institutional website in the dedicated section.

The Board of Directors plays a central role in the PLC's Corporate Governance system and, pursuant to art. 15 of the Articles of Association, is invested with the widest powers for the ordinary and extraordinary administration of the Company.

The management of the Company therefore rests exclusively with the Board of Directors, which carries out the operations necessary for the implementation of the corporate purpose with the sole exclusion of those that the law or the Articles of Association expressly reserve for the Shareholders' Meeting.

In addition, on December 1, 2021, the Board resolved to approve, in accordance with the provisions of art. 3, Recommendation 11 of the Code, the "*Regulations of the Board of Directors: Role, Organisation and Operating Procedures*" (the "**Regulations of the Board**").

The Company's Board of Directors, based on the regulatory and statutory provisions applicable from time to time and pursuant to the aforementioned Regulations of the Board, has the power to pass resolutions, without prejudice to the provisions of Articles 2420-ter and 2443 of the Italian Civil Code and in compliance with art. 2436 of the Italian Civil Code, where required, about:

- a) mergers by incorporation or demergers, pursuant to Articles 2505, 2505-*bis* and 2506-*ter*, of the Italian Civil Code;
- b) the establishment or closure of branch offices;
- c) the transfer of the registered office within the national territory;
- d) an indication of which Directors represent the Company;
- e) the reduction of share capital in the event of shareholder withdrawal;
- f) the adaptation of the Articles of Association to regulatory provisions;

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- g) the replacement, pursuant to art. 2386 of the Italian Civil Code, within the members of the same list to which the outgoing directors belonged, of any directors who died during the year, provided that the majority is always made up of directors appointed by the Shareholders' Meeting, in compliance with the statutory provisions.

Furthermore, the Board of Directors, as expressly referred to in the adopted Regulations of the Board:

- a) on the proposal of the Chairman, formulated in agreement with the Chief Executive Officer, adopts and describes in the report on corporate governance the policy for managing dialogue with the Shareholders, also taking into account the engagement policies adopted by institutional investors and asset managers;
- b) ensures - through the Chairman and with the help of the Secretary - that all the members of the Board of Directors and the Board of Statutory Auditors can participate, after their appointment and during their mandate, in initiatives, including through the periodic presentation of the information on the general management trend and its foreseeable evolution, aimed at providing them with adequate knowledge of the business sectors in which the Company operates, the business dynamics and their evolution, also with a view to the sustainable success of the Company, as well as the principles of correct risk management and the reference regulatory and self-regulatory framework;
- c) resolves, on the proposal of the Chairman, the appointment and dismissal of the Secretary of the Board of Directors;
- d) examines and approves the business plans and any strategic, financial and sustainability plans of the Company and of the Group at its head, also based on the analysis of the relevant issues for the generation of long-term value carried out with the possible support of an internal committee (Board committee), of which the Board of Directors determines the composition and functions, periodically monitoring their implementation;
- e) evaluates the general management performance, taking into consideration, in particular, the information received from the delegated bodies, as well as periodically comparing the results achieved with those planned;
- f) defines the corporate governance system of the Company and the structure of the Group at its head and assesses the adequacy of the organisational, administrative and accounting structure of the Company and of the subsidiaries of strategic importance, with particular reference to the internal control and risk management system, also defining the principles concerning the coordination and information flows between the various parties involved in the aforementioned system, in order to maximise the efficiency of this system, reduce duplication of activities and ensure effective performance of the duties of the Board of Statutory Auditors;

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- g) defines the nature and level of risk compatible with the strategic objectives of the Company, including in its assessments all the elements that may be relevant in view of the Company's sustainable success;
- h) resolves on the operations of the Company and its subsidiaries that have a significant strategic, economic, equity or financial importance for the Company; to this end, it establishes the general criteria for identifying transactions of significant importance;
- i) in order to ensure the proper management of corporate information, it adopts, on the proposal of the Chairman and in agreement with the Chief Executive Officer, a procedure for handling inside information and a memorandum on the disclosure obligations of the Group companies with regard to the Company;
- j) assigns and revokes proxies to one or more Directors and/or General Managers, without prejudice to matters reserved to the exclusive competence of the Board of Directors pursuant to art. 2381 of the Italian Civil Code, as well as in relation to the provisions of art. 13 of the Articles of Association, defining the limits and manner of exercise;
- k) defines, on the proposal of the Appointments, Remuneration and Stock Option Plans Committee, a policy for the remuneration of Directors, Statutory Auditors and executives with strategic responsibilities functional to the pursuit of the Company's sustainable success;
- l) determines, having examined the proposals of the Appointments, Remuneration and Stock Option Plans Committee and having consulted the Board of Statutory Auditors pursuant to art. 2389, paragraph 3, of the Italian Civil Code, the economic and regulatory treatment of the Chief Executive Officers and of the other Directors who hold particular offices, also taking into account the relative participation in the Committees established within the Board of Directors. It also provides, where necessary, for the distribution of the overall emolument approved by the Shareholders' Meeting among the individual members of the Board of Directors;
- m) carries out, assisted by the Appointments, Remuneration and Stock Option Plans Committee, at least every three years, in view of the renewal of the Board of Directors, an assessment of the size, composition and operation of the Board of Directors and of the Committees established within it (self-assessment);
- n) assesses the advisability of adopting - and possibly prepares, updates and implements, with the assistance of the Appointments, Remuneration and Stock Option Plans Committee - a plan for the succession of executive Directors;
- o) provides information, in the corporate governance report:
  - on its composition, indicating for each member the qualification, the role covered within the Board of Directors, the main professional characteristics as well as the length of office since the first appointment;

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- on the performance of the tasks listed above and, in particular, on the number and average duration of the meetings of the Board of Directors held during the year and on the relative attendance percentage of each Director;
  - on the main characteristics of the internal control and risk management system, expressing its assessment on its adequacy and effectiveness, with respect to the characteristics of the PLC Group and the risk profile assumed;
- p) assesses on the merits, if the Shareholders' Meeting, in order to meet organisational needs, authorises, in a general and preventive manner, exceptions to the prohibition of competition provided for by art. 2390 of the Italian Civil Code, each problematic case in point and reports any critical issues to the next Shareholders' Meeting. To this end, each Director, upon accepting the appointment, promptly informs the Board of Directors of any activities exercised in competition with the Company and, subsequently, of any relevant changes.

In order to better and more efficiently manage the Company, the Board of Directors appoints one or more Chief Executive Officers from among its members, to whom it delegates the responsibility of directing and managing the Company, its offices and representatives, deliberating and fulfilling all the acts that fall within the ordinary administration of the Company, without prejudice to the matters reserved to the exclusive competence of the Board of Directors pursuant to art. 2381 of the Italian Civil Code. On the occasion of the meetings of the Board of Directors, at least on a quarterly basis, the Chief Executive Officer provides the Board with information on the general management trend and its foreseeable evolution, on the most significant economic, financial and equity transactions carried out by the Company and/or by subsidiaries; the Chief Executive Officer also reports on transactions in potential conflict of interest, atypical or unusual, and on transactions with related parties.

The Chairman of the Board of Directors, with the support of the competent corporate functions, provides information on any legislative and regulatory changes regarding the Company and the corporate bodies, subsidiaries and investee companies, and supports each Director in studying particular issues that are of interest to them in carrying out their mandate. Furthermore, the Chairman of the Board of Directors can take the initiatives deemed useful so that the Directors can increase their knowledge of the Company's situation and dynamics for the purpose of more effective performance of their role.

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The Board, generally on an annual basis, assesses the adequacy of the organisational, administrative and accounting structure of the Issuer and its subsidiaries of strategic importance, with particular reference to the internal control and risk management system. The evaluation process involves the Control, Risks and Sustainability Committee carrying out a preliminary check which, for this purpose, can avail itself of the support of the Head of the Internal Audit Function and of the Manager in charge of Financial Reporting of the Company. The results of this verification are presented at the next meeting of the Board, which takes them into account in its evaluation.

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The remuneration of the Company's chief executive officers and of the other directors holding particular offices is determined by the Board, with the opinion of the Board of Statutory Auditors and subject to the proposal of the Appointments, Remuneration and Stock Option Plans Committee.

With reference to the Financial Year, the Board - in the board meetings of February 28, 2023, June 9, 2023, September 29, 2023 and 18 December 2023, as well as at the same time as the session to approve the draft financial statements for the year, carried out the assessment on general operating performance taking into consideration, in particular, the information received from the delegated bodies.

As previously highlighted, the Board is the competent body for examining and approving the transactions of the Issuer and its subsidiaries that have a significant strategic, economic, equity or financial importance, as identified based on general criteria established by Board.

In particular, the Board, in its meeting of April 30, 2021, identified the following operations of significant strategic importance to be submitted to the prior opinion of the Board pursuant to art. 1, Recommendation 1, letter e) of the Code:

- extraordinary transactions (such as, by way of example and not limited to, acquisitions, disposals, establishment of joint ventures, etc.) carried out by the Italian and foreign subsidiaries, for an amount individually greater than 2% of the total assets resulting from the consolidated financial statements at December 31, of each year; and
- ordinary operations pertaining to the normal conduct of business (such as, by way of example and not limited to, procurement contracts relating to the construction of plants, the management and maintenance of plants, etc.) always carried out by the Italian and foreign subsidiaries, for an individual amount exceeding 5% of total revenues, calculated by differentiating the revenues relating to the services segment and the revenues relating to the construction segment (based on the consolidated financial statements at December 31 of each year).

It is also specified that, with reference to contracts lasting more than one year, the calculation of the value is carried out for the entire duration of the contract in the case of fixed-term contracts or, in the case of permanent contracts, in relation to the presumed payments for the duration of the single Financial Year (or, if the notice period for withdrawal is greater than one year, for the entire longer duration of this period).

The Board also has the right to examine and approve in advance Company transactions in which one or more directors have an interest on their own behalf or on behalf of third parties.

In the meeting of June 28, 2021, the Board updated the "*Procedure for Related Party Transactions*", which entered into force on July 1, which governs the approval and execution of transactions with related parties carried out by Issuer, directly or through subsidiaries, in order to ensure the transparency and substantial and procedural correctness of the transactions. For more information, please refer to section 10 of this Report.

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With reference to the authorisations for the performance, by the directors, of relevant activities pursuant to art. 2390 of the Italian Civil Code, it is recalled that, in the meeting of April 30, 2021, the ordinary Shareholders' Meeting resolved to authorise the members of the Board of Directors to take on other offices pursuant to art. 2390, first paragraph, of the Italian Civil Code, without prejudice to compliance with the additional legal obligations imposed on them. In this regard, the Board will assess any problematic cases and report any critical issues where necessary to the Shareholders' Meeting.

It should also be noted that in the meeting of March 19, 2021, the outgoing Board of Directors formulated, taking into account the results of its self-assessment, a *"Shareholder guideline for the renewal of the Board of Directors for the three-year period 2021-2023"*, deeming it appropriate to raise the number of Company's directors from 6 to 7, also due to its structure and operational needs, as well as the potentially offshoot positive effects in terms of broadening the debate in the board meeting. On this point, it should be noted that the Shareholders' Meeting agreed with and acknowledged the guideline of the Board by proceeding to appoint 7 directors in the Shareholders' Meeting of April 30, 2021.

In addition to the foregoing, in view of the natural expiration of the administrative body's term of office with the approval of the financial statements for the Financial Year, at its meeting of March 20, 2024, the outgoing Board of Directors formulated an *"Shareholder guideline for the renewal of the Board of Directors for the three-year period 2024-2026"*, deeming it advisable to leave the number of directors of the Company unchanged, also in view of the Company's structure and operational needs. On this point, it should be noted that the Shareholders' Meeting will consider whether to agree with and adopt the Board's guideline at the next Shareholders' Meeting already convened for April 29, 2024.

On the proposal of the Chairman, in agreement with the Chief Executive Officer, on January 26, 2022 the Board of Directors adopted a policy for managing dialogue with the entirety of the Shareholders (the **"Dialogue Policy"**), which specifies the ways of managing dialogue between the Company and current and potential Shareholders. The Dialogue Policy was not changed during the Financial Year. For more information, please refer to section 12 of this Report.

Below are the descriptions relating to the further prerogatives attributed to the Board of Directors regarding: composition (Paragraph 4.3), operation (Paragraph 4.4), appointment and self-assessment (Paragraphs 4.1 and 7.1), remuneration policy (Paragraph 8); internal control and risk management system (Paragraph 9).

#### **4.2 APPOINTMENT AND REPLACEMENT (pursuant to art. 123-bis, paragraph 1, letter l), first part, TUF)**

With regard to the appointment and replacement of directors, art. 12 of the Articles of Association provides that:

*"The Company is managed by a Board of Directors made up of 5 to 19 members, who remain in charge for the period established upon being appointed, in any case not exceeding three years.*

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*Their office expires on the date of the Shareholders' Meeting called to approve the financial statements for the last year of their term of office and may be re-elected. Their office will cease and will be re-elected or replaced in accordance with the law and the articles of association.*

*Directors must meet the requirements of the law and the relevant regulatory provisions; of these, a minimum number corresponding to the minimum required by the law must meet the independence requirements set out in art. 148, paragraph 3, of Italian Legislative Decree no. 58/1998.*

*If the requirements are not met, the director is removed. If a director ceases to meet the independence requirement defined above, he/she shall not be disqualified if the requirements continue to be met by the minimum number of directors who, according to current legislation, must meet that requirement. Before appointing them, the Shareholders' Meeting shall determine the duration and number of members of the Board. If the number of Directors has been determined to be less than the maximum number provided for, the Shareholders' Meeting, during the period of the Board's term of office, may increase this number by voting with the majorities required by law, without complying with the procedure provided for in this article, provided that the Board of Directors is always made up of a number of members who meet the requirements of art. 148, paragraph 3, of Italian Legislative Decree no. 58/1998 at least equal to the minimum required by law. The office of the new directors appointed in this way will expire together with those in office at the time of their appointment.*

*The appointment of the Board of Directors shall be made, in compliance with the currently applicable regulations concerning the gender balance, on the basis of lists presented by the shareholders in the manner specified below, in which the candidates shall be listed by means of a progressive number.*

*The lists presented by the shareholders, signed by those who present them, must be deposited at the registered office of the Company, available to anyone who so requests, at least twenty-five days before the date set for the Shareholders' Meeting on first call and shall be subject to the other forms of publicity provided for by the legislation in force at the time.*

*Each member, the shareholders subscribing to a relevant shareholders' agreement pursuant to art. 122 of Legislative Decree no. 58/1998, the parent company, the subsidiaries and those subject to common control pursuant to art. 93 of Legislative Decree no. 58/1998, may not present or participate in the presentation, not even through a third party or trust company, of more than one list, nor may they vote for different lists, and each candidate may appear on only one list under penalty of ineligibility. Subscriptions and votes expressed in violation of this prohibition shall not be assigned to any list.*

*Only shareholders who, alone or together with other shareholders submitting lists, treasury shares representing at least 2.5% of the share capital with voting rights in the ordinary Shareholders' Meeting or, if different, the maximum percentage allowed by law or regulations, shall have the right to submit lists.*

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Together with each list, within the respective terms indicated above, they must deposit: **(i)** an indication of the identity of the shareholders who submitted the lists, the percentage shareholding held by them as a whole; **(ii)** declarations in which the individual candidates accept their candidacy and certify, under their own responsibility, that there are no reasons for ineligibility or incompatibility, as well as the existence of the requirements prescribed for the respective offices; **(iii)** exhaustive information on the personal and professional characteristics of each candidate with an indication, if any, of his or her suitability to qualify as independent pursuant to art. 148, paragraph 3, of Legislative Decree no. 58/1998.

Lists with a number of candidates equal to or greater than three must consist of candidates belonging to both genders, so that at least two fifths of the candidates belong to the least represented gender (this number is rounded up to the next higher unit, with the exception of lists consisting of three candidates), or the different percentage required by current legislation.

Furthermore, within the deadline set by the regulations applicable to the publication of the lists by the Company, the appropriate certification issued by an authorised intermediary pursuant to law must be filed, proving the ownership, at the time the list is filed with the Company, of the number of shares necessary for its presentation.

The lists must indicate which directors meet the independence requirements.

Lists submitted without complying with the above provisions shall be deemed not to have been submitted.

The election of the Board of Directors will be carried out as follows:

- a) the Directors to be elected, with the exception of one (1), are drawn from the list that obtained the highest number of votes, in the progressive order in which they appear in the list itself;
- b) the remaining Director is taken from the minority list that is not connected in any way, even indirectly or with the list referred to in letter a) above, or with those who presented or voted for the list referred to in letter a) above, and that has obtained the second highest number of votes. For this purpose, no account shall be taken, however, of lists that have not obtained a percentage of votes equal to at least half of that required for the presentation of lists, as referred to in the eighth paragraph of this article.

If the candidates elected in the manner indicated above do not ensure the appointment of a number of Directors meeting the independence requirements established for statutory auditors by art. 148, paragraph 3, of Italian Legislative Decree no. 58/1998 equal to the minimum number established by law in relation to the total number of Directors, the non-independent candidate last elected in numerical order from the list that received the highest number of votes, as per letter a) of the preceding paragraph, shall be replaced by the first independent candidate not elected from the same list in numerical order or, failing that, by the first independent candidate in numerical order not elected from the other lists, according to the number of votes obtained by each list. This replacement procedure will take place until the Board of Directors is composed of a number of members who meet the requirements of art. 148, paragraph 3, of Italian Legislative Decree no. 58/1998 at least equal to the minimum required by law. If, finally, this procedure does not ensure the result indicated above, the replacement

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*will take place by resolution passed by the Shareholders' Meeting by a relative majority, subject to the presentation of candidates who meet the above requirements.*

*If, moreover, the composition of the Board of Directors is not ensured with the candidates elected in the manner indicated above, in compliance with the currently applicable regulations in force concerning the gender balance, the candidate of the most represented gender last elected in progressive order from the list that received the highest number of votes shall be replaced by the first candidate of the least represented gender not elected from the same list in progressive order. This replacement procedure will take place until the composition of the Board of Directors is ensured in compliance with the currently applicable regulations in force regarding the gender balance. If, finally, this procedure does not ensure the result indicated above, the replacement shall take place by resolution passed by the Shareholders' Meeting by a relative majority, following the presentation of candidates belonging to the least represented gender.*

*If only one list is submitted, if no list is submitted, or if only lists are submitted by persons who hold, even jointly, a controlling interest of a relative majority and/or persons associated with the latter pursuant to the provisions of art. 144-quinquies of Consob Regulation 11971/99, the Shareholders' Meeting shall pass resolutions with the majorities required by law, without complying with the above procedure, without prejudice to compliance with the currently applicable regulations in force concerning the gender balance. However, they are subject to different and additional provisions provided by mandatory rules of law or regulations.*

*If one or more directors should leave office during the year, provided that the majority of them are still made up of directors appointed by the Shareholders' Meeting, the procedure provided for in art. 2386 of the Italian Civil Code will be carried out, as indicated below:*

- a) the Board of Directors shall proceed with the replacement of the members of the same list to which the outgoing directors belonged and the Shareholders' Meeting shall resolve, with the majorities required by law, in accordance with the same criterion;*
- b) if there are no previously unelected candidates or candidates with the necessary requisites remaining on the aforesaid list, or in any case if for any reason it is not possible to comply with the provisions of letter a), the Board of Directors shall replace them, just as the Shareholders' Meeting shall subsequently replace them with the majorities required by law without voting from a list.*

*In any case, the Board and the Shareholders' Meeting will proceed with the appointment in order to ensure (i) the presence of independent directors in the minimum overall number required by the current pro tempore regulations, and (ii) compliance with the pro tempore regulations in force regarding gender balance.*

*The Shareholders' Meeting may, however, resolve to reduce the number of members of the Board to that of the Directors in office for the remainder of their term of office. If, for any reason, at least half of the directors appointed by the Shareholders' Meeting cease to hold office, the office of the entire Board shall be deemed to*

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*have ceased; in this case, the remaining directors must urgently call a Shareholders' Meeting to appoint a new Board.*

*The Board will also remain in office until the Shareholders' Meeting has resolved to renew it; until that time, the Board of Directors may only carry out acts of ordinary administration.*

*The members of the Board of Directors are entitled to a fee, to be included in the Company's costs; this fee is established by the Shareholders' Meeting and will remain unchanged until further notice.*

*The members of the Board of Directors are also entitled to the reimbursement of expenses incurred in connection with their duties".*

It is recalled here that the Code provides for the definition and adoption of a succession plan for executive directors by large companies. In this regard, also in consideration of the qualification of the Company as a company with concentrated ownership, the nature of the shareholding structure of the Company, the individual relationship between the Company and the directors, as well as the unique characteristics, in this case, of each of these relationships and subjects as well as of the statutory and regulatory rules envisaged for the appointment and renewal of the Board of Directors, the Board has assessed that it does not have to adopt a succession plan for executive directors. If during the year one or more executive directors resign, they will be replaced according to the provisions of the Articles of Association.

At the date of this Report, there are no provisions in the Articles of Association allowing for the submission of a list by the outgoing Board for the renewal of the administrative body.

As regards further information on the role of the Board of Directors and the internal Board Committees in the functional processes of self-assessment, appointment and succession with reference to the members of the administrative body and/or top management, please refer to Section 7 of this Report.

#### **4.3 COMPOSITION (pursuant to art. 123-bis, paragraph 2, letter d) and d-bis, TUF)**

Pursuant to art. 12 of the Articles of Association, the Company is managed by a Board of Directors composed of a number of members not less than 5 and not more than 19, with adequate competence and professionalism. The directors remain in charge for the period set by the shareholders' meeting resolution for appointment, up to a maximum of 3 financial years and can be re-elected. Their office will cease and they will be re-elected or replaced in accordance with the law and the Articles of Association.

On April 30, 2021, the Company's Ordinary Shareholders' Meeting unanimously appointed, for three financial years and, therefore, until the date of approval of the financial statements ending on December 31, 2023, a Board consisting of 7 Directors.

The members of the Board were identified from among the candidates proposed in the only list filed at the registered office by the majority Shareholder Fraes S.r.l., owner, at the date of filing the list, of a total of 19,087,545 ordinary shares of the Company, equal to 73.53% of the share capital with voting rights at the

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Shareholders' Meeting. The quorum required for the submission of lists on the occasion of the last appointment was 2.5%, as established by Consob resolution no. 44 of January 29, 2021.

In the meeting of April 30, 2021, the Board appointed Giuseppe Maria Garofano as Honorary Chairman until the date of the Shareholders' Meeting called to approve the financial statements at December 31, 2023.

It should also be noted that:

- i. on March 28, 2022, Mr. Luciano Maria Garofano tendered his resignation effective as of March 29, 2022, due to supervening professional commitments, and he also resigned the powers previously granted to him in relation to the identification and preliminary investigation in connection with extraordinary finance and extraordinary transactions;
- ii. on April 27, 2022, Mr. Scoppio, tendered his resignation effective as of May 4, 2022, for strictly personal reasons, as well as for the possibility of pursuing new professional opportunities, from the position of Director, Chief Executive Officer and director in charge of the internal control system of the company PLC S.p.A.

On June 23, 2022, the Board of Directors, following the resignation of Mr. Michele Scoppio, having obtained the evaluations of the Appointments, Remuneration and Stock Option Plans Committee, unanimously appointed by co-option, in accordance with the law and the Articles of Association, with the approval of the Board of Statutory Auditors, Mr. Diego Percopo as Chief Executive Officer of the Company, as of July 1, 2022 and until the date of the Shareholders' Meeting called to approve the financial statements at December 31, 2023, granting him the relevant powers. The Board of Directors also appointed Mr. Percopo as Director in charge of setting up and maintaining the internal control and risk management system.

Moreover, on the same date, the Company's Board of Directors, following the resignation of Mr. Luciano Maria Garofano, having acknowledged the favourable opinion of the Appointments, Remuneration and Stock Option Plans Committee, unanimously appointed by co-option, in accordance with the law and the Articles of Association, with the approval of the Board of Statutory Auditors, Mr. Andrea Sassi as Director of the Company, again as of July 1, 2022 and until the date of the Shareholders' Meeting called to approve the financial statements at December 31, 2023.

As a result of the resolutions adopted by the Board of Directors, the number of members of the Company's Board of Directors was brought back to seven, in compliance with the provisions of the Articles of Association and the resolution passed by the Shareholders' Meeting on April 30, 2021.

On May 31, 2023, the Shareholders' Meeting confirmed the number of Directors on the Board of Directors at 7, as well as co-opting Mr. Diego Percopo and Mr. Andrea Sassi as Directors of the Company until the approval of the financial statements for the Financial Year.

The current Board is therefore composed as follows:

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Board of Directors												
Post held	Member	Year of birth	Date of first appointment	In office From	In office until	List	Exec.	Non exec.	Indep. - Code	Indep. - TUF (Consolidated Law on Finance)	Attendance	Number of other positions held during 2023
Chairman	Francesco Esposito	1953	March 26, 2018	April 30, 2021	2023 Financial Statements approval	M	X				15/15	4
CEO	Diego Percopo	1975	June 23, 2022	June 23, 2022	2023 Financial Statements approval	M	X				15/15	1
Director	Chiara Esposito	1978	March 26, 2018	April 30, 2021	2023 Financial Statements approval	M	X				15/15	0
Director	Graziano Gianmichèle Visentin	1950	April 28, 2010	April 30, 2021	2023 Financial Statements approval	M		X	X	X	15/15	9
Director	Marina D'Artibale	1965	March 26, 2018	April 30, 2021	2023 Financial Statements approval	M		X	X	X	14/15	1
Director	Claudia Crivelli	1973	April 30, 2021	April 30, 2021	2023 Financial Statements approval	M		X	X	X	14/15	2
Director	Andrea Sassi	1973	June 23, 2022	June 23, 2022	2023 Financial Statements approval	M		X	X	X	15/15	0

The number of meetings held by the Board and the internal board committees during the Financial Year are shown below:

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Board of Directors	Control, Risks and Sustainability Committee	Appointments, Remuneration and Stock Option Plans Committee	Board Committee for Transactions with Related Parties
15	8	3	0

Information is provided below on the personal and professional characteristics of each director (art. 144-*octies* and 144-*decies* of the Consob Issuers' Regulations) in office at the date of this Report.

### **Francesco Esposito**

Born in Naples in 1953, he graduated as an electrical engineering technician from State industrial and technical institute A. Volta in Naples.

After obtaining his diploma, he immediately began his professional career, at a high level, with the major energy sector operators on the Italian market, holding various positions, from Project Management to Technical Management.

### **Diego Percopo**

Born in Naples on November 5, 1973, he graduated in Economics and Commerce in 1996 from the Federico II University of Naples.

Executive manager in the energy and utilities sector, with more than 10 years of income statement responsibility and about 10 years of management consulting experience. A professional with a track record of success in setting up new companies and guiding them on their growth path. Extensive management expertise in strategy and business planning, business development and M&A, finance, post-merger integration, engineering and construction, asset management and O&M.

He worked for about 10 years at Bain&Company, and then led, as Chief Executive Officer, EF Solare Italia (a joint venture of F2i and an additional investment fund) from the start-up phase to a leading position in the Italian solar market and entry into foreign markets in 2020.

In 2021, he held the position of Chief Executive Officer at Elgea, a company of the Autostrade per l'Italia Group, dedicated to the construction and management of plants for the production of electricity from renewable sources by enhancing motorway areas.

As of July 1, 2022, he will hold the position of Chief Executive Officer of PLC S.p.A..

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### **Chiara Esposito**

Born in Naples in 1978, she obtained her scientific diploma in 1996. Two years later in 1998 she began her professional career at PLC System S.r.l. dealing with relations and contracts with customers, becoming coordinator of trade fairs and company technical events and company contact person for training courses and school internships; over time she acquired mastery of the tasks assigned to her and became Head of the Technical Service of that company.

This position was held until 2005, before being transferred in 2006 to PLC Service S.r.l., also part of the Group, holding the position of Marketing Manager and Human Resources Manager, always taking care of customer management and relations, also covering other roles up until today, such as:

- manager of internal and external personnel management;
- Chief operating officer.

At present, she is manager of PLC S.p.A. and head of the General Affairs Department.

### **Graziano Gianmichele Visentin**

Born in Albano Laziale in 1950, he graduated in Law from the University of Pavia and in Economic Sciences and Financial Security - Faculty of Law from the Tor Vergata University in Rome.

He is qualified as a chartered accountant and auditor.

Commander of the Italian Republic.

For four years he managed some departments of the Tax Police; for two years he was an official in the Tax Affairs Department of the old "Banco Ambrosiano"; for four years he was head of Tax Services of Banca Cattolica del Veneto; for nine years he was director of Tax Affairs and Financial Statements of the COIN Group; for two years, general manager of Premafin Finanziaria; in 1985, in Treviso, he founded "Visentin & Partners - Studio Legale e Tributario", a firm that provides corporate and tax consultancy, including international consultancy for large corporate groups and M&A.

Former Lecturer in Tax Law and International Tax Law for three "ordinary" courses of the Faculty of Economics at Ca' Foscari University.

He is a teacher at the National School of Administration - SNA Presidency of the Council of Ministers (extraordinary operations) and President of the "Extraordinary Operations" Commission and member of the Direct Taxes Commission of the National Council of Chartered Accountants and Accounting Experts.

He was a member of the Italian Banking Association's Tax Commission for many years.

Author of a hundred or so articles published in leading tax and corporate law journals.

Member of the Committee of Experts of the magazine "Corporate Governance".

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He has gained significant experience as a director, member of the Board of Statutory Auditors of companies (banking, insurance, SIM, asset management company, financial, commercial and industrial - such as, for example, Alitalia, Air One, Miroglio, Fedrigoni, 21 Investimenti, Whirlpool and numerous bancassurance companies), some of which are listed on the stock exchange (Premafin Finanziaria; Fondiaria SAI; Milano Assicurazioni; Alleanza Assicurazioni; Gruppo Coin; Alerion; Ascopiave; Marcolin; Roncadin; Richard Ginori 1735; Indesit Company; Piaggio & C.; H-Farm and Mundys).

### **Marina D'Artibale**

She graduated with honours in Economics and Commerce in Rome, at "La Sapienza" University, and is qualified as a Chartered Accountant and Auditor.

She has developed significant experience as a Director of US multinationals, with experience in various business sectors from Finance to Supply Chain and Logistics, Information Systems, Sales and Marketing Management, moving on to become General Manager at Johnson & Johnson CH BU. She is currently Vice President at Capgemini Invent where she coordinates organisational and digital transformation projects.

In 2023, she received the Minerva Award promoted by Unindustria and Federmanager to honour women managers who have distinguished themselves for their professional contribution and in support of women's empowerment.

In 2015, she was included in the training programme "In the Boardroom" of Valore D, dedicated to women and men who sit and will sit on the boards of directors and control bodies of Italian listed companies, which has trained 500 women in 10 years. She is currently President of the Network Alumnae et Alumni IntheBoardroom by Valore D.

She has been a member of the Board of Directors of companies in the Johnson & Johnson Italy group and Pfizer Italia.

During her career, she has managed several complex projects in the area of Internal Control and Corporate Governance.

She was Market Operations Director at Pfizer CH where she was responsible for the start-up of the OTC business and led several restructuring and merger projects.

She began her career with Arthur Andersen in corporate auditing and certification of financial statements.

### **Claudia Crivelli**

She was born in Lugano in 1973 and graduated *magna cum laude* in Law from the University of Basel and, subsequently, obtained a Master of Laws (LL.M.) in commercial and corporate law from the London School of Economics. She is licenced to practice as a lawyer both in Italy and in Switzerland.

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She worked for years in leading Italian law firms where she mainly dealt with M&A and Corporate Governance, but also with banking and restructuring. She also worked in-house, as head of the legal area of TE Wind S.A. In recent years she has taken on positions as an independent director in listed companies.

### Andrea Sassi

Member of the Milan Law Association.

Born in Milan on June 17, 1973, he graduated in law with top marks from the University of Milan and from Seton Hall University in Newark (NJ – USA); he obtained a Master's degree in Economics and Business Law from the Cattaneo University of Castellanza (VA). From 1999 to 2003, he worked with Studio Chiomenti and from 2003 to 2011, with the law firm Norton Rose Fulbright. Since 2011, he has been a partner in the law firm 4Legal. He deals with corporate and commercial law, as well as secondary (regulatory) legislation applicable to banks, insurance companies, pension funds, and mutual funds. He is an expert in real estate and energy law and was a lecturer in corporate law at the Sole24Ore Business School for several years.

Following the usual annual audit, the following is a list of the positions of Director or Statutory Auditor held by the current Directors in other companies listed on regulated markets (including foreign markets), in financial, banking, insurance or large companies:

Member	List of additional offices
<b>Francesco Esposito</b>	<ol style="list-style-type: none"> <li>1. Director of PLC South Africa Ltd.<sup>1</sup></li> <li>2. Director of Monsson Operation LTD<sup>2</sup></li> <li>3. Director of Monsson Operation S.r.l.<sup>3</sup></li> <li>4. Director of Wind Power Energy S.r.l.<sup>4</sup></li> </ol>
<b>Diego Percopo</b>	<ol style="list-style-type: none"> <li>1. Chairman of the Board of Directors of Schmack Biogas S.r.l.</li> </ol>
<b>Graziano Visentin</b> <b>Gianmichele</b>	<ol style="list-style-type: none"> <li>1. Sole Statutory Auditor of Whirpool Italia S.r.l.</li> <li>2. Standing Auditor of Mundys S.p.A.</li> <li>3. Standing Auditor of Air One S.p.A.</li> <li>4. Standing Auditor of Compagnia Aerea Italiana S.p.A.</li> <li>5. Standing Auditor of Eurostazioni S.p.A.</li> </ol>

<sup>1</sup> Termination of office due to the completion of the voluntary liquidation procedure of PLC South Africa Ltd on March 10, 2023.

<sup>2</sup> Resignation from office following the sale of the entire shareholding held by the Company in Monsson Operation LTD completed on April 5, 2023.

<sup>3</sup> Resignation from office following the sale of the entire shareholding held by the Company in Monsson Operation LTD completed on April 5, 2023.

<sup>4</sup> Resignation from office following the sale of the entire shareholding held by the Company in Monsson Operation LTD completed on April 5, 2023.

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	6. Standing statutory of H-Farm S.p.A. 7. Director of Piaggio & C. S.p.A. 8. Standing statutory of Centomilacandele S.c.p.A. in liquidation 9. Standing Auditor of Texa S.p.A.
<b>Marina D'Artibale</b>	1. Sole Director of San Damiano Dental S.r.l.
<b>Claudia Crivelli</b>	1. Independent director La SIA S.p.A. 2. Lead Independent Director of Caleffi S.p.A.

### Diversity criteria and policies in the composition of the Board and in the company organisation

In accordance with art. 2, Recommendation 8 of the Code, over one third of the Board is made up of directors of the least represented gender. The Issuer and its subsidiaries are aware of the importance of human capital; the sustainable approach is therefore also expressed through the adoption of policies aimed at its protection and evolution. The Issuer and its subsidiaries adopt principles of equality and equal opportunities in the management of human resources and firmly reject any type of discrimination against their employees and collaborators. In addition, all employees of the Issuer and its subsidiaries adhere to the Code of Ethics of the PLC Group, available at the following link: [Code of Ethics \(plc-spa.it\)](http://plc-spa.it), and promote compliance with the principles of equality and equal opportunities in personnel selection and recruitment activities. In fact, in internal and external relations behaviour that is discriminatory based on political and trade union opinions, religious orientation, racial or ethnic origins, nationality, age, sex, sexual orientation and personal and social conditions are not allowed. For details of the data on monitoring equal treatment and opportunities between genders within the entire company organisation, please refer to the sustainability reports prepared from time to time and made available on the Company's institutional website in the dedicated section. In this regard, it is recalled that article 12 of the Articles of Association provides, *inter alia*, that "*Lists with a number of candidates equal to or greater than three must consist of candidates belonging to both genders, so that at least two fifths of the candidates belong to the least represented gender (this number is rounded up to the next higher unit, with the exception of lists consisting of three candidates), or the different percentage required by current legislation*".

### Maximum number of offices held in other companies

As the Company does not qualify as a large company pursuant to the Code, the Board did not deem it appropriate to define general criteria regarding the maximum number of administration and control positions that can be taken on in other companies - listed or unlisted - by its members. In fact, without prejudice to the duty of each Director to personally assess the compatibility of the administration and control positions held with the diligent performance of the tasks taken on as director of the Issuer, it was considered possible to leave the shareholders presenting the lists for the appointment of the directors wide discretion in the choice of candidates, possibly also taking into account, if need be, the criteria proposed by the Code. The Board also

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believes, due to the professional profiles and the contribution provided during the Financial Year, that the current members do not hold a number of positions as such not to allow the proper performance of their duties in the Company.

#### **4.4 OPERATION OF THE BOARD OF DIRECTORS (pursuant to art. 123-bis, paragraph 2, letter d), TUF)**

In accordance with the provisions of the Recommendations of the Code, as well as with the Regulations of the Board, the Chairman of the Board - also with the help of the Secretary – endeavours to ensure that the members of the Board are provided, with the appropriate methods and timing, the documentation and information necessary to act in an informed manner in performing their duties. To ensure that the directors act in an informed manner and to ensure a correct and complete evaluation of the facts brought to the attention of the Board, the documentation and information is sent to the Directors on the same date the meeting is called, where possible, and in any case, as a rule, by the third day prior to the day fixed for the meeting, except in cases of urgency in which the documentation is made available as soon as possible, duly taking into account the possibility where any confidentiality and price sensitivity requirements linked to certain topics (in compliance with the applicable laws and regulations), as well as any urgency related to certain topics (on which the Board is called to rule upon) may make those practices not recommended or not allowed. In 2023, there was no deviation from what was regulated in the Regulations of the Board.

The rules governing the call and conduct of board meetings are contained in the Regulations of the Board and in art. 14 of the current Articles of Association, both already recalled. In particular, the aforementioned board regulation provides that the Board of Directors be convened by the Chairman or by the Chief Executive Officer or, on behalf of the latter, also by another Director or by the Secretary or other person in charge, through a notice containing an indication of the day, time and place of the meeting, as well as the items on the agenda on which to discuss and approve, in compliance with the provisions of art. 14 of the Articles of Association and individual directors may request the Chairman to include items on the agenda.

It is possible that the meetings of the Board of Directors may be held by video-conference or audio-conference, or that only some Directors participate through one of these methods, provided that all the participants can be identified, that it is ascertained (unless otherwise specified in legal and regulatory provisions in force at the time) that the Chairman and Secretary are in the same place and that the participants are allowed to follow the discussion and to intervene in the discussion of the topics and to express their vote, as well as to view any documentation distributed during the meeting in real time. The Chairman or the Chief Executive Officer may invite employees of the Company or subsidiaries or other persons or external consultants, whose presence is deemed useful in relation to the matters to be discussed, to participate in the Board of Directors' meeting.

These persons will in any case be required to comply with the confidentiality obligations envisaged for Board meetings.

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The meeting of the Board of Directors is conducted by the Chairman or by the Chief Executive Officer in the manner deemed most appropriate by them to allow the Board's work to be performed in the best possible manner. The related resolutions are adopted in accordance with the law and the Articles of Association.

Furthermore, pursuant to art. 14 of the Articles of Association, the Board meets whenever the Chairman, or whoever takes his place, deems it appropriate, or if a written request is made to the Chairman by at least two Directors or at least one Auditor.

The meetings of the Board are called by the Chairman, or on his behalf also by another Director or by the Secretary, by registered letter, telegram, fax or e-mail, to be sent at least three days before the date set for the meeting and, in urgent cases, also by telegram, fax or e-mail, to be sent at least one day before the date set for the meeting. In the absence of such formalities, the meeting is deemed to be validly constituted with the presence of all the Directors in office and all the standing members in office of the Board of Statutory Auditors. Board meetings are held at the company's registered office or at another place indicated in the notice of call. It should be noted that during the Financial Year to which this Report refers, some Board meetings were held by means of telecommunications in compliance with the applicable *pro tempore* regulations.

The Board resolves on matters that concern it, with the presence of the majority of the directors in office and by a majority of the votes of those present and, in the event of a tie, the Chairman's vote prevails.

The Chairman shall ensure that adequate information is provided on the matters to be dealt with, also availing himself of the help of presentations and slides prepared for the purpose, as well as of the possible participation of the managers of the Issuer and/or Group companies in charge of the competent corporate functions, depending on the matter to be dealt with on the agenda (some Board meetings were attended during the Financial Year, for example, by the Manager in charge of Financial Reporting, the Head of Legal and Corporate Affairs, the Head of Business Development, the Head of Management and Control, consultants and/or external experts, where involved).

As of the date of this Report, the provisions of the Regulations of the Board appear to have been duly observed. Article 13 of the Regulations of the Board provides that "*Following the meeting or, as a rule, by the day of the following meeting, a draft of the minutes prepared by the Secretary of the Board of Directors and shared with the Chairman or the CEO shall be sent to all Directors and Statutory Auditors for comments.*

*The final text of the minutes is then submitted to the Chairman or the CEO for approval and transcribed in the appropriate company book.*

*The part of the minutes relating to resolutions adopted that require immediate execution may be certified and extracted by the Chairman or the Chief Executive Officer and the Secretary, even prior to the completion of the verification process of the entire minutes, which will also record any interventions.*

*The supporting documentation distributed to the Directors and Statutory Auditors is kept on file in the Company's records.*

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*When envisaged by current and applicable regulations or by the procedures adopted by the Company, the Secretary or the Legal and Corporate Affairs Function shall ensure that the resolutions of the Board of Directors are forwarded to the competent corporate control bodies and functions".*

15 meetings were held by the Board during the Financial Year. The participation percentages of each director in the Board meetings held during the Financial Year are shown below.



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Post held	Member	% Board of Directors
Chairman	Francesco Esposito	100
CEO	Diego Percopo	100
Director	Chiara Esposito	100
Director	Graziano Gianmichele Visentin	100
Director	Marina D'Artibale	93.33
Director	Claudia Crivelli	93.33
Director	Andrea Sassi	100

The average duration of Board meetings for the Financial Year is 80 minutes.

Only one meeting is scheduled for the current financial year, as shown in the calendar of corporate events for the 2024 financial year sent to Borsa Italiana S.p.A. and published on the Company's website. To date, the Board of Directors has already met 4 times during 2024 (including the meeting of March 27, at which it approved this Report).

#### **4.5 ROLE OF THE CHAIRMAN OF THE BOARD OF DIRECTORS**

In the meeting of April 30, 2021, the Board resolved to attribute to the Chairman of the Board, Mr. Francesco Esposito, due to his specific role in the Company's business and his particular expertise, all the powers and attributions deriving from the office by law and by the Articles of Association. In particular, the Chairman of the Board of Directors is entitled to represent the Company before third parties and in court as well as using the corporate signature, all the powers for the ordinary management of the Company, to be exercised with single signature and for amounts not exceeding individually Euro 500,000.00 and with joint signature with the Chief Executive Officer for individual amounts not exceeding Euro 5 million, it being understood that for making money transfers between the accounts held by the Company, as well as for making money transfers in favour of subsidiaries and associates, a joint signature with the Chief Executive Officer is always required.

The Chairman of the Board of Directors is also attributed, by way of example and not limited to, the following powers:

- proposing to the collective bodies the guidelines of the company's policy and the planning of the company's activities;
- supervising the progress of corporate affairs, verifying the correct implementation of the guidelines and resolutions of the collective bodies;

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- ensuring that the Directors are provided with sufficient information to enable them to pass formal resolutions and, in general, to exercise their powers of management, direction and control of the activities of the Company and the Group;
- representing the Company at shareholders' meetings of companies and entities in which the Company participates, exercising the right to vote;
- coordinating the commercial, technical and financial activities of the Company and of the companies in which it has majority or minority interests, with the right to grant and take out loans with said entities in order to optimise the Group's financial resources;
- entering into, signing, accepting, modifying and terminating contracts with third parties relating to the corporate purpose;
- acquiring and disposing of shareholdings in companies and entities, whether incorporated or to be incorporated;
- entering into, modifying and terminating agreements for the opening of credit, loan and financing agreements in general, assets and liabilities, and agreeing credit facilities and other banking facilities;
- requesting, negotiating and stipulating with banks, financial and insurance institutions, the issue, by them, of guarantee deposits and/or sureties connected with the exercise of the company's activities;
- issuing sureties in favour of third parties in the interest also of the investee companies;
- entering into, amending and terminating current account and deposit agreements, and carrying out credit and debit operations within the limits of the credit lines granted;
- making deposits and withdrawals both on available funds and overdrafts within the limits of the credit facilities granted, by cash or by letter or by the issue of cheques and money orders issued or transferred to the Company's order;
- collecting the sums due to the Company from both private individuals and any Public Administration, or from other public or private Entities, issuing the relative receipts;
- hiring and/or dismissing and/or transferring employees, including executives (in the latter case subject to the opinion of the Remuneration Committee limited to executives with strategic responsibilities), deciding and changing their qualifications, functions, salaries (including benefits and ancillary remuneration), and liquidations, categories and duties, applying disciplinary measures against employees within the terms, limits and with the formalities provided for by law, collective and labour agreements and internal staff regulations. He can represent the Company in trade union negotiations, enter into trade union agreements with trade union representatives and with worker and category associations and negotiate trade union disputes and/or employment relationships with the right to settle and reconcile with trade unions or the Local Directorate of Labour. He will also be able to

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maintain relations with welfare institutions with reference to all the staff employed, ensuring compliance with the relative legal obligations on the matter;

- entering into, modifying and terminating purchase contracts, contracts for the supply of goods and services, tenders, leases, including financial leases, even of multi-year duration, with the warning that the contractual relationships relating to or in any case connected to the same transaction, even if to be completed by means of several acts, contribute to forming the maximum amount;
- concluding and signing transactions, reaching arbitration compromises;
- actively and passively representing the Company before any administrative, fiscal and judicial authority, ordinary and special, in any procedure, at any level and place, and therefore with the power to sign any procedural act, with the power to deliberate, propose and sign any request or defence, appeals for any purpose, any procedural act, including in executive, bankruptcy, composition and moratorium procedures;
- granting special powers of attorney and operational powers of attorney to Company employees or third parties within the scope of the powers conferred.

Mr. Esposito, in his role as Chairman of the Board of Directors, also has the mandate as employer with an unlimited amount of expenditure in accordance with Legislative Decree no. 81/08.

In addition, the Chairman of the Board of Directors, with the help of the Secretary, oversaw:

- the pre-meeting information and the complementary information provided during the meetings so that they were suitable to allow the directors to act in an informed manner in performing their role, allowing all the directors to speak, when requested, and to formulate all questions deemed necessary and/or appropriate, always receiving the necessary and timely clarifications;
- coordination between the activities of the internal Board Committees and the Board of Directors, ensuring that the statements of the competent Committees were represented during the Board meetings;
- in agreement with the Chief Executive Officer, that the executives of the Issuer and those of the subsidiaries attend the board meetings to provide appropriate information on the items on the agenda, inviting them to participate in the board meetings and asking them to prepare presentations and documentation in support of the discussion to be left on the records of the Issuer;
- the communication to all the members of the administration and control bodies, after the appointment and during the mandate, of all the initiatives, also through the periodic presentation of the information on the general management trend and its foreseeable evolution, which could provide them with adequate knowledge of the business of the Issuer and its subsidiaries, also with a view to the sustainable success of the Issuer, also providing information regarding risk management and the reference regulatory and self-regulatory framework;

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- the self-assessment process of the management body, with the support of the Appointments, Remuneration and Stock Option Plans Committee, so that it is adequate and transparent, allowing the self-assessment process, as structured by the Committee and the related results, to be an issue subject to discussion by the entire Board of Directors and the Board of Statutory Auditors.

Furthermore, the Chairman, with the support of the competent corporate functions, provides information on any legislative and regulatory changes regarding the Company and the corporate bodies, subsidiaries and investee companies, and supports each Director in studying particular issues that are of interest to them in carrying out their mandate. The Chairman of the Board of Directors can also take the initiatives deemed useful so that the Directors can increase their knowledge of the Company's situation and dynamics for the purpose of more effective performance of their role. In this regard, it should be noted that all the members of the Board and of the Board of Statutory Auditors were also invited - during 2022 - to the training session relating to the updating of the Company's 231 Model held on March 14, 2022, by the Law Firm which supported the Issuer in the preparatory activities for the update.

In addition, the Chairman of the Board, despite being the holder of management powers, is not deemed to be the main person responsible for the management of the Issuer, since a CEO is also present on the Board, substantially holding the same powers, which can be exercised separately. As at the date of this Report.

### **Board Secretary**

Pursuant to art. 13 of the Articles of Association - and in accordance with art. 3 of Recommendation 18 of the Code - the Board of Directors appoints and dismisses, on the proposal of the Chairman, a Secretary, who can also be chosen from among people outside the Company and the Board of Directors, and establishes the duration of his office. The current Secretary is Mr. Fausto Tramontin, head of the Issuer's Legal and Corporate Affairs Function, appointed by the Board of Directors in the meeting on December 1, 2021.

The Secretary has a solid background in the legal and economic field, as well as a consolidated experience in the management of corporate activities and compliance.

The Secretary supports the activities of the Chairman and provides, with impartial judgement, assistance and advice to the Board of Directors on every aspect relevant to the proper functioning of the corporate governance system. The Secretary has the following powers, already carried out during the Financial Year:

- drawing up the minutes of each meeting of the Board of Directors and signing them together with the Chairman;
- overseeing the conservation of the minutes and of the company books;
- supporting the activity of the Chairman;
- providing impartial assistance to the Board of Directors on every aspect relevant to the proper functioning of the corporate governance system.

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In case of absence of the Secretary, the Board of Directors, on the occasion of the individual Board meeting and on the proposal of the Chairman, designates an interim replacement.

#### **4.6 EXECUTIVE DIRECTORS**

##### **Chief Executive Officer**

Pursuant to art. 13 of the Articles of Association, the Board of Directors can delegate its powers to one or more Chief Executive Officers and/or General Managers, determining the limits of the delegation and the signature and representation powers.

The Board of Directors appointed, by co-option, Mr. Diego Percopo as a member of the Board of Directors as of July 1, 2022, also appointing him as Chief Executive Officer and granting him the powers necessary to administer the Company, which are detailed below<sup>5</sup>.

In addition to all the powers and attributions deriving from the office pursuant to the law and the Articles of Association, said powers include those of representing the Company before third parties and in court as well as using the corporate signature and for the ordinary management of the Company, to be exercised (i) with single signature for amounts not exceeding individually Euro 500,000.00 and (ii) with joint signature with the Chairman of the Board for individual amounts not exceeding Euro 5 million, it being understood that for making money transfers between the accounts held by the Company, as well as for making money transfers in favour of subsidiaries and associates, a joint signature with the Chairman of the Board of Directors is always required.

The powers of the Chief Executive Officer also include, by way of example and not limited to, the following:

- proposing to the collective bodies the guidelines of the company's policy and the planning of the company's activities;
- supervising the progress of corporate affairs, verifying the correct implementation of the guidelines and resolutions of the collective bodies;
- ensuring that the Directors are provided with sufficient information to enable them to pass formal resolutions and, in general, to exercise their powers of management, direction and control of the activities of the Company and the Group;
- representing the Company at shareholders' meetings of companies and entities in which the Company participates, exercising the right to vote;

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<sup>5</sup> The Shareholders' Meeting of May 31, 2023 confirmed the appointment of Mr. Diego Percopo as Director of the Company.

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- coordinating the commercial, technical and financial activities of the Company and of the companies in which it has majority or minority interests, with the right to grant and take out loans with said entities in order to optimise the Group's financial resources;
- entering into, signing, accepting, modifying and terminating contracts with third parties relating to the corporate purpose;
- acquiring and disposing of shareholdings in companies and entities, whether incorporated or to be incorporated;
- entering into, modifying and terminating agreements for the opening of credit, loan and financing agreements in general, assets and liabilities, and agreeing credit facilities and other banking facilities;
- requesting, negotiating and stipulating with banks, financial and insurance institutions, the issue, by them, of guarantee deposits and/or sureties connected with the exercise of the company's activities;
- issuing sureties in favour of third parties in the interest also of the investee companies;
- entering into, amending and terminating current account and deposit agreements, and carrying out credit and debit operations within the limits of the credit lines granted;
- making deposits and withdrawals both on available funds and overdrafts within the limits of the credit facilities granted, by cash or by letter or by the issue of cheques and money orders issued or transferred to the Company's order;
- collecting the sums due to the Company from both private individuals and any Public Administration, or from other public or private Entities, issuing the relative receipts;
- hiring and/or dismissing and/or transferring employees, including executives (in the latter case subject to the opinion of the Remuneration Committee limited to executives with strategic responsibilities), deciding and changing their qualifications, functions, salaries (including benefits and ancillary remuneration), and liquidations, categories and duties, applying disciplinary measures against employees within the terms, limits and with the formalities provided for by law, collective and labour agreements and internal staff regulations. He can represent the Company in trade union negotiations, enter into trade union agreements with trade union representatives and with worker and category associations and negotiate trade union disputes and/or employment relationships with the right to settle and reconcile with trade unions or the Local Directorate of Labour. He will also be able to maintain relations with Welfare institutions with reference to all the staff employed, ensuring compliance with the relative legal obligations on the matter;
- entering into, modifying and terminating purchase contracts, contracts for the supply of goods and services, tenders, leases, including financial leases, even of multi-year duration, with the warning that the contractual relationships relating to or in any case connected to the same transaction, even if to be completed by means of several acts, contribute to forming the maximum amount;

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- concluding and signing transactions, reaching arbitration compromises;
- actively and passively representing the Company before any administrative, fiscal and judicial authority, ordinary and special, in any procedure, at any level and place, and therefore with the power to sign any procedural act, with the power to deliberate, propose and sign any request or defence, appeals for any purpose, any procedural act, including in executive, bankruptcy, composition and moratorium procedures;
- granting special powers of attorney and operational powers of attorney to Company employees or third parties within the scope of the powers conferred.

Mr. Percopo is the Issuer's chief executive officer and does not hold any other positions in other listed issuers; therefore no interlocking directorate situations exist.

### **Executive Committee**

The Board did not set up an Executive Committee.

### **Reporting to the Board**

In accordance with the provisions of art. 17 of the Articles of Association which, in turn, incorporates the provisions referred to in paragraph 1 of art. 150 of the Consolidated Law on Finance, the Chief Executive Officer has reported (and reports), at least on a quarterly basis, on the activities and on the operations of greatest economic, financial and equity significance carried out by the Company and its subsidiaries, declaring, if applicable, the existence of a conflict of interest with itself or third parties and the existence of atypical or unusual transactions.

### **Other executive directors**

At the date of this Report, the following were executive directors:

- (i) Chiara Esposito with Human Resource management duties - without prejudice to the competences and powers envisaged for the Appointments, Remuneration and Stock Option Plans Committee - with the attribution of the following powers: hiring and/or dismissing and/or transferring employees, excluding executives, deciding and changing their qualifications, functions, salaries (including benefits and ancillary remuneration), and liquidations, categories and duties, apply disciplinary measures against employees within the terms, limits and with the formalities provided for by law, collective and labour agreements and internal staff regulations. He can represent the Company in trade union negotiations, enter into trade union agreements with trade union representatives and with worker and category associations and negotiate trade union

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disputes and/or employment relationships with the right to settle and reconcile with trade unions or the Local Directorate of Labour. She will also be able to maintain relations with Welfare institutions with reference to all the staff employed, ensuring compliance with the relative legal obligations;

- (ii) Mr. Diego Percopo, by virtue of the position of Chief Executive Officer held by him directly within the Issuer;
- (iii) Mr. Francesco Esposito, by virtue of the position of Chairman of the Board with proxies, held by him directly within the Issuer.

#### **4.7 INDEPENDENT DIRECTORS AND LEAD INDEPENDENT DIRECTOR**

At the date of this Report, 4 (four) members of the Issuer's Board of Directors are in possession of the independence requirements provided for by art. 147-*ter* of the Consolidated Law on Finance and the CG Code.

The Board assesses the existence of the independence and non-executive requirements of the directors pursuant to the TUF, the Code and the qualitative and quantitative criteria defined by the Board itself (see below), on the occasion of the first useful meeting following their appointment and, however, at least once a year.

With regard to the directors appointed by the Shareholders' Meeting of April 30, 2021, the Board originally met, on the same date, to assess the existence of the independence requirements of Directors Graziano Gianmichele Visentin, Marina D'Artibale and Claudia Crivelli. This assessment was successful and, in this regard, a specific press release was also issued on April 30, 2021.

On June 23, 2022, the Board, *inter alia*, assessed the existence of the independence requirements also for the co-opted Director Andrea Sassi. This assessment was positive, as per the press release of June 23, 2022. On April 28, 2023, the assessment on the existence of the independence requirements for all the aforementioned Directors was carried out again, and it was again concluded with a positive outcome.

The most recent assessment on the existence of the independence requirements for all the above-mentioned Directors was most recently carried out, concluding again with a positive outcome, during the Board meeting of March 27, 2024 (the same meeting at which, *inter alia*, this Report was approved).

With specific reference to the director Graziano Gianmichele Visentin, it should be noted that he declared that he did not formally possess the independence requirements provided for by art. 2 of the Code (having held the position of Director of the Issuer for a period of more than nine years in the last fourteen years). Considering the high ethical and professional qualities of the person concerned, as well as his exemplary work while in office and the constant autonomy of judgement, the Board of Directors has deemed it appropriate to evaluate the prevalence of substance over form and, therefore, to recognise the existence, for this Director, of the independence requirement pursuant to the Code.

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Lastly, it should be noted that, in the meeting of December 1, 2021, the Board approved, on the proposal formulated by the Appointments, Remuneration and Stock Option Plans Committee, the following qualitative and quantitative criteria for assessing the significance of the additional relationships and remuneration envisaged by Recommendation no. 7, letter c) and d) of the Code, to be considered alternatively applicable:

- a) performing additional professional services for the Company with respect to the services due by the director for the Company, by reason of his/her office, where the relative annual amount exceeds the sum of Euro 90,000.00;
- b) performing additional professional services for the Company with respect to the services due by the director for the Company, by reason of his/her office, where they represent more than 7.5% of the director's annual turnover or more than 7.5% of the annual turnover of the company or body of which the director has control or is an executive director or of the professional firm, or of the consultancy company, of which he/she is a partner or shareholder;
- c) personal and financial situations that may lead to conflicts of interest and even only potentially hinder the independence of judgement of the director, leaving the assessment case by case to the Board of Statutory Auditors.

The Board of Statutory Auditors normally verifies the correct application of the assessment criteria and procedures adopted by the Board to assess the independence of its members.

With reference to the supervisory activities carried out during the Financial Year, please refer entirely to the Report by the Board of Statutory Auditors on the PLC Financial Statements for the year, as published in accordance with the relevant laws and regulations.

Considering the provisions of art. 2, Recommendation 5 of the Code and due to the Company's qualification as a company with concentrated ownership, no special and additional meeting of the independent directors was held, in the absence of the other directors, with respect to the meetings of the Control, Risks and Sustainability Committee and the Appointments, Remuneration and Stock Option Plans Committee (which are, moreover, composed only of independent directors).

### ***Lead Independent Director***

At the date of this Report, the Board has not designated an independent director as lead independent director. With reference to art. 3, Recommendation 14 of the Code, the Company considered that it was not necessary to appoint such a figure, since a complete and timely flow of information between the directors is in fact guaranteed by company practice and procedures. In addition, regardless of this appointment, during the Financial Year, the independent directors of the Company were able to coordinate their activities and discuss any requests through participation in the Board's internal committees, the latter made up solely of independent and non-executive directors.

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## 5. MANAGING CORPORATE INFORMATION

### Procedure for handling Inside Information

The Company has adopted a procedure for internal management and external communication of confidential and/or inside information, which governs the management and handling of this information, as well as the procedures to be observed for communication, both internally and outside the Company, of documents and information regarding the Issuer and its subsidiaries, with particular reference to inside information.

This procedure effective from April 24, 2018 and last updated on December 1, 2020, defines, among others, the concept of "Inside Information" and identifies the general behaviour the recipients must have with regard to processing these types of information as well as the roles and responsibilities of the various heads of function. The same procedure also contains a descriptive part of the internal management procedures for confidential and inside information, an indicative part of the external communication procedures for confidential and inside information and a section dedicated to the sanctions to be imposed on the recipients in the event of abuse or violation of the law and the procedure. In compliance with the provisions of the aforesaid procedure, the directors, statutory auditors, managers and all employees of Group companies shall keep confidential any inside information relating to the Issuer and its subsidiaries of which they have become aware in the performance of their functions and shall comply with the procedures described in the document for the identification, internal management and communication to the market of such information.

The person in charge of fulfilling the disclosure obligations provided for by the procedure is the Head of Legal and Corporate Affairs.

The procedure is published on the website [www.plc-spa.it](http://www.plc-spa.it) in the Internal risk management system / PLC section.

## 6. INTERNAL BOARD COMMITTEES (pursuant to art. 123-bis, paragraph 2, letter d), TUF)

At the date of this Report, the Company has established the following internal Board Committees:

- Appointments, Remuneration and Stock Option Plans Committee, for the details of which see Section 7.2 below;
- Control, Risks and Sustainability Committee, for the details of which see Section 9.2.

This Report, referring to the Financial Year, will show the structure of the internal committees during this period.

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The Board has allocated the functions of the Related Parties Committee, for details of which see Section 10 below, as provided for in the *"Procedure for Related Party Transactions"* currently in force, to the Control, Risks and Sustainability Committee and/or to the Appointments, Remuneration and Stock Option Plans Committee, depending on whichever is competent in the subject matter of the specific transaction to be resolved.

The Company has not deemed it necessary to entrust the functions of one or more of the committees recommended by the Code to the entire Board.

Minutes of the meetings of each Committee are drawn up by the Chairman of the Committee.

All the Committees have investigative, proposal-making and advisory functions and assist the Board in matters falling within their respective competence.

The Chairman organises the work plan of each Committee and reports (or in the absence thereof, another member of the same Committee) to the entire Board, regarding the activities of the Committee itself, at the first possible meeting.

The duties and composition of each Committee are established by resolution of the Board of Directors when they are established.

The Board determined the composition of the Committees by favouring the skills, experience and professionalism of the relative members, also avoiding an excessive concentration of offices with each member. For more specific information on the composition and professionalism of the Committee members, please refer to the Sections below.

For the sake of completeness, it should be noted that the functions attributed by the Code to the Committees have not been reserved for the entire Board of Directors.

#### **Additional committees (other than those required by regulation or recommended by the Code)**

The Board did not deem it necessary to set up additional committees to those mentioned in the previous paragraph.

## **7. SELF-ASSESSMENT AND SUCCESSION OF DIRECTORS – APPOINTMENTS, REMUNERATION AND STOCK OPTION PLANS COMMITTEE**

### **7.1 Self-assessment and succession of Directors – Appointments, Remuneration and Stock Option Plans Committee**

In accordance with art. 4, Recommendations 21 and 22 of the Code, the Board periodically assesses the size, composition and actual functioning of its internal board committees at least every three years, in view of the renewal of the board of directors, also considering the role played by the Board in defining strategies and monitoring management performance and the adequacy of the internal control and risk management system.

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This self-assessment was most recently carried out by the Board in the meeting of March 20, 2024, with reference to the 2021/2023 three-year period. The self-assessment process was structured, with the support of the Appointments, Remuneration and Stock Option Plans Committee, but without resorting to external consultants, by submitting self-assessment questionnaires to all Board members and, subsequently, by examining the results that emerged. The questionnaire concerned the size, composition and tangible functioning of the management body and its committees, also considering the role it played in defining strategies and monitoring management performance and the adequacy of the internal control and risk management system. From the analysis of the results, no significant critical issues emerged, without prejudice to the existence of margins for improvement with a view to continuous improvement, in order to refine the good functioning of the PLC administrative body and its Committees.

With reference to the position expressed in view of the renewal of the Board of Directors, please refer to what has already been highlighted in the previous Section 4.1.

In compliance with Article 4, Recommendation 23, in view of the renewal of the Board of Directors, the directors, also taking into account the results of the self-assessment, have expressed for the benefit of the Shareholders their orientation on the size and composition, quantitative and qualitative, of the Board of Directors, also in consideration of the diversity criteria established by the applicable legislative, regulatory and Code provisions. On the other hand, the Board did not deem it necessary to require Shareholders who submit a list containing a number of candidates exceeding half of the members to be elected to provide adequate information as to whether the list itself corresponds to the orientation expressed by the Board. The guideline was published at the same time as the notice of the Shareholders' Meeting, in order to ensure an adequate publication time for all Shareholders wishing to submit a list to be adequately considered.

The orientation was made known within the legal deadlines and is available on the Company's institutional website: Investor Relations/Corporate Governance/Meeting/2024.

With regard to the possible succession plan for the chief executive officer and the executive directors, please refer to Section 4.2 above.

## **7.2 Appointments, Remuneration and Stock Option Plans Committee**

On April 30, 2021, the Board established a single Appointments, Remuneration and Stock Option Plans Committee, made up of the following non-executive directors and in possession of the independence requirements pursuant to the Code and the Consolidated Law on Finance: Ms. Marina D'Artibale (Chairwoman), Ms. Claudia Crivelli and Mr. Graziano Gianmichele Visentin. All the aforementioned members of the Appointments, Remuneration and Stock Option Plans Committee are in possession of detailed knowledge and experience in accounting and financial matters, and/or in remuneration policies, deemed acceptable by the Board at the time of appointment.

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### **Composition and operation**

The composition of the aforementioned Committee complies with the criteria set out in the Code with reference to both the Appointments Committee and the Remuneration Committee. In accordance with art. 4, Recommendations 19 and 20 of the Code, in fact, the Appointments, Remuneration and Stock Option Plans Committee is made up of three independent Directors.

At the date of this Report, the Committee has not been assigned any functions and duties other than those envisaged by the Code.

The meetings of the Appointments, Remuneration and Stock Option Plans Committee are coordinated by the Chairman, are regularly minuted and the Chairman gives a statement at the next meeting of the Board of Directors.

During the Financial Year, the Appointments, Remuneration and Stock Option Plans Committee met 3 times, amongst other things, to resolve on: (i) the proposals to the Board for setting the performance objectives for the Financial Year, to which the recognition of variable remuneration is linked and the identification of criteria for the precise determination of the aforementioned variable remuneration; (ii) the approval of the Report on the Remuneration Policy, pursuant to art. 123-*ter* Legislative Decree no. 58/1998, as amended by Legislative Decree no. 49/2019 and Article 84-*quater* of the Consob Issuers' Regulation and (iii) the proposals for the definition of the parameters relating to the variable component of remuneration applicable to the position of the Manager in Charge.

The average duration of the Appointments, Remuneration and Stock Option Plans Committee meetings for the Financial Year was 26.66 minutes.

The number of meetings for the current year is 3, held on March 6, 18 and 25, 2024. At these meetings, the Committee, amongst other things, resolved on: (i) the proposals to the Board for setting the performance objectives for the Financial Year, to which the recognition of variable remuneration is linked and the identification of criteria for the precise determination of the aforementioned variable remuneration; (ii) the approval of the Report on the Remuneration Policy, pursuant to art. 123-*ter* Legislative Decree no. 58/1998, as amended by Legislative Decree no. 49/2019 and Article 84-*quater* of the Consob Issuers' Regulations; (iii) the proposals for the definition of the parameters relating to the variable component of remuneration applicable to the position of the Manager in Charge; and (iv) the self-assessment process of the members of the Board of Directors. Related and consequent resolutions).

The Company's Directors shall abstain from attending Committee meetings at which proposals are made to the Board regarding their remuneration; if necessary, the Chairman and/or the Chief Executive Officer shall attend only as speakers, leaving at the time of voting.

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Participation in Committee meetings by third parties is normally at the invitation of the Committee itself with reference to individual items on the agenda.

At least one representative of the Board of Statutory Auditors attended the Committee meetings, held during the Financial Year, at the invitation of the Committee.

The Board of Statutory Auditors participated in the meetings with a proposal-making and advisory contribution, making its knowledge and experience available to the Committee, allowing it to be kept updated also on the regulatory changes.

<b>Structure of the Appointments, Remuneration and Stock Option Plans Committee</b>					
<b>Post held</b>	<b>Member</b>	<b>Non-executive</b>	<b>Independence as per Code</b>	<b>Independence as per TUF</b>	<b>% attendance</b>
P	Marina D'Artibale	X	X	X	100
M	Graziano Gianmichele Visentin	X	X	X	100
M	Claudia Crivelli	X	X	X	100

#### **Functions of the Appointments, Remuneration and Stock Option Plans Committee.**

The Committee presents proposals for the remuneration of chief executive officers and directors holding particular offices, monitoring the application of the decisions adopted.

At the date of this Report, the Committee performs functions and tasks in line with those provided for by the Code, in fact, the Committee has assisted the Board in the activities of (i) preparing and structuring the assessment process on the size, composition and actual functioning and defining the guidelines of the Board itself, defining the methods, content and timing of the aforementioned process, to which, in this regard, reference should be made.

The activities carried out by the Committee regarding remuneration are described in detail in the Remuneration Report prepared pursuant to art. 123-ter of the Consolidated Law on Finance, to which reference is made.

In performing its functions, the Committee was able to access the information of the corporate functions necessary for the performance of its duties, as well as to avail itself of external consultants (a right which, however, was never exercised during the Financial Year).

During the Financial Year, the Committee did not incur any expenses of any kind for the performance of its duties (e.g. consultancy, opinions, etc.).

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## **8. REMUNERATION OF DIRECTORS**

### **8.1 Remuneration of Directors**

For the information of this section, for the relevant parts, please refer to the Remuneration Report published pursuant to art. 123-*ter* of the Consolidated Law on Finance.

In particular, for more information on:

- the remuneration of executive directors and top management, please refer to Section I para. 6.2 and 8 of the Remuneration Report;
- the remuneration of non-executive directors please refer to Section I para. 6.1 of the Remuneration Report;
- the accrual and disbursement of the remuneration, please refer to Section II, first part letter A of the Remuneration Report; and
- to the compensation of the directors in case of resignation, dismissal or termination of the relationship following a take-over bid, please refer to Section I, para. 4 of the Remuneration Report.

### **8.2 Remuneration Committee**

For the information of this section, please refer to Section 7.2 above and for the remaining relevant parts in Section I of the Remuneration Report published pursuant to art. 123-*ter* of the Consolidated Law on Finance.

## **9. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM – CONTROL AND RISKS COMMITTEE**

The internal control and risk management system in place with the Issuer is divided into a set of rules, procedures and organisational structures aimed at ensuring, with reasonable certainty, through an adequate process of identification, measurement, management and monitoring of the main risks, the management of healthy and correct business consistent with the objectives set, also aimed at pursuing the Issuer's sustainable success.

The overall adequacy of the system contributes to ensuring the achievement of objectives such as the efficiency of corporate and business management, the completeness, reliability and timeliness of accounting and management information, compliance with the laws and regulations in force, as well as the protection of corporate assets and corporate integrity, also in order to prevent fraud to the detriment of the Company and the financial markets.

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As part of its specific duties and responsibilities regarding the operation of the internal control system, the Board of Directors:

- has set up the Control, Risks and Sustainability Committee;
- has set up a Supervisory Body for monitoring the operation of the 231 Model;
- established a committee dedicated to handling whistleblowing reports, composed of: (i) Head of Internal Audit, (ii) Chairman of the Control, Risks and Sustainability Committee and (iii) Head of the Legal and Corporate Affairs Department;
- has appointed a Chief Executive Officer, who is responsible for supervising the operation of the internal control and risk management system;
- has appointed a Head of the Internal Audit Function;
- in accordance with the recommendations of the Code and the principles of governance of international best practice for listed companies, has approved the following documents:
  - o the Procedure for Related Party Transactions;
  - o the Procedure for handling Inside Information;
  - o the Procedure for the fulfilment of the disclosure obligations set forth in art. 150, paragraph 1 of the Consolidated Law on Finance;
  - o the Internal Dealing procedure;
  - o the Code of Ethics of the PLC Group;
  - o the Group Anti-corruption Policy;
  - o the 231 Model consisting of: (i) General Part and (ii) Special Part.

In this regard, it should be noted that, pursuant to art. 114, paragraph 2, of the Consolidated Law on Finance, the Issuer notifies its subsidiaries of: (i) the Procedure for handling Inside Information; and (ii) the Procedure for the fulfilment of the disclosure obligations set forth in art. 150, paragraph 1 of the Consolidated Law on Finance.

In order to identify and monitor the main risks relating to the Issuer and its subsidiaries, in line with the strategies and objectives of sound and correct management set, the Issuer has adopted an approach to the management of corporate risks based on reducing the possibility of negative events occurring.

In particular, the objectives attributed to the Group's internal control system can be summarised as follows:

- ensuring the effective and efficient performance of company activities;
- guaranteeing the reliability, adequacy and correctness of the accounting records, as well as the safeguarding of the company's assets;
- ensuring compliance with current legislation and with the Group's internal regulations and procedures.

The elements that form the basis of the internal control system adopted by the Company, which is subject to continuous monitoring and updating, are as follows:

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- separation of roles and functions in carrying out the operations considered more delicate in terms of the interests involved (segregation of functions);
- traceability of operations;
- control documentation (through the drafting of minutes/reports/mail/subscription etc.);
- decision-making processes management based on criteria that are as objective as possible.

This system is implemented through policies, procedures, organisational structures and controls implemented by the Group companies on the most significant business processes in terms of risk.

The types of control implemented are divided into:

- automatic or manual line controls, both preventive with respect to the single transaction, and of the subsequent type;
- management controls carried out on the performance of companies and individual processes with respect to forecasts.

It should be noted that the Issuer and the entire Group, during 2022, finalised the implementation of a new management system (so called "ERP") which has the further objective of strengthening, standardising minimum levels of control and making the Group's internal control and risk management system even more effective and efficient, with a view to continuous improvement.

In general, the Board is responsible for the management of the Issuer's internal control and risk management system, defines its guidelines, periodically assesses, at least annually, its adequacy, efficacy and effective functioning, making use, in exercising these functions, of the support of the Control, Risks and Sustainability Committee, of the Director in charge of supervising the operation of the internal control and risk management system, of the Head of the Internal Audit Function and the Head of the Organisation Function.

The assessment process starts from the results of the control activities entrusted to the Head of the Internal Audit Function, who reports regularly to the Control, Risks and Sustainability Committee which, in turn, also on the basis of the elements observed directly, informs the Board every six months with a specific report on the adequacy and effectiveness of the internal control system, formulating, where deemed appropriate, its previously shared recommendations also with the Director in charge of supervising the operation of the internal control and risk management system, also taking into account what may be highlighted by the Supervisory Body, Internal Audit, the independent auditors and the Board of Statutory Auditors in their respective periodic reports and/or in any joint meetings, periodically convened.

During the Financial Year, the Board of Directors issued a positive assessment of the adequacy, effectiveness and effective functioning of the internal control system. During the Financial Year and also after December 31, 2023, the control bodies such as the Control, Risks and Sustainability Committee, the Board of Statutory Auditors, the Internal Audit, the Supervisory Body, the independent auditors (EY S.p.A.), the Director in charge of the internal control system, the Manager in charge of Financial Reporting met several times in order to

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exchange information relating to the internal control system for which they are responsible. In this regard, the Internal Audit and the Supervisory Body prepared their own periodic reports and, after their examination, also with the direct participation of those directly involved, the Control, Risks and Sustainability Committee prepared and brought to the attention of the entire Board of Directors its own periodic report.

It is specified that the management and control system inherent to the risks relating to the financial reporting process, last updated on January 26, 2022, is an integral part, and is part of the broader internal control system of the Company and of the Group.

The internal control system for financial reporting is a set of activities designed to identify and evaluate actions and/or events that could compromise the soundness, accuracy, reliability and timeliness of financial information in the event of an occurrence.

The internal control system relating to the process of preparing financial information adopted by the Company is designed to ensure that the administrative and accounting procedures prepared guarantee, with "reasonable certainty", the effectiveness and efficiency of operating activities, the reliability of financial statements information, compliance with the laws and regulations in force and with the accounting standards of reference.

For the analysis of controls on financial reporting, reference was made to the model provided for by the CoSo Report Framework, which allows synergies to be exploited with the activities carried out as part of the analysis of the control system for the purposes of Italian Legislative Decree no. 231/2001 or with the activities carried out by the Internal Audit Function.

A brief description of the main features of said risk management and internal control system in relation to the financial reporting process is provided below.

#### *Operational phases*

The financial reporting control system is divided into the following operational phases:

- analysis of the control environment;
- risk assessment activity aimed at identifying and assessing the areas of risk in which events could occur that could compromise the achievement of the reliability of financial reporting. This activity - which considers both quantitative/dimensional aspects and qualitative aspects (specific, potential or past risk, linked to the activities carried out) - identifies the "relevant" Group companies and company processes;
- analysis of the control system, both at company and process level, both in terms of design and operation;
- the assessment of deficiencies in the control system for financial reporting and corrective actions. If deficiencies/anomalies in the financial reporting control system emerge from the verification of the operation of the controls, the Manager in charge of Financial Reporting (i) identifies and assesses the deficiencies found and (ii) coordinates the corrective actions to be taken for their closure.

#### *Role and functions involved*

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The financial reporting control system is managed by the Manager in charge of Financial Reporting and involves, in various guises, the following corporate functions and roles:

- the heads of the various functions, who, in relation to their area of competence, ensure the completeness and reliability of the information flows to the Manager in charge of Financial Reporting for the purposes of preparing the financial and accounting information;
- the administrative bodies of the subsidiaries.

The Manager in charge of Financial Reporting also interacts with the corporate bodies and precisely with the Board, the Control, Risks and Sustainability Committee, the Board of Statutory Auditors, the Supervisory Body and the Head of the Internal Audit Function, as well as with the independent auditors.

The Manager in charge of Financial Reporting reports to the Control and Risks Committee, the Board and the Board of Statutory Auditors at least every six months regarding the adequacy and operation of the administrative and accounting system.

Based on the checks mentioned, no risks or situations emerged that were not already subject to monitoring by the Company.

The Manager in charge of Financial Reporting, together with the Chief Executive Officer, provides the certification required by art. 154-*bis*, paragraph 5, of the Consolidated Law on Finance.

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Having said that, the control system is - in principle - made up of 5 fundamental, interconnected components that are closely integrated with management processes. All five components, listed below, must coexist for the control system to be effective:

**monitoring**: all activities require periodically evaluation and check of the adequacy, operation and effectiveness of internal controls; the monitoring activity is done, among other things, through (i) the process owners in the certification phase, (ii) the Internal Audit Function as part of its activities to verify the adequacy and effectiveness of administrative procedures and accounting and (iii) the statutory auditor;

**information & communication**: the process is set up to ensure the accurate and timely collection and communication of information; this process provides, among other things: (i) the dissemination of the administrative and accounting procedures and the related training activities by the Company's internal functions, (ii) the sharing of the results of the internal audit activities both with the corporate functions audited and with the Manager in charge of Financial Reporting, the Control, Risks and Sustainability Committee and the Board of Directors, (iii) sharing the results of the activities of the company in charge of the statutory audit regarding the internal control system for financial reporting and the accounting system;

**control activities**: all practices and control procedures established to define the reduction of risks to a sustainable level, ensuring the achievement of company objectives;

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**risk assessment**: the process aimed at ensuring the identification, analysis and management of business risks;

**control environment**: the environment in which individuals operate according to the culture of control dominant in the company organisation.

The objectives of these control activities must clearly be developed, implemented and effectively applied to the entire company organisation, in its various processes.

The Company has prepared a whistleblowing procedure for its employees and third parties. Whistleblowing is the reporting system with which anyone who wishes can contribute to the reporting of risks and/or situations potentially harmful to the Company such as fraud, generic risk or a potentially hazardous situation, by sending a specific report to the body responsible for management.

The ultimate goal of whistleblowing is to manage any reports in order to identify any problems that could arise from a significant corporate offence pursuant to Legislative Decree no. 231/2001.

The Group has set up an IT portal for its employees and third parties to report, in written and verbal form, critical situations for Group companies in compliance with Legislative Decree no. 24/2023 introducing the new whistleblowing regulation in Italy.

The corporate body responsible for handling whistleblowing reports is the committee set up *ad hoc* and dedicated to handling whistleblowing reports, composed of: (i) Head of Internal Audit, (ii) Chairman of the Control, Risks and Sustainability Committee and (iii) Head of the Legal and Corporate Affairs Department.

The members of the aforementioned committee, appointed by the Board, after consulting the Control, Risks and Sustainability Committee, are chosen on the basis of competence and hierarchical level, with the aim of ensuring the most appropriate follow-up to the report made.

Reports are handled by the committee in a transparent manner, through a pre-defined process.

The management of reports for Group companies provides for ways to ensure the involvement of subsidiaries and their respective Supervisory Bodies.

In the event that the report concerns a subsidiary, the Committee also involves a contact person of the company concerned in the investigation phase, in order to ensure the proximity of the handling of the report.

Any relevant reports pursuant to Legislative Decree 231/2001 entail the involvement of the Supervisory Body of the company concerned by the report.

The Whistleblowing Procedure falls within the scope of the internal control and risk management system tools adopted by the Company to combat corruption, ensure fairness and transparency in the conduct of business and the activities carried out and protect its position and reputation.

Whistleblowing therefore is an additional and important part of the internal control and risk management system.

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The Board, on March 27, 2024, having consulted the Control and Risks Committee, the Board of Statutory Auditors and the Director responsible for supervising the functionality of the internal control and risk management system, approved a three-year plan for the Internal Audit Function (2024- 2026).

The Board met with the Head of the Internal Audit Function during the course of the Financial Year (and also thereafter) in order to be updated on the activities carried out in 2023 and early 2024.

### **9.1 CHIEF EXECUTIVE OFFICER**

In accordance with Recommendation 32 of the Code, the Chief Executive Officer is in charge of supervising the operation of the internal control and risk management system, participates in the meetings and activities of the Control, Risks and Sustainability Committee and also constantly reports to the Head of the Internal Audit Function. In this role and context, pursuant to art. 6, Recommendation 34 of the Code:

- a. takes care in identifying the main business risks, taking into account the characteristics of the activities carried out by the Company and its subsidiaries, and periodically submits them to the management body for examination;
- b. implements the guidelines defined by the Board, taking care of the planning, implementation and management of the internal control and risk management system, as well as taking care of its adaptation to the dynamics of operating conditions and the legislative and regulatory landscape;
- c. may entrust the Internal Audit Function with carrying out checks on specific operating areas and compliance with internal rules and procedures in the execution of company operations, simultaneously informing the Chairman of the Board, the Chairman of the Control, Risks and Sustainability Committee and the Chairman of the Board of Statutory Auditors;
- d. promptly reports to the Control, Risks and Sustainability Committee regarding problems and critical issues that emerged in the performance of its business or of which it has in any case been informed so that the Committee can take the appropriate initiatives.

The Director in charge of the internal control and risk management system also participated, as a guest, in the meetings of the Control, Risks and Sustainability Committee, also taking part in discussions between the various control bodies such as: the Committee itself, the Internal Audit Function, the Board of Statutory Auditors, the Supervisory Body, the independent auditors, EY S.p.A.

### **9.2 CONTROL AND RISKS COMMITTEE**

On April 30, 2021, the Board also attributed Sustainability functions to the Control and Risks Committee, establishing the Control, Risks and Sustainability Committee, composed of the following non-executive

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directors and in possession of the independence requirements established pursuant to the TUF and of the Code: Mr. Graziano Gianmichele Visentin (Chairman), Ms. Claudia Crivelli and Ms. Marina D'Artibale.

**Composition and operation of the Control, Risks and Sustainability Committee (pursuant to art. 123-bis, paragraph 2, letter d), TUF)**

During the Financial Year, the Committee met 8 times to carry out evaluations and proposals, among other things, with regard to: (i) to the accounting standards used to prepare the Company's financial statements; (ii) to the meeting with the independent auditors; (iii) to the opinion related to the activities for updating of the Organisation, Management and Control Model pursuant to Legislative Decree no. 231/2001 (general part and special part); (iv) to the examination of the Internal Audit report for the 2022 financial year and for the first half of 2023, as well as the 2023 Internal Audit plan; (v) to the examination of the Supervisory Body's report relating to the second half of 2022 and the first half of 2023; (vi) to the meeting with Internal Audit and the Supervisory Body; (vii) to the examination of the additional report of the statutory auditing firm and the observations of the board of auditors; (viii) to the Annual Report of the Control and Risks Committee relating to 2022; (ix) to updates regarding the Half-Year Financial Report at June 30, 2023 and the statutory audit activity; (x) to the Report of the Control, Risks and Sustainability Committee relating to the first half of 2023; (xi) to the opinion regarding the adoption and/or updating of certain company procedures; (xii) to the sustainability report relating to the 2022 financial year; (xiii) to the examination and opinion regarding the PLC Group's Strategic Sustainability Plan 2024-2027.

The meetings of the Control, Risks and Sustainability Committee; are coordinated by the Chairman, are regularly minuted and the Chairman gives a statement at the next meeting of the Board of Directors.

The average duration of the Control, Risks and Sustainability Committee meetings for the Financial Year was 66 minutes.

The number of meetings for the current year is 3, held on March 6, 18 and 25, 2024. Participation in Committee meetings by third parties usually takes place at the invitation of the Committee itself with reference to individual items on the agenda, also informing the Director in charge of the internal control system.

At least one representative of the Board of Statutory Auditors attended the Committee meetings, held during the Financial Year, at the invitation of the Committee.

The Board of Statutory Auditors participated in the aforementioned Committee meetings with a proposal-making and advisory function, ensuring a constant flow between the two control bodies and, in particular, making its knowledge and experience available to the Committee, thus enabling the latter to be always and promptly updated (also with regard to regulatory changes).

All members of the Committee have adequate accounting and financial expertise.

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Structure of the Control, Risks and Sustainability Committee					
Post held	Name	Non-executive	Independence as per Code	Independence as per TUF	% attendance
P	Graziano Gianmichele Visentin	X	X	X	87.5
M	Marina D'Artibale	X	X	X	100
M	Claudia Crivelli	X	X	X	100

### Functions attributed to the Control, Risks and Sustainability Committee

At the date of this Report, the Committee performs functions and tasks in line with those envisaged by the Code, to which reference is made in this regard:

- a. it supports the Board in carrying out the tasks entrusted to the latter by the Code regarding internal control and risk management;
- b. after consulting the Manager in charge of Financial Reporting, the statutory auditor and the control body, it assesses the correct use of the accounting standards and, in case of groups, their uniformity for the purpose of drawing up the consolidated financial statements;
- c. it evaluates the suitability of periodic, financial and non-financial information, to correctly represent the business model, the strategies of the Company, the impact of its activities and the performances achieved, coordinating with any committee envisaged by Recommendation 1, letter a) of the Code;
- d. it examines the content of periodic non-financial information relevant to the internal control and risk management system;
- e. it expresses opinions on specific aspects relating to the identification of the main business risks and supports the assessments and decisions of the management body relating to the management of risks deriving from prejudicial facts of which the latter has become aware;
- f. it examines the periodic reports and those of particular importance prepared by the Internal Audit Function;
- g. it monitors the autonomy, adequacy, effectiveness and efficiency of the Internal Audit Function;
- h. it may request that the Internal Audit Function carry out checks on specific operating areas, giving simultaneous communication to the Chairman of the Board of Statutory Auditors;
- i. it reports to the management body at least on the occasion of the approval of the yearly and half-yearly financial report, on the activities carried out as well as on the adequacy of the internal control and risk management system.

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During the Financial Year, the Committee dealt with the above activities with particular reference to the tasks of internal control, informing the Board of the activities carried out during the period, assessing the adequacy of the Issuer's internal control system, verifying the correct use of accounting standards and their uniformity for the purposes of preparing the consolidated financial statement. During the Financial Year, the Committee also dealt with and was involved in the activities aimed at the drafting and subsequent publication of the Sustainability Report for the year 2022 and the reporting of non-financial data for the Financial Year, as well as the activities for the Group's 2024-2027 Strategic Sustainability Plan (from the phase of the beauty contest of the external consultant to support the activities until the approval of the plan itself).

The meetings of the Control, Risks and Sustainability Committee, held during the Financial Year, were also attended, at the invitation of the Chairman of the Committee, the Chief Executive Officer, the Head of the Internal Audit Function, the independent auditors, the Supervisory Body, the Manager in Charge and the Director in charge of the internal control system, the Organisation Manager.

In carrying out its functions, the Control, Risks and Sustainability Committee has the right to access the corporate information and functions necessary for the performance of its duties and to make use of external consultants.

The Control, Risks and Sustainability Committee does not have specific financial resources available to carry out its duties.

### **9.3 HEAD OF THE INTERNAL AUDIT FUNCTION**

In the meeting of December 18, 2023, – in compliance with Article 6, Recommendation 33 letter. b) of the Code, pursuant to which the Internal Audit Function can be entrusted to a person external to the Issuer, provided that they have adequate professionalism, independence and organisation requirements - the Board of Directors has renewed the role of Head of the Internal Audit Function previously conferred on Renato Marro, partner of the Risk Advisory Services of the consultancy firm BDO Advisory Services Srl, with the new mandate expiring on December 31, 2026.

The appointment was made on the proposal of the Director in charge of supervising the operation of the internal control and risk management system, subject to the favourable opinion of the Control and Risks Committee and after consulting the Board of Statutory Auditors.

The Board determined the remuneration of the Head of the Internal Audit Function in a manner consistent with company policies, making sure that the resources available to the Internal Audit Function are adequate for the performance of its duties.

The Head of the Company's Internal Audit Function at the date of this Report is not responsible for any operating area and does not hierarchically depend on any area manager.

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The Head of the Company's Internal Audit Function has direct access to all information useful for the performance of his assignment, reports on his work to the Control, Risks and Sustainability Committee, to the Board of Statutory Auditors and to the Director in charge of supervising the operation of the internal control and risk management system.

The internal control activity implemented by the Head of the Internal Audit Function from the date of conferment of the assignment was carried out in accordance with the mandate received from the Board and following the Board's approval of the activity plan, on which the Control and Risks Committee, having consulted the CEO and the Board of Statutory Auditors, previously issued a positive opinion.

In particular, as part of his activity, the Head of the Internal Audit Function:

- a) verified, both on an ongoing basis and in relation to specific needs and in compliance with international standards, the operation and suitability of the internal control and risk management system, through an audit plan approved by the Board of Directors, based on a structured process of analysis and order of priority of the main risks;
- b) prepared periodic reports containing adequate information on his activities, on the ways in which risk management is conducted as well as on compliance with the plans defined for their containment. The periodic reports contain an assessment of the suitability of the internal control and risk management system;
- c) also at the request of the supervisory body, promptly prepares reports on events of particular significance, cases that did not occur up to the date of this Report;
- d) sent the reports referred to in letter b) to the chairmen of the Board of Statutory Auditors, the Control, Risks and Sustainability Committee and the Board of Directors, as well as to the Chief Executive Officer, except in cases in which the subject of these reports specifically concerned the activities of such persons;
- e) verified, as part of the audit plan, the reliability of information systems including accounting.

At the start of the 2024 financial year, the Head of the Internal Audit Function:

- updated the Internal Audit Function's three-year plan for 2024-2026;
- reported on related work and the results of the activities carried out to the Control, Risks and Sustainability Committee, to the Company's Board of Statutory Auditors, to the Director in charge of supervising the operation of the internal control and risk management system in a joint meeting between the control bodies which was also attended by the Supervisory Body and the independent auditors EY S.p.A.

#### **9.4 ORGANISATIONAL MODEL PURSUANT TO ITALIAN LEGISLATIVE DECREE NO. 231/2001**

The Issuer has adopted its own 231 Model and, during 2022, approved the last updating of corporate documents on the administrative liability of entities pursuant to Legislative Decree no. 231/2001.

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This update was necessary, on one hand, in light of the organisational changes that affected the Company after the approval of the last update and, on the other hand, following the introduction of further types of crime within the catalogue of predicate offences referred to in Legislative Decree no. 231/2001, so as to ensure its effectiveness in the face of changes in the company's activities and the risks associated with the offences monitored. The latest update of Model 231 was approved on January 26, 2022.

The procedures and operating instructions for the control of the offence areas have also been revised.

The 231 Model is made up of the following documents:

- (i) Code of Ethics of the PLC Group;
- (ii) 231 Model - General Section;
- (iii) 231 Model - Special Section.

Within the scope of the current 231 Model, all the categories of offences that are relevant pursuant to Legislative Decree no. 231/2001 have been analysed on the date of delivery of the relevant risk assessment report, such as, for example, the following offences: violation of the cybersecurity perimeter introduced in art. 24-*bis* of Legislative Decree no. 231/2001 by Law no. 133 of November 18, 2019; tax offences provided for in art. 25-*quinquiesdecies* of Legislative Decree no. 231/2001; offences introduced by Legislative Decree no. 75 of July 14, 2020 ("*Implementation of Directive (EU) 2017/1371 on the fight against fraud to the Union's financial interests by means of criminal law*").

Upon the outcome of this analysis, the following categories of offence deemed relevant for the Company were identified:

- computer crimes and unlawful data processing (art. 24-*bis* of Legislative Decree no. 231/2001);
- organised crime offences (art. 24-*ter* of Legislative Decree no. 231/2001);
- corporate crimes (art. 25-*ter* of Legislative Decree no. 231/2001);
- market abuse crimes (art. 25-*sexies* of Legislative Decree no. 231/2001);
- manslaughter or serious or very serious injuries committed in violation of the rules on the protection of health and safety at work (art. 25-*septies* of Legislative Decree no. 231/2001);
- receiving, laundering and using money, goods or benefits of illegal origin, as well as self-laundering (art. 25-*octies* of Legislative Decree no. 231/2001);
- crimes relating to violation of copyright (art. 25-*novies* of Legislative Decree no. 231/2001);
- inducement not to make statements or to make false statements to the judicial authority (art. 25-*decies* of Legislative Decree no. 231/2001);
- employment of illegally staying third-country nationals (art. 25-*duodecies* of Legislative Decree no. 231/2001);
- racism and xenophobia (art. 25-*terdecies* of Legislative Decree no. 231/2001);

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- tax offences (art. 25-*quinqüesdecies* of the Decree);
- transnational crimes (art. 10, Law 146/2006).

On June 28, 2021, the Board appointed the Supervisory Body, in the persons of Mr. Alfonso Dell'Isola (Chairman), Ms. Silvana Del Monaco and Mr. Fausto Tramontin, who will hold office for three financial years from appointment.

The updating of 231 Model also involved the subsidiaries PLC System S.r.l., PLC Service S.r.l., PLC Service Wind S.r.l. and Schmack Biogas S.r.l. which have each adopted their own organisation and management model, pursuant to Legislative Decree no. 231/01.

The documentation relating to the current 231 Model - General Section - of the Issuer and of the companies as identified above is available on the Company's institutional website, Internal risk management system section.

During the Financial Year, the Company engaged a specialised consultant for a new update of the 231 Model. This update is necessary, on one hand, considering the organisational changes that affected the Company after the approval of the last update and, on the other hand, following the introduction of further types of crime within the catalogue of predicate offences referred to in Legislative Decree no. 231/2001.

#### **9.5 INDEPENDENT AUDITORS**

The independent auditors of the Company at the date of this Report is EY S.p.A., appointed by the Shareholders' Meeting on June 23, 2015 for a term of 9 years and, therefore, until the date of the Meeting convened to approve the financial statements at December 31, 2023.

In the meeting of June 9, 2023, the Board of Directors, among other things, acknowledged and examined the additional report of the independent auditors and the related observations made by the Board of Statutory Auditors.

#### **9.6 MANAGER IN CHARGE OF FINANCIAL REPORTING AND OTHER COMPANY ROLES AND FUNCTIONS**

Given that the Issuer's Articles of Association provide that the Manager in charge of financial reporting is appointed by the Board of Directors, subject to the mandatory opinion of the Board of Statutory Auditors, following the resignation of Cecilia Mastelli on December 22, 2022, the Board has appointed Marco Aulisa as the new Manager in charge of financial reporting, effective from January 9, 2023, until the approval of the financial statements for the financial year ended December 31, 2023, subject to early revocation, attributing - in line with as already determined for Ms Mastelli - all the necessary powers and related organisational, directive, ordering, supervisory and control responsibilities, including the responsibility to maintain, through

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constant updating interventions, adequate administrative and accounting procedures for the preparation of the separate annual financial statement and consolidated financial statement, which are specific to said Function. It should be noted that, in order to avoid a vacancy in the office in the period between the effective date of Ms. Mastelli's resignation (i.e. December 31, 2022) and the effective date of Mr. Aulisa's employment (i.e. January 9, 2023), the Board also established that the position of Manager in Charge would be held, *ad interim*, during this period, by the Chief Executive Officer, Mr. Diego Percopo.

In accordance with the provisions of the Articles of Association, the Manager in charge of Financial Reporting meets the requisites of integrity required by current legislation for those who carry out administrative and management functions, as well as the requisites of professionalism characterised by specific competence in administrative, accounting and financial matters. The Manager in charge of Financial Reporting has the powers and means necessary to carry out his duties and an annual budget of Euro 15,000.

#### **9.7 COORDINATION BETWEEN THE PARTIES INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

During the Financial Year, coordination between the parties involved in the internal control and risk management system was ensured by the meetings, including informal ones, held between the members of these bodies, as well as by the periodic meetings in which all control bodies took part. Furthermore, after these the Chairman of the Control, Risks and Sustainability Committee and the Chairman of the Board of Statutory Auditors reported to the Board about the results of these meetings and any aspects for improvement that emerged from the discussions held.

The Company provides methods of coordination between the various parties involved in the internal control and risk management system (Board, Director in charge of supervising the operation of the internal control and risk management system, Control, Risks and Sustainability Committee, Board of Statutory Auditors, Supervisory Body, the Head of the Internal Audit Function, the Manager in charge of Financial Reporting, independent auditors and other corporate roles and functions with specific tasks regarding internal control and risk management), in order to maximise the efficiency of the internal control and risk management system and to reduce duplication of activities, as required by the Code.

As PLC Directors are members of the Control, Risks and Sustainability Committee, and by participating in the Board meetings, they always have constant knowledge of the performance of the corporate activity on one hand, while, on the other, they constantly inform the Board, during its meetings, of the activities carried out by the Committee.

Moreover:

- (a) the Head of the Internal Audit Function participates in the Control, Risks and Sustainability Committee meetings;

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- (b) the Board of Statutory Auditors routinely participates in the Control, Risks and Sustainability Committee meetings;
- (c) the Head of the Internal Audit Function sends the Audit Reports relating to the audits directly to the interested parties within the Company and reports on the outcome of the audits and the follow-ups carried out to the relevant control bodies, including the Control, Risks and Sustainability Committee.

The coordination between the subjects listed above is carried out through continuous discussion also in specific, periodic meetings, in which the individuals report on the activity carried out in the single reference period.

## 10. DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES

On June 28, 2021, the Board updated the "*Procedure for Related Party Transactions*", which entered into force on July 1, 2021, in compliance with the requirements laid down by the applicable laws and regulations.

The RPT Procedure - also taking into account the current composition of the internal board committees - provides that the RPT Committee (as defined in the aforementioned RPT Procedure) shall be composed, regardless of the value of the transaction with related parties, of three unrelated independent directors who are identified, depending on the subject matter under examination, with the members of the Control, Risks and Sustainability Committee or the Appointments, Remuneration and Stock Option Plans Committee.

The RPT Procedure, which implements the definitions, principles and guidelines contained in the Consob Regulations on Related Party Transactions is available on the institutional website and includes, among other things:

- i. the establishment of a register by the Company, in which the related parties of the Group are included;
- ii. the distinction between:
  - a) transactions of greater relevance, or those in which at least one of the "relevance indices" envisaged (value relevance index, asset relevance index and liability relevance index), is greater than the 5% threshold;
  - b) transactions of small amounts, or those in which the relevance indices referred to in the previous letter a), applicable according to the specific transaction, are below the threshold: (i) equal to Euro 80,000.00 in the case of contracts concluded with Related Parties who are physical persons; (ii) equal to Euro 160,000.00 in the case of contracts concluded with Related Parties who are legal entities;

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- c) transactions of lesser relevance, or by exclusion those other than the previous ones;
  - d) transactions of greater relevance following the accumulation of transactions.
- iii. the regulation, both of the composition and of the operation of the Related Parties Committee, whose functions were assigned by the Board most recently on April 30, 2021, to the Control, Risks and Sustainability Committee and/or to the Appointments, Remuneration and Stock Option Plans Committee depending on the competence for the subject of the approved transaction and as better illustrated above;
- iv. the provision, due to its qualification as a smaller company pursuant to the Consob Related Party Regulation, that the procedure for approving transactions with related parties (which are not the responsibility of the Shareholders' Meeting, for which there are *ad hoc* provisions, and must not be authorised by it) is the same for both the transactions of greater relevance and for transactions of lesser relevance.

The procedure distinguishes, *inter alia*:

- a) specific procedures for transactions with related parties put in place by the Issuer's subsidiaries;
- b) the possibility of adopting framework resolutions relating to a series of homogeneous transactions with certain categories of related parties;
- c) exclusion from the application of the procedure in question:
  - (i) to Shareholders' Meeting resolutions:
    - referred to in art. 2389, first paragraph, of the Italian Civil Code, relating to the remuneration due to the members of the Board of Directors and the executive committee if appointed;
    - regarding the remuneration of directors vested with particular offices falling within the total amount previously determined by the Shareholders' Meeting pursuant to art. 2389, third paragraph, of the Italian Civil Code;
    - concerning the remuneration of the members of the Board of Statutory Auditors pursuant to art. 2402 of the Italian Civil Code.
  - (ii) to transactions involving a small amount, as defined therein;
  - (iii) to transactions approved by the Company and addressed to all Shareholders on equal terms, including:
    - capital increases with option rights, also in the service of convertible bond loans, and free share capital increases provided for in art. 2442 of the Italian Civil Code;
    - full or partial demergers strictly speaking, with proportional share allocation criteria; and
    - the reduction of the share capital by reimbursement to shareholders provided for in art. 2445 of the Italian Civil Code and purchases of treasury shares pursuant to art. 132 of the Consolidated Law on Finance.

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- (iv) the share-based compensation plans approved by the shareholders' meeting pursuant to art. 114-*bis* of the Consolidated Law on Finance and the related executive transactions;
- (v) to resolutions, other than those indicated above, regarding the remuneration of directors vested with particular offices, as well as other executives with strategic responsibilities, provided that
  - (i) the Company has adopted a remuneration policy, with the involvement of the Company's Appointments, Remuneration and Stock Option Plans Committee, consisting exclusively of non-executive directors, the majority of whom are independent, approved by the Shareholders' Meeting; (ii) the remuneration awarded is identified in accordance with this policy and quantified based on criteria that do not involve discretionary assessments;
- (vi) to ordinary transactions concluded at conditions equivalent to those of the market;
- (vii) to transactions carried out with or between subsidiaries, including jointly, as well as transactions with associates, if there are no significant interests of other related parties of the Company in the subsidiaries or associated counterparties to the transaction. The assessment of the significance of the interests will be carried out by the Company from time to time, based on any equity and/or shareholding relations between the subsidiaries or associates and the other related parties of the Company.

In particular, the RPT Committee carries out the tasks assigned to it by the RPT Procedure and, in particular, holds an advisory and proposal-making role for the Board of Directors on RPT matters, also being able to make proposals to the Board of Directors regarding the amendment and/or revision of the RPT Procedure. Furthermore, the RPT Committee is called upon to verify - based on the information received from the Company - the correct application of the RPT Procedure and, in particular, the correct application of the conditions of exemption for transactions of greater relevance, as required by art. 10 of the RPT Procedure.

For the purpose of carrying out its duties, the RPT Committee may request the assistance of the Company's internal functions relevant for this purpose, or request and obtain the information deemed necessary.

The RPT Committee may be assisted, at the Company's expense, by one or more independent experts of its choice, as identified in the RPT Procedure.

To perform its activities, the RPT Committee may be recognised by the Board of Directors an annual budget to be included in the Company's budget, the use of which the RPT Committee will subsequently provide appropriate reporting during the next Board of Directors' meeting after its use. In this case, the expenses for independent expert opinions exceeding the amount established by the Board of Directors must be communicated in advance to the Chief Executive Officer or the Chairman of the Board of Directors.

For further details, please refer to the aforementioned RPT Procedure, available at the following link: [procedura-operazioni-con-parti-correlate.pdf \(plc-spa.it\)](http://www.plc-spa.it/procedura-operazioni-con-parti-correlate.pdf).

In accordance with the provisions of Article 2391 of the Civil Code, the directors who have an interest (on their own behalf or on behalf of third parties, even potential or indirect) in the Company's operations, promptly and

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fully inform the Board about the existence and nature of this interest; communication can be made in any way, even orally, during board meetings, or by sending a written memorandum to the Chairman of the Board of Statutory Auditors.

If the Chief Executive Officers have an interest, they shall refrain from carrying out the transaction in question and refer the matter to the Board.

There were no meetings of the RPT Committee during the Financial Year.

## **11. BOARD OF STATUTORY AUDITORS**

### **11.1 Appointment and replacement**

With reference to the appointment and replacement of the members of the Board of Statutory Auditors, art. 18 of the Articles of Association provides as follows:

*"The Shareholders' Meeting shall appoint the Board of Statutory Auditors, composed of three standing members and two alternate members, who may be re-elected, and shall determine their remuneration. The powers, duties and duration shall be those laid down by law.*

*The Statutory Auditors must meet the requirements of current legislative and regulatory provisions.*

*The appointment of Statutory Auditors is carried out on the basis of lists submitted by the Shareholders in accordance with the procedures set out in the following paragraphs, in order to ensure that the minority can appoint one standing Statutory Auditor and one alternate Statutory Auditor, and in compliance with the currently applicable regulations governing gender balance.*

*The lists, which contain the names, marked with a progressive number, of one or more candidates, indicate whether each candidate is nominated for the office of Standing Auditor or for the office of Alternate Auditor.*

*The lists shall contain a number of candidates not exceeding the number of members to be elected. Each candidate may appear on only one list under penalty of ineligibility.*

*Lists with a total number of candidates equal to or greater than three must consist of candidates belonging to both genders so that at least two fifths belong to the less represented gender in the same list, (this number is rounded up to the next higher unit, with the exception of lists consisting of three candidates), or the different percentage required by the current pro tempore legislation, for candidates for the office of standing Auditor as well as the candidates for the office of alternate Auditor.*

*Lists may be presented by Shareholders who, alone or together with others, own a total number of shares with voting rights representing at least 2.5% (two point five per cent) of the share capital with voting rights in the Ordinary Shareholders' Meeting or, if different, the maximum percentage that may be permitted or referred to by law or regulations.*

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*Each member, the shareholders subscribing to a relevant shareholders' agreement pursuant to art. 122 of Legislative Decree no. 58/1998, the parent company, subsidiaries and companies subject to joint control may not present or contribute to the presentation, even though a third party or trust company, of more than one list, nor may they vote for different lists, and each candidate may appear on one list only, on pain of ineligibility. Subscriptions and votes expressed in violation of this prohibition shall not be assigned to any list.*

*The lists, signed by those who present them, must be deposited at the registered office of the Company at least twenty-five days before the date set for the Shareholders' Meeting on first call and this will be mentioned in the notice of call, without prejudice to any further forms of publicity and without prejudice to further and different terms prescribed by the rules and regulations in force at the time.*

*Without prejudice to compliance with any further procedural responsibility prescribed by the laws and regulations in force, together with each list, the shareholders must at the same time submit to the company's registered office:*

- (i) information on the identity of the shareholders who submitted the lists, indicating the total percentage of shareholding held;*
- (ii) exhaustive information on the professional and personal characteristics of each candidate, the declarations in which the individual candidates accept their nominations and certify, under their own responsibility, that there are no reasons for ineligibility or incompatibility, as well as the existence of the requirements prescribed by current legislation for holding the office of auditor and the list of any administration and control positions held in other companies;*
- (iii) a declaration by the shareholders other than those who hold, even jointly, a controlling interest or a relative majority, certifying the absence of any relationship as provided for in art. 144-quinquies of Consob Regulation 11971/99 with the latter.*

*The first two candidates on the list that obtains the highest number of votes and the first candidate on the list that will be second in number of votes and that is not connected, even indirectly, with those who presented or voted for the list that obtained the highest number of votes will be elected as standing auditors.*

*The first alternate candidate on the list obtaining the highest number of votes and the first alternate candidate on the list obtaining the second highest number of votes pursuant to the preceding paragraph shall be elected as Alternate Auditors.*

*In the event of a tie between two or more lists, the eldest candidates shall be elected as Statutory Auditors until the number of posts to be filled is reached.*

*If the composition of the Board of Statutory Auditors is not ensured by the methods indicated above, in its standing members, in compliance with the currently applicable regulations concerning gender balance, the necessary replacements will be made, within the candidates for the office of standing auditor on the list that obtained the highest number of votes, according to the progressive order in which the candidates are listed.*

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*The Chairman of the Board of Statutory Auditors shall be the candidate on the list that received the second highest number of votes, in accordance with the provisions of the preceding paragraphs.*

*If only one list is proposed or no list is proposed or if only lists are presented by persons who hold, even jointly, a controlling interest or relative majority and/or persons associated with the latter pursuant to the provisions of art. 144-quinquies of Consob Regulation 11971/99, the candidates on the list itself or those voted by the Shareholders' Meeting shall be elected Standing and Alternate Auditors, provided that they obtain a relative majority of the votes cast at the Shareholders' Meeting, without prejudice to compliance with the currently applicable regulations regarding gender balance.*

*In the event of termination of the office of an Auditor, the alternate auditor belonging to the same list as the auditor to be replaced shall take over.*

*If the regulatory and/or statutory requirements are no longer met, the Auditor shall cease to hold office.*

*In the event of the replacement of an Auditor, the alternate auditor belonging to the same list as the outgoing auditor shall take over, or, failing that, in the event of the cessation of the minority auditor, the candidate subsequently placed on the same list to which the outgoing auditor belonged or, alternatively, the first candidate on the minority list that obtained the second highest number of votes.*

*It is understood that the chairmanship of the Board of Statutory Auditors will remain in the hands of the minority auditor and that the composition of the Board of Statutory Auditors must comply with the currently applicable rules regarding gender balance.*

*When the Shareholders' Meeting is required to appoint standing and/or alternate auditors to complete the Board of Statutory Auditors, the following procedure shall be followed: if it is necessary to replace auditors elected from the majority list, the appointment shall be made by a relative majority vote without list constraints; if, on the other hand, it is necessary to replace auditors elected from the minority list, the Shareholders' Meeting shall replace them by a relative majority vote, choosing them from among the candidates indicated on the list of which the auditor to be replaced was a member, or on the list of minority shareholders that received the second highest number of votes.*

*If the application of these procedures does not allow, for any reason, the replacement of the auditors appointed by the minority, the Shareholders' Meeting shall proceed with a relative majority vote; however, in ascertaining the results of the latter vote, the votes of the shareholders who, according to the communications made pursuant to current regulations, hold, even indirectly or jointly with other shareholders who are parties to a relevant shareholders' agreement pursuant to art. 122 of Legislative Decree no. 58/1998, the relative majority of the votes that can be exercised at the Shareholders' Meeting, as well as of the shareholders who control, are controlled or are subject to joint control by the same or by the shareholders in a relationship whereby there is a significant influence with the shareholders who hold, even jointly, a controlling or relative majority shareholding pursuant to art. 144-quinquies of Consob Regulation 11971/99, shall not be included.*

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*The replacement procedures referred to in the preceding paragraphs must in any case ensure compliance with the current rules on gender balance.*

*The members of the Board of Statutory Auditors attend the Shareholders' Meetings and the meetings of the Board of Directors and the Executive Committee, where established.*

*The Board of Statutory Auditors must meet at least every ninety days.*

*Meetings of the Board of Statutory Auditors may also be held by audio or video conference, provided that all participants can be identified and are allowed to follow the discussion and take part in real time in the discussion of the issues addressed. If these requirements are met, the Board of Statutory Auditors is considered to be held at the registered office, where at least one auditor must be present. The subjects strictly related to the activity of the company are: financial market law, commercial law, architecture, engineering".*

In addition to the provisions of the Consolidated Law on Finance applicable from time to time, the Issuer is not subject to the application of further rules.

## **2.2 Composition and operation of the Board of Statutory Auditors (pursuant to art. 123-bis, paragraph 2, letter d) and d-bis), TUF)**

The ordinary Shareholders' Meeting of the Company, on April 30, 2021, unanimously appointed as members of the Company's Board of Statutory Auditors, who remain in office for three years and, therefore, until the date of approval of the annual financial statement at December 31, 2023, the candidates proposed on the only list filed at the registered office presented by the Shareholder Fraes S.r.l., owner of 73.53% of the Company's share capital.

The *quorum* required for the submission of lists on the last appointment was 2.5%, as established by Consob resolution no. 44 of January 29, 2021.

The Board of Statutory Auditors met 14 times during the Financial Year.

The average duration of the Board of Statutory Auditors' meetings for the Financial Year was 135 minutes.

At the time of their appointment, the Shareholders' Meeting verified that the Statutory Auditors met all the requirements laid down by current legislation for taking office and the Board of Statutory Auditors in office at the date of this Report annually assessed the continued independence of its members, also in the light of all the criteria set out in the Code for Directors.

The assessment of the continuity of the independence requirements was lastly carried out by the Board of Statutory Auditors, again with positive outcome, at the meeting of March 18, 2024, and this was duly highlighted in the meeting of the Board of Directors on March 20, 2024.

Taking into account the size of the Company and the activities it carries out, the composition of the Board is adequate to ensure the independence and professionalism of its function, due to the high standing of its

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members in terms of previous action, professional experience and appropriate knowledge of the Issuer's sector of operations.

It should be noted that, as a result of the entry into force of Legislative Decree no. 39 of January 27, 2010, the Board of Statutory Auditors is vested with the following functions:

- examines the work plan prepared by the Head of the Internal Audit Function as well as the periodic reports prepared by him;
- evaluates the proposals made by the independent auditors to obtain assignment of the relevant engagement, as well as the work plan prepared for the audit and the results set out in the report and in any letter of suggestions;
- supervises the effectiveness of the audit process.

The Issuer believes that the current remuneration of the Statutory Auditors is commensurate with the commitment required as well as with the sector and size characteristics of the company.

The Issuer's Board of Statutory Auditors adheres to art. 6, Recommendation 37 of the Code so the Auditor who, on his/her own behalf or on behalf of third parties, has an interest in a specific transaction by the Issuer must promptly and comprehensively inform the other Auditors and the Chairman of the Board about the nature, terms, origin and extent of his interest.

During the Financial Year, the Board of Statutory Auditors monitored the independence of the independent auditors, verifying both compliance with the relevant legal provisions and the nature and extent of non-auditing services provided to the Issuer and its subsidiaries by the independent auditors themselves and by entities belonging to their network.

During the Financial Year, the Board of Statutory Auditors coordinated with the Company's Control, Risks and Sustainability Committee, planning in most cases joint meetings through the participation of the Chairman and/or at least one of its members in the meetings of the Control, Risks and Sustainability Committee.

The Board of Statutory Auditors has regularly coordinated both with the Internal Audit Function and with the Company's Supervisory Body.

At the date of this Report, the composition of the Company's Board of Statutory Auditors is as follows

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Post held	Member	Year of birth	Date of first appointment	In office from	In office until	List	Independence as per Code	Attendance to meetings of the Board	Number of other positions
Chairman	Massimo Invernizzi	1960	June 23, 2015	April 30, 2021	Approval of the 2023 Financial Statement	M	X	14/14	25
Standing Auditor	Claudio Sottoriva	1973	June 23, 2015	April 30, 2021	Approval of the 2023 Financial Statement	M	X	13/14	21
Standing Auditor	Maria Francesca Talamonti	1978	June 27, 2018	April 30, 2021	Approval of the 2023 Financial Statement	M	X	13/14	23
Alternate Auditor	Giovanni Pinna	1966	June 23, 2015	April 30, 2021	Approval of the 2023 Financial Statement	M	X	0	6
Alternate Auditor	Francesca Michela Maurelli	1971	June 27, 2018	April 30, 2021	Approval of the 2023 Financial Statement	M	X	0	5

In accordance with art. 2, Recommendation 8 of the Code, one third of the control body, where autonomous, is made up of members of the least represented gender. The Company has not applied other diversity criteria or adopted specific policies on diversity in relation to the composition of the administration and control bodies. With regard to the induction programmes dedicated to the Board of Statutory Auditors, it is reiterated that the training session already indicated in Section 4.5 of this Report was also attended by the Board of Statutory Auditors.

Information is provided below on the personal and professional characteristics of each member of the Board of Statutory Auditors at the closing date of the 2023 Financial Year.

### Massimo Invernizzi

Born in Milan in 1960.

He holds a degree in Business Economics from Bocconi University.

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He is registered in the Register of Chartered Accountants of Milan and in the Register of Auditors.

He is a consultant to the Judge at the Court of Milan.

He advises on economic and business management matters, corporate finance, securities markets and corporate governance, company valuation and business lines for M&A transactions, contributions, transformations, disposals, share exchange valuations, valuation of tangible and intangible assets; court-appointed expert witness and party expert witness during arbitration and judicial proceedings; he is the judicial liquidator for the Court of Milan.

He is Extraordinary Commissioner for the Ministry of Economic Development.

He is a member of the Board of Directors and the Board of Statutory Auditors of joint stock companies operating in the industrial, financial and services sectors.

### **Claudio Sottoriva**

Born in Ala (TN) in 1973.

He graduated with honours in Economics and Commerce at the Cattolica del Sacro Cuore University of Milan in 1997.

He is qualified to practice as a Chartered Accountant.

He holds a PhD in Business Economics from the Faculty of Economics of the University of Pavia.

He is registered in the Register of Chartered Accountants and Accounting Experts of Milan and in the Register of Auditors.

He is an adjunct professor of Methodologies and quantitative business decisions at the Faculty of Economics of the Cattolica del Sacro Cuore University of Milan; he carries out numerous academic and scientific research activities.

He is a member of the Italian Academy of Business Economics (AIDEA), the European Accounting Association (EAA) and the European Corporate Governance Institute (ECGI). He is registered with NedCommunity, the Italian association of non-executive and independent directors, members of the corporate governance and control bodies.

He is a member of the working group on international accounting standards of the Italian Accounting Body (OIC) and a member of the Italian Association for Financial Analysis (AIAF).

He is a member of the Master Corporate Governance Faculty of the Cattolica del Sacro Cuore University of Milan.

Specialisation in the various areas of financial statements and in company valuations in the context of extraordinary transactions.

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He is registered in the Register of Technical Consultants of the Court of Milan and in the Register of Criminal Consultants of the Court of Milan.

### **Maria Francesca Talamonti**

Born in Rome in 1978.

She graduated in Business Economics from LUISS Guido Carli University in Rome in 2002 and obtained a PhD in Business Economics from Roma Tre University in 2014.

She has been registered with the Rome Institute of Chartered Accountants since 2006 and with the Register of Auditors since 2007. She carries out, as a freelance professional, consulting activities in business, accounting, corporate and financial matters. In particular: valuation of companies, shareholdings and business units, preparation of recovery plans and certificates pursuant to art. 67, paragraph 3, letter d), art. 182-*bis* and art. 161 of the Bankruptcy Law, preparation of business plans, opinions and technical advice on accounting and corporate matters.

She is a member of the administrative and control bodies of listed and unlisted companies.

### **Giovanni Pinna**

Born in Cagliari in 1966.

He graduated in Economics and Commerce in 1991 from the University of Cagliari.

He is registered with the Order of Chartered Accountants of Cagliari at no. 1247 A.

He has been a court-appointed expert witness for the Court of Cagliari since 1996.

He is a registered auditor.

He carries out his activities primarily in small and medium enterprises operating in national and international markets. The important collaborations developed also with leading practices have made it possible to improve particular experience in the areas of business consulting and business development strategy and in analysis, business evaluation, and related to extraordinary transactions and the restructuring of ownership structures.

### **Francesca Michela Maurelli**

Born in Rome in 1971.

She graduated in Economics and Commerce at the La Sapienza University of Rome in 1994, specialising in economics and business.

Since 1999 she has been enrolled in the Register of Chartered Accountants of Rome (no. AA6936) and in the Register of Auditors (no. 105863).

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She has been a technical consultant for the Civil Court of Rome and the Criminal Court of Rome since 2004.

She is a member of the study commission "Update and revision of the principles of conduct of the Board of Statutory Auditors of unlisted companies" of the National Council of the Order of Chartered Accountants and Accounting Experts.

She advises on strategic, organisational and financial aspects for private and public companies, with particular reference to the corporate and financial aspects of ordinary and extraordinary transactions (i.e. transformations, mergers, demergers, contributions, share capital increases) and restructuring plans both in and out of court. She also carries out court-appointed expert witness and party expert witness activities during the course of both criminal and civil proceedings.

She is a member of the administrative and control bodies of listed and unlisted companies.

Furthermore, below is a list of the other offices of director and statutory auditor held by the statutory auditors in office in other companies listed on regulated markets, including foreign ones, in financial, banking, insurance or large companies:

Member	List of offices
<p><b>Massimo Invernizzi</b></p>	<ol style="list-style-type: none"> <li>1. Chairman of the Board of Statutory Auditors of Cinemeccanica S.p.A.</li> <li>2. Chairman of the Board of Statutory Auditors of Servizi Energia Italia S.p.A.</li> <li>3. Chairman of the Board of Statutory Auditors of Greenture S.p.A.</li> <li>4. Chairman of the Board of Statutory Auditors of Cubogas S.r.l.</li> <li>5. Chairman of the Board of Statutory Auditors of Bioenerys Agri S.r.l.</li> <li>6. Chairman of the Board of Statutory Auditors of the Javotte Bocconi Institute</li> <li>7. Standing Auditor of Charme Capital Partners SGR S.p.A.</li> <li>8. Standing Auditor of Cogentech S.r.l.</li> <li>9. Standing Auditor of Orefici Finance S.p.A.</li> <li>10. Standing Auditor of Rosfin S.p.A.</li> <li>11. Sole Auditor of Bioenerys S.r.l.</li> <li>12. Sole Auditor of Bioenerys Ambiente S.r.l.</li> <li>13. Sole Auditor of Renerwaste Lodi S.r.l.</li> <li>14. Sole Auditor of Ecoprogetto Tortona S.r.l.</li> <li>15. Sole Auditor of Bys Ambiente Impianti S.r.l.</li> <li>16. Sole Auditor of Agriwatt Castel Goffredo Società Agricola a r.l.</li> </ol>

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	<ol style="list-style-type: none"> <li>17. Sole Auditor of Emiliana Agroenergia Società Agricola S.r.l.</li> <li>18. Sole Auditor of Società Agricola Carignano Biogas S.r.l.</li> <li>19. SAE Italia S.r.l. International College</li> <li>20. Iada S.r.l. Institute of Applied Art and Design</li> <li>21. Director of Itaca Comunicazione S.r.l.</li> <li>22. Director of Sportmaster Consulting S.r.l.</li> <li>23. Liquidator of Immobiliare Pietra S.r.l. in liquidation</li> <li>24. Liquidator of Pomposi S.r.l. in liquidation subject to composition with creditors</li> <li>25. Special Commissioner of Sipro Sicurezza Professionale S.r.l. in receivership</li> </ol>
<p style="text-align: center;"><b>Claudio Sottoriva</b></p>	<ol style="list-style-type: none"> <li>1. Chairman of the Board of Statutory Auditors of Sella Personal Credit S.p.A.</li> <li>2. Chairman of the Board of Statutory Auditors of Sella Leasing S.p.A.</li> <li>3. Chairman of the Board of Statutory Auditors of TOT S.p.A.</li> <li>4. Chairman of the Board of Auditors of Fondazione Luigi Clerici</li> <li>5. Sole Auditor of Dompè Holdings S.r.l.</li> <li>6. Standing Auditor of Banca Sella S.p.A.</li> <li>7. Standing Auditor of IPG Photonics Italia S.r.l.</li> <li>8. Standing Auditor of Nephis S.r.l.</li> <li>9. Standing Auditor of Alkeemia S.p.A.</li> <li>10. Standing Auditor of D4 Next S.p.A.</li> <li>11. Standing Auditor of Movinter S.r.l.</li> <li>12. Standing Auditor of Easy Life S.p.A.</li> <li>13. Alternate Auditor of Michelin Italia S.p.A.</li> <li>14. Director of C.P.S. Consulenti S.r.l. società tra professionisti (company of professionals)</li> <li>15. Single-member control body of the Casa di riposo per musicisti - Fondazione Giuseppe Verdi - ETS</li> <li>16. Sole Auditor of Fondazione Casa dei Musicisti</li> <li>17. Member of the Supervisory Body of the Fondazione Don Carlo Gnocchi (non-profit organisation)</li> <li>18. Chairman of the Supervisory Body of Trentino Trasporti S.p.A.</li> <li>19. Sole Director of Immobiliare Cinca S.r.l.</li> <li>20. Sole Director of Immobiliare Delvin S.r.l.</li> <li>21. Sole Director of Savona 50 S.r.l.</li> </ol>

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<p><b>Maria Francesca Talamonti</b></p>	<ol style="list-style-type: none"> <li>1. Chairwoman of the Board of Statutory Auditors of Safilo Group S.p.A.</li> <li>2. Chairwoman of the Board of Statutory Auditors of Sigemi S.r.l.</li> <li>3. Standing Auditor of Armonia SGR SpA.</li> <li>4. Standing Auditor of Bettercity S.p.A.</li> <li>5. Standing Auditor of Bluwater S.p.A.</li> <li>6. Standing Auditor of D-Share SpA.</li> <li>7. Standing Auditor of DigiTouch S.p.A.</li> <li>8. Standing Auditor of iQera S.p.A.</li> <li>9. Standing Auditor of Magicland S.p.A.</li> <li>10. Standing Auditor of PS Parchi S.p.A.</li> <li>11. Standing Auditor of Raffineria di Gela S.p.A.</li> <li>12. Standing Auditor of Raffineria di Milazzo S.c.p.A.</li> <li>13. Standing Auditor of Sirti Digital Solutions S.p.A.</li> <li>14. Standing Auditor of Siti Telco Infrastructures S.p.A.</li> <li>15. Standing Auditor of Sourcesense S.p.A.</li> <li>16. Member of the Board of Auditors of the UITs – Italian Shooting Sports Union</li> <li>17. Sole Director of Cosmo Spv S.r.l.</li> <li>18. Sole Director of Vette SPV S.r.l.</li> <li>19. Sole Director of Bramito SPV S.r.l.</li> <li>20. Sole Director of Convento SPV S.r.l.</li> <li>21. Sole Director of Ponente SPV S.r.l.</li> <li>22. Sole Director of New Levante SPV S.r.l.</li> <li>23. Sole Director of Leviticus ReoCo S.r.l.</li> </ol>
<p><b>Giovanni Pinna</b></p>	<ol style="list-style-type: none"> <li>1. Standing Auditor of Iconium S.p.A.</li> <li>2. Sole Auditor of Finma S.r.l.</li> <li>3. Director of Gest.Por.Tur S.r.l.</li> <li>4. Chairman of the Board of Statutory Auditors of Sestile S.p.A.</li> <li>5. Sole Auditor of Cassiopea Partners S.r.l.</li> <li>6. Sole Auditor of Cassiopea Holdings S.r.l.</li> </ol>
<p><b>Francesca Michela Maurelli</b></p>	<ol style="list-style-type: none"> <li>1. Chairwoman of the Board of Statutory Auditors of World Duty Free Italia S.p.A.</li> <li>2. Standing Auditor of Crédit Agricole Italia S.p.A.</li> <li>3. Standing Auditor of Crédit Agricole Leasing S.r.l.</li> <li>4. Chairwoman of the Board of Statutory Auditors of Blank S.p.A.</li> <li>5. Non-executive director of Oxy Capital Italia S.r.l.</li> </ol>

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## 12. RELATIONS WITH SHAREHOLDERS

The Issuer has set up a special section within its website in which the information concerning the Issuer that is relevant to its shareholders is made available to interested parties, so as to allow said Shareholders to consciously exercise their rights.

At the date of this Report, the Issuer has identified Mr. Marco Aulisa as the person responsible for managing relations with Shareholders (Investor Relations).

In compliance with art. 1, Recommendation 3 of the Code, the Board of Directors, on the proposal of the Chairman, formulated in agreement with the Chief Executive Officer, adopted on January 26, 2022 the "*Policy for managing dialogue with the entirety of shareholders*" (the "**Dialogue Policy**"), also taking into account the engagement policies adopted by institutional investors and asset managers.

The Issuer has always endeavoured to make access to the information of relevance to its Shareholders timely and easy, highlighting its publication on the home page of its institutional website.

The Dialogue Policy is an integral part of the set of documents that make up the Company's internal control system and is published on the Company's website (<http://www.plc-spa.it>) in the "Investor relations/Corporate Governance/Dialogue with Shareholders" section, to which reference should be made for more details.

## 13. SHAREHOLDERS' MEETINGS

During the Financial Year, only one Shareholders' Meeting was held, on May 31, 2023, the minutes of which were duly published on the Company's website and were attended by, in the prescribed form, the following members of the Board in office: Director and CEO, Diego Percopo; Director, Andrea Sassi; Director, Claudia Crivelli. The Chairman of the Board of Directors, Francesco Esposito, the Board Member, Graziano Gianmichele Visentin, the Board Member, Chiara Esposito and the Board Member, Marina D'Artibale were absent with justification.

The following members of the Board of Statutory Auditors in office also took part in the Shareholders' Meeting in the prescribed form: Chairman of the Board of Statutory Auditors, Massimo Invernizzi and Claudio Sottoriva. Maria Francesca Talamonti was absent with justification.

With reference to the Financial Year, no Shareholder has made proposals on topics not already covered by the Board of Directors, in the specific illustrative report, drawn up in accordance with the law, for the benefit of the Shareholders' Meeting.

The Board, through the CEO, reported to the Shareholders' Meeting on the activities undertaken and planned, and has made efforts to provide Shareholders with adequate information about the elements necessary for

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them to be able to take informed decisions in the Shareholders' Meeting.

The texts of the Articles of Association governing the mechanisms for the functioning of the Shareholders' Meeting, its main powers, the rights of Shareholders and the manner in which they are exercised are shown below:

**"Article 8 - Convening**

*The Shareholders' Meeting, legally convened and validly constituted, represents all shareholders and its resolutions, taken in accordance with the law and these Articles of Association, oblige all shareholders, even if absent or dissenting.*

*The Shareholders' Meeting is convened by the current Board of Directors by means of a notice, containing the information required by current legislation, to be published within the terms of the law:*

- on the Company's website;
- with the other methods provided for by the rules and regulations in force at the time.

*The Shareholders' Meeting may also take place outside the municipality in which the registered office is located, provided that it is in Italy or, if abroad, in another member state of the European Union.*

*The same call notice may indicate the date for the second and, in the case of an Extraordinary Shareholders' Meeting, the third call, if the portion of the share capital required to pass resolutions is not present at the previous meetings. In the absence of such an indication, the Shareholders' Meeting on second and/or third call must be reconvened in the manner and within the time limits required by law.*

*The Board of Directors may decide, if it deems it appropriate, that the Ordinary and Extraordinary Shareholders' Meetings be held following a single call. In the case of a single call, the majorities required by law shall apply.*

*The Shareholders' Meeting is Ordinary and Extraordinary and resolves on matters reserved to it by law or by the Articles of Association.*

*The Ordinary Shareholders' Meeting must be convened at least once a year within 120 days of the end of the financial year or, if the company is required to prepare consolidated financial statements or if particular requirements relating to the structure and purpose of the company so require, within 180 days of the end of the financial year.*

*In the report provided for under art. 2428 of the Italian Civil Code the reasons for this postponement are outlined by the Directors.*

*As an exception to the provisions of art. 104, paragraph 1, of Italian Legislative Decree no. 58 of February 24, 1998, in the event that the Company's securities are the subject of a take-over and/or exchange offer, the authorisation of the shareholders' meeting is not required for the performance of acts or transactions that may*

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counteract the achievement of the objectives of the offer, during the period between the communication referred to in art. 102, paragraph 1, of the same Decree and the closure of the offer.

As an exception to the provisions of art. 104, paragraph 1-bis, of Italian Legislative Decree no. 58 of February 24, 1998, the authorisation of the shareholders' meeting is not necessary even for the implementation of any decision taken before the beginning of the period indicated in the previous paragraph which has not yet been implemented in whole or in part, which does not fall within the normal course of the Company's activities and whose implementation may counteract the achievement of the objectives of the offer.

Unless otherwise provided for by the law and the relevant regulatory provisions, the Board of Directors shall convene the Shareholders' Meeting within thirty days of the request when requested by shareholders representing at least five per cent of the share capital.

The request must be sent to the Chairman of the Board of Directors by registered letter and must contain a list of the items to be discussed and an indication of the requesting Shareholders, attaching appropriate certification, in accordance with the laws and regulations in force, attesting to the individual shareholdings at the date of sending of the request.

The Shareholders' Meeting may be called by the Board of Statutory Auditors, subject to prior notification to the Chairman of the Board of Directors, if this power is exercised by at least two members of the said Board.

#### **Article 9 - Right to attend and representation**

The Shareholders' Meeting may be attended by those who demonstrate they are legitimately entitled to do so in accordance with the procedures provided for by current legislation. Those entitled to attend the meeting may be represented at the meeting in accordance with the law.

The Company may designate one or more persons for each Shareholders' Meeting to whom the entitled persons may grant a proxy, with voting instructions on all or some of the items on the agenda, in accordance with the procedures provided for by the applicable regulations, expressly indicating this in the call notice.

Notification to the Company of the proxy for participation in the Shareholders' Meeting may also be made by sending the document to the e-mail address indicated in the call notice.

#### **Article 10 - Constitution of the meetings and validity of the Resolutions**

The constitution of the Ordinary and Extraordinary Shareholders' Meeting and the validity of the resolutions are regulated by law, except for the appointment of the members of the Board of Directors and the Board of Statutory Auditors, to which Articles 12 and 18 of these Articles of Association apply.

The application of the exemption, provided for by current legislation, from the obligation to promote a take-over and/or exchange offer following mergers or demergers will be precluded only if the majority of shareholders who oppose the relative shareholders' meeting resolution - determined on the basis of the applicable legislation - represents at least 7.5% of the share capital with voting rights.

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#### **Article 11 - Chairmanship**

*The Shareholders' Meeting is chaired by the Chairman of the Board of Directors or, in the event of his absence or impediment, by the Deputy Chairman or, in the event of the latter's absence or impediment, by another person designated by the Shareholders' Meeting.*

*The Chairman is assisted by a Secretary, who may or may not be a shareholder, appointed by the Shareholders' Meeting: the assistance of the Secretary is not necessary when the minutes, in the cases of law or when the Chairman deems it appropriate, are drawn up by a Notary Public.*

*If he deems it necessary, the Chairman of the Shareholders' Meeting shall appoint two scrutineers from among the auditors or shareholders present.*

*The minutes signed by the Chairman and the Secretary provide full evidence.*

*The Chairman of the Shareholders' Meeting, also by means of special appointees, verifies the regularity of the constitution of the meeting, verifies the identity and legitimacy of those present, regulates the conduct of the proceedings, establishing procedures for discussion and voting and verifies the results of voting.*

*Resolutions are taken by show of hands, unless the Chairman deems the roll call or other forms of voting more appropriate.*

*The resolutions of the Shareholders' Meeting must be recorded in a special report, drawn up in accordance with art. 2375 of the Italian Civil Code, signed by the Chairman and the Secretary or the Notary".*

For matters not illustrated in the Report on Shareholders' rights, please refer to the laws and regulations in force and applicable at the time.

It should be noted that the Board has decided not to propose to the Shareholders the adoption of regulations for the Shareholders' Meeting, reserving the right to make a periodic assessment of the possible adoption of the same in the future, also taking into account what has emerged from the Shareholders' Meetings already held. In this regard, it should be noted that the Chairman of the Shareholders' Meeting has always ensured, also by virtue of the statutory and legal prerogatives, that the meetings were held in an atmosphere of orderly general participation and strict respect for the rights of the Shareholders, but also in mutual respect between the shareholders and with a balanced reconciliation of their rights with the decision-making function.

#### **14. ADDITIONAL CORPORATE GOVERNANCE PRACTICES (pursuant to art. 123-bis, paragraph 2, letter a), second part, TUF)**

With regard to those already indicated in the previous points, and to the adoption of the 231 Model, the Company has not applied any further corporate governance practices beyond the obligations established by legislative and regulatory provisions.

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## **15. CHANGES SINCE THE END OF THE FINANCIAL YEAR OF REFERENCE**

Since the end of the Financial Year and up to the date of this Report, there have been no changes in the Company's Corporate Governance system. It should be noted, however, that on March 7, 2024, the Company, following an opinion of non-applicability of the so-called "golden power" by the Presidency of the Council of Ministers - Department for Administrative Coordination, finalised the sale of the entire stake - equal to 51% of the share capital - held by PLC in Schmack Biogas S.r.l. to Hitachi Zosen Inova AG. Please refer to the press release issued on the same date and available at the following link: [https://www.plc-spa.it/wp-content/uploads/2024/03/1709819107\\_CS\\_07.03.24.pdf](https://www.plc-spa.it/wp-content/uploads/2024/03/1709819107_CS_07.03.24.pdf)

## **16. CONSIDERATIONS ON THE LETTER OF DECEMBER 14, 2023 OF THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE**

The recommendations made by the Chairman of the Corporate Governance Committee in the letter of December 14, 2023 were first sent to the directors and Statutory Auditors and subsequently brought to the attention of the Board on December 21, 2023. During the meeting of February 16, 2024, in order to identify possible changes in governance or to fill any gaps in the application or in the explanations provided, the latter expressed some considerations regarding the implementation of the Code by the Company, believing that the administrative body respects the indications of the Code and has adopted adequate practices, in the awareness that, in any case, we must always strive for continuous and constant improvement.

At the Board meeting of March 27, 2024, the Board approved this Report.

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