

REPORT BY THE BOARD OF DIRECTORS OF PRYSMIAN S.P.A. (“PRYSMIAN” OR THE “COMPANY”) TO VOTE, AS ITEM NUMBER ONE OF THE AGENDA OF THE EXTRAORDINARY SESSION OF THE SHAREHOLDERS’ MEETING SCHEDULED ON 28 APRIL 2021 (THE “SHAREHOLDERS’ MEETING”), THE CONVERSION OF AN EQUITY LINKED BOND INTO SHARES AND TO INCREASE THE SHARE CAPITAL FOR THE PURPOSES OF SAID CONVERSION, PREPARED PURSUANT TO ART. 2441, PAR. 6 OF THE ITALIAN CIVIL CODE, ART. 72 OF CONSOB RESOLUTION NO. 11971 OF 14 MAY 1999 AS SUBSEQUENTLY AMENDED AND SUPPLEMENTED, AND ART. 125-TER OF LEGISLATIVE DECREE NO.58 OF 24 FEBRUARY 1998 AS SUBSEQUENTLY AMENDED AND SUPPLEMENTED

1. **Authorization to convert, pursuant to art. 2420-bis, paragraph 1 of the Italian Civil Code, the equity linked bond resolved by the Board of Directors on 25 January 2021, directed exclusively to qualified investors and with nominal value of euro 750,000,000.00. Consequent share capital increase pursuant to art. 2420-bis, paragraph 2 of the Italian Civil Code, in installments, without option rights pursuant to art. 2441, paragraph 5 of the Italian Civil Code, for the purposes of converting said convertible bond for a maximum nominal value of euro 1,864,025.50 through the issue of a maximum of 18,640,255 Company's ordinary shares with nominal value of euro 0.10 each. Amendment of article 6 of the Articles of Association. Resolutions related thereto. Granting powers with regard to the transaction.**

Dear Shareholders,

The Board of Directors has decided to convene an Extraordinary Shareholders' Meeting to submit for your approval the proposal to authorize the conversion into Company's shares of the euro 750 million equity linked bond due on 2 February 2026 and directed exclusively to qualified investors, issued on 25 January 2021 under the name "*Prysmian S.p.A. Euro 750,000,000 Equity Linked Bonds due 2026*" (the "**Bond**"). You will also be invited to approve, for the purposes of said conversion, a share capital increase against cash contributions, indivisible way, without option rights pursuant to art. 2441, par. 5 of the Italian Civil Code, for a maximum nominal value of euro 1,864,025.50 to be paid in one or more tranches, through the issue of a maximum of 18,640,255 Company's ordinary shares having the same characteristics as the outstanding ordinary shares (the "**Share Capital Increase**").

The proposed Share Capital Increase is therefore instrumental in allowing the Company to convert the Bond – if so authorized by the Extraordinary Shareholders' Meeting – into newly issued shares and, at its discretion, treasury shares held by the Company.

This report aims to describe the proposal to increase the share capital pursuant to article 2441, paragraph 6 of the Italian Civil Code, art. 72 of the regulation adopted with CONSOB Resolution no. 11971 of 14 May 1999 as subsequently amended, and art. 125-ter of Legislative Decree no. 58 of 24 February 1998 as subsequently amended.

## **1. Transaction details**

### **1.1 Reasons for the Share Capital Increase and allocation thereof**

The proposed Share Capital Increase under the terms described above is part of the Bond issue transaction, addressed exclusively to qualified Italian and foreign investors, except investors from the United States of America, Australia, Canada, Japan and South Africa, and, in any case, with the exclusion of the general public. Said issue was resolved by the Board of Directors on 25 January 2021, with pricing defined by the Board on 26 January 2021.

The main features and objectives of the Bond are listed below.

#### **Features and objectives of the Bond issue**

On 25 January 2021, the Board of Directors approved the issue of the bonds ("**Bonds**") and the main terms and features of the Bond. The placement took place on 26 January 2021 and on the same date the Board of Directors set the pricing of the transaction. The transaction was settled through the issue of securities and payment of the subscription price on 2 February 2021. The amount of the Bond is euro 750 million.

The Bond was placed on the domestic and international market of qualified investors (as defined by applicable regulations) in equity linked instruments due to the complexity of the instruments offered and the desire to ensure the successful outcome of the transaction in a short time. The offer of the Bond to qualified investors made it possible to quickly raise funds from the non-banking capital market, thereby allowing the Company to take advantage of the opportunities offered by the favorable market environment and of the placement conditions deriving from the equity linked nature of the Bond. The Board of Directors believes that the Bond issue is in the interests of the Company, which has completed its fund raising on the medium-term securities market at favorable terms and conditions.

The main advantages of the transaction as it has been structured include:

- the opportunity to timely benefit from the positive market conditions through quick placement to institutional investors;
- the raising of funds at favorable conditions, also in light of the equity linked nature of the Bonds;
- a broader diversification of financial resources;
- increase of the Company financial flexibility;
- extension of the average bond maturity.

The funds raised shall be used to:

- finance the partial repurchase of the convertible bond issued by the Company on 17 January 2017 as well as its redemption at maturity; and
- pursue the Company purpose.

#### **Purposes of the Share Capital Increase relating to the conversion of the Bond**

The Bond Regulation (the “**Regulation**”) provides that, should the Shareholders’ Meeting not approve the Share Capital Increase for the purposes of the conversion of the Bonds by 30 June 2021 (the “**Long-Stop Date**”), the Company may, within a limited period not exceeding 10 trading days after the Long-Stop Date, issue a specific notice addressed to the bondholders (the “**Shareholder Event Notice**”) and proceed to the early redemption of the entire Bond by paying in cash an amount equal to the higher of (i) 102% of the principal and (ii) 102% of the fair value of the Bonds (according to the Regulation).

If, subsequent to the failure of the approval of the Share Capital Increase by the Shareholders’ Meeting, the Company does not issue the Shareholder Event Notice within the time limits specified in the Bond Regulation (and, in specific circumstances, even before that date), each bondholder may, within the time limits specified in the Regulation, request early redemption in cash of the Bonds held. In this case, the Company shall pay an amount in cash, so called, “Cash Alternative Amount” settled in compliance with the Regulation.

However, if the Extraordinary Shareholders’ Meeting decides to authorize the conversion of the Bond and to consequently increase the share capital with exclusion of the option right pursuant to art. 2441, par. 5 of the Italian Civil Code for the purposes of the conversion of the Bond, the Company shall be required to send, within 5 business days from recording the shareholders’ meeting resolution with the Business Register, a specific notice to the bondholders (the “**Physical Settlement Notice**”) based on which the bondholders shall receive, on the date specified therein (the “**Physical Settlement Date**”), the right to convert their bonds into outstanding and/or newly issued ordinary shares of the Company.

The potential conversion of the Bonds into newly issued shares shall allow the Company to strengthen its capital structure and diversify its financial structure while limiting the

related cash outflow for financial expenses and expiring capital, as well as to expand its shareholding structure thanks to qualified investors.

For the reasons above, the Company's Board of Directors believes it is important that the Bonds may be converted into Company's shares.

As indicated above, the reasons for the exclusion of the option right, pursuant to art. 2441, par. 5 of the Italian Civil Code, insofar as the proposed share capital increase, are those that led to the Bond issue, also taking into account the strengthening of the capital structure and the expansion of the shareholding structure that the potential conversion of bonds into shares would allow.

The Board of Directors therefore believes that the exclusion of the option right pursuant to art. 2441, par. 5 of the Italian Civil Code is fully justified in light of the features, timescales and objectives of the Bond.

## 1.2 Features of the Bonds

Pursuant to the resolutions of the Board of Directors and the Regulation's terms and conditions, the features of the Bond are as follows:

- **Bond type:** equity linked bond, with the possibility of conversion into ordinary shares of the Company (newly issued or treasury shares) subject to authorization by the Extraordinary Shareholders' Meeting and approval of a related share capital increase excluding the option rights, as indicated herein (reference should be made to "Conversion Right");
- **amount:** Euro 750 million;
- **duration:** five years maturing on 2 February 2026;
- **currency:** Euro;
- **unit amount:** Euro 100,000;
- **recipients:** qualified investors, except investors from the United States of America, Australia, Canada, Japan and South Africa, and, in any case, with the exclusion of the general public;
- **listing:** the bonds are expected to be listed on a regulated market or a multilateral trading system (such as the Third Market of the Vienna Stock Exchange) by 30 June 2021;
- **issue price:** 102,50% of their nominal value;
- **interest rate:** 0% (zero coupon);
- **interest payments:** not applicable;
- **redemption:** the principal shall be repaid in a single tranche equal to the nominal value, upon maturity of the Bond.
- The Company shall be entitled to early and full redemption of Bonds in the cases detailed in the Bond Regulation, in line with market practices, including:
  - (i) at a indexed value to the underlying shares' market price, if the Share Capital Increase for the purposes of the conversion is not approved by the Long-Stop date (i.e. by 30 June 2021). Reference should also be made to "Conversion Right" herein;
  - (ii) at the nominal value, starting from 12 February 2024, if the trading price of the Company's ordinary shares increases over 130% of the conversion price within a specified period;
  - (iii) at the nominal value in the event of conversion, redemption and/or repurchase of the Bonds of at least 85% of the original nominal value of the Bond;
  - (iv) at the nominal value, if specific changes in the tax regime take place which affect the Bonds.

Furthermore, in the event of a change in control, each bondholder shall be entitled to request early redemption at the nominal value. Pursuant to the Regulation, a change in control shall be considered to have taken place if one or more individuals together acquire a percentage in the Company share capital higher than the threshold set from time to time by the regulations on mandatory public takeover bids (regardless of the applicability of an exemption pursuant to these regulations) or the right to appoint the majority of the Company's directors.

- **conversion right**: subject to a resolution of the Extraordinary Shareholders' Meeting authorizing the conversion of the Bonds and approving the share capital increase for this conversion, the Company shall be required to disclose to the bondholders the aforementioned Physical Settlement Date, that is the date from which they shall be granted the right to convert the Bonds into outstanding and/or newly issued ordinary shares of the Company. If the Extraordinary Shareholders' Meeting does not approve the Share Capital Increase by 30 June 2021, each bondholder shall be entitled to request early redemption in cash of the Bonds held, at a value that shall be indexed to the market price of underlying shares (determined in compliance with the Regulation), and also the Company shall be entitled, within a limited period following the Long-Stop Date, to proceed with the early redemption of the entire loan through the payment of a premium, that is, payment in cash of an amount equal to the higher of (i) 102% of the principal and (ii) 102% of the fair value of the Bonds (according to the Regulation).
- The initial conversion price of the Bonds into outstanding and/or newly issued ordinary shares of the Company is euro 40.2355 per share, without prejudice to any adjustments to the conversion price. The nominal value of the shares to be issued in the event of a conversion cannot exceed the amount payable to the bondholders as redemption of the Bonds in the event of non-conversion. The conversion price shall be allocated to the nominal price of the subscribed shares and, the remaining, to the share premium. The number of shares to be issued or transferred for the purposes of the conversion shall be determined by dividing the nominal value of the Bonds, for which the conversion right shall be exercised, by the conversion price on the relevant conversion date, rounded down to the nearest whole number of ordinary shares, without prejudice to any cash adjustments. No fractions of shares shall be issued or delivered and no payment in cash or adjustment shall be carried out for such fractions. Given the aforesaid parameters and subject to approval by the Extraordinary Shareholders' Meeting, by way of example, the initial conversion ratio shall be equal to 2,485 shares for each Bond.
- **adjustments to the conversion price**: the Bond Regulation provides that the initial conversion price shall be adjusted pursuant to the market practices applicable to this type of debt instrument upon occurrence, among others, of the following events: merge or stock split, free share capital increase through allocation of profits or reserves to the share capital, distribution of dividends, issue of shares or financial instruments exclusively to shareholders, assignment of options, warrants or other rights of subscription/purchase of shares or financial instruments to the shareholders, issue of shares or assignment of options, warrants or other subscription rights, issue of financial instruments that are convertible or exchangeable into shares, change to the

conversion/exchange rights connected to other financial instruments, change of control or other material events indicated within the Bond Regulation. In particular, if the Company distributes dividends during the life of the Bond in excess of euro 0.50 per year, the conversion price shall be adjusted in order to compensate bondholders for distributed dividends (the so-called “*dividend protection*” clause);

- **applicable law:** Bond Regulation is governed by English law, without prejudice to the rules on the Bondholders’ Meeting, which shall be governed by Italian law.

The documentation relating to the Bond offer shall not be subject to approval by CONSOB pursuant to applicable law and therefore, the Bonds may not be offered, sold or distributed to the public within the territory of the Republic of Italy, except to qualified investors as defined by article 100 of Legislative Decree no. 58 of 24 February 1998 as subsequently amended (hereinafter the “**T.U.F.**”).

There shall be no sale to the public of the financial instruments or invitation to the purchase of financial instruments in countries in which this sale or invitation is prohibited by the law. The financial instruments were not and shall not be registered pursuant to the U.S. Securities Act of 1933 and they shall not be offered or sold in the United States of America if they are not registered or if they have not been specifically exempted from registration pursuant to the U.S. Securities Act of 1933. No sale shall be made to the public of these financial instruments in the United States nor in any other country.

The Bonds are offered only to qualified investors (“**Qualified Investors**”) as defined by 2017/1129 (EU) Regulation, as subsequently amended, and pursuant to the relevant laws of each of the countries in which the Bonds shall be offered.

It is hereby noted that, if the Bonds are offered to an investor who is a financial intermediary, as defined in article 2(e) of the 2017/1129 (EU) Regulation, said investor is deemed to have declared and accepted not to acquire the Bonds in the name and on behalf of individuals within the European Economic Area who are other than Qualified Investors or in the name and on behalf of citizens of the United Kingdom or other Member States (in which a similar law is in force) for whom the investor has the power to make discretionary decisions, as well as not to purchase the Bonds in order to offer or resell them within the European Economic Area where this requires the publication by the Company, the Joint Bookrunners, or any other director, of a prospectus in compliance with 2017/1129 (EU) Regulation.

## 2. **Composition of the financial debt**

The funds collected through the Bonds issue, which have been partially used for financing the partial repurchase of the convertible bond issued by the Company on 17 January 2017 and that will be used for its redemption at maturity and for pursuing the Company purpose, shall also affect the composition of the Company’s financial debt.

The net financial position as at 31 December 2020 amounted to euro 1,986 million. If the impact of the Bond had been taken into account, the Net Financial Position would have been affected by a positive cash effect of euro 769 million and a liability of euro 706 million, given the “split accounting” of the “debt” component and the “equity” component. Consequently, the Net Financial Position would have improved by approximately euro 63 million (without taking into account the ancillary costs of financing), reaching euro 1,923 million (this amount does not include the effects of the partial buyback described above).

It is hereby noted that the above is provided merely as an indication, therefore, this example should not be considered as the real impact of the transaction on the financial and equity position of the Group and the Company.

### 3. **Business outlook**

The year 2020 was marked by the spread of the Covid-19 pandemic, which had unprecedented negative impacts on the global economic macroscenario. In response to this health emergency, most countries took containment measures such as restrictions on movement, quarantines and other public emergency initiatives, with severe repercussions on the global economic activity and the entire manufacturing system.

According to the International Monetary Fund estimates updated at January 2021, the global growth contraction for 2020 is estimated at -3.5% compared to the 3.3% growth projected in the pre-pandemic forecast. In the Euro area, the contraction of economy in 2020 is estimated at around 7.2%, compared to -3.4% for the United States. Estimates call for China being the only country among the big economies to end the year on a positive territory (+2.3%), although at a level far below the pre-Covid projections (+6.1%).

Within this scenario, many countries are preparing national economic revitalisation plans, such as Next Generation EU in Europe, which amounts to €750 billion in support of infrastructure development and digitalisation projects. A \$1,900 billion aid plan is also being formulated in the United States to stimulate the economy under the Biden administration's programme.

In addition to the positive effects of the beginning of vaccinations in many countries, the positive impacts of these revitalisation plans on economic growth are reflected in the growth expectations for 2021 prepared by the IMF. According to these estimates, the global economy is expected to grow by 5.5% in 2021 and by 4.2% in 2022. The growth estimate is 5.1% for the United States, which is expected to return to pre-2019 levels as early as the second half of 2021, whereas the Eurozone and the United Kingdom are predicted to reach this milestone in 2022. The Chinese economy is expected to pick up pace, with estimated growth of 8.1% in 2021 and of 5.6% in 2022.

The extraordinary impacts of the Covid-19 pandemic impacted also Prysmian Group's results, firstly in China, where production and market demand were severely affected throughout the first quarter, to then start to recover as of the second quarter. As of mid-March, the impact spread also to other geographical areas hit by the pandemic (Europe, Middle East, North and South America), particularly in the businesses related to the construction sector (e.g., Trade & Installers) and characterised by significant installation activities. In the second half of the year, business recovered gradually in most countries, although remaining at levels far below those of the previous year. This recovery, promptly accompanied by attentive cost management, an extremely flexible supply chain and a highly focused level of customer service, enabled management to protect the Group's performance and limit the impact of the pandemic on the Group's margins. The performance achieved appears even more significant in light of the €32 million negative impact of exchange rates on the Group's EBITDA.

Prysmian Group's long-term growth drivers, mainly related to the energy transition to renewable sources, the upgrade of telecommunication networks (digitalisation) and the electrification process, remain unchanged. The Group may also rely on broad diversification by business and geographical area, a solid financial structure, an efficient, flexible supply chain and a lean organisation — all factors enabling the Group to face the emergency with confidence.

The year 2021 started with encouraging signs in some segments and geographical areas

(Energy business in Europe and LATAM, optical cables in North America and Europe), despite the persisting high level of uncertainty at global level.

Within this macroeconomic scenario, Prysmian Group expects that demand in the construction and industrial cable businesses will recover in 2021 compared to the previous year. In the Submarine Cables and Systems business, the Group is committed to confirming its leadership in a market expected to grow in the coming years, thanks to the development of the offshore wind farms and interconnections required for fostering renewable energy in support of the energy transition. With regard to this segment, the Group expects an improvement compared to the previous year's results, with a more marked growth starting in 2022, when also the German Corridors projects will reach a more advanced stage of execution. In the Telecom segment, the Group forecasts an increase in volumes of the optical cable business in North America and Europe and a persisting price pressure, particularly in Europe. According to estimates, this could generate a decrease in margins, despite the action plan implemented to contain cost and improve production efficiency.

**4. Existence of guarantee and/or placement consortia, and relevant composition, terms and conditions**

No placement and/or guarantee consortium is envisaged for the Share Capital Increase, as it is exclusively destined to the possible conversion of Bonds. However, the Bonds placement has been handled by BNP PARIBAS, Crédit Agricole CIB, Goldman Sachs International, Mediobanca and UniCredit Corporate & Investment in their capacities as Joint Bookrunners, who also guaranteed the subscription pursuant to the Subscription Agreement entered into with the Company.

**5. Other forms of placement**

No other forms of placement are envisaged.

**6. Criteria for the determination of the issue price for new shares**

On 26 January 2021, the Company's Board of Directors – in consideration of the features of both the Bonds and the capital increase for the purposes of the Bond conversion – resolved to propose to the Shareholders' Meeting that the issue price for the new shares from this capital increase be equal to the conversion price of Bonds, provided that the former shall in any case be no lower than the price determined based on the shareholders' equity resulting in the Company's most recently approved financial statements, taking also into account the performance of Prysmian shares on the MTA market (*Mercato Telematico Azionario*, electronic stock exchange) over the last six months. On that date, the Board also determined the initial conversion price of Bonds, based on the criteria used for equivalent transactions which are in line with market practices for such securities.

In particular, regarding the valuation criteria adopted, the Board of Directors carried out the following analyses:

- A. Determination of the share issue price based on the performance of Prysmian shares on the stock exchange and the initial conversion premium.
- B. Valuation of the suitability of the conversion premium through the development of mathematical and financial models.
- C. Determination of the Company's fundamental value by applying the Discounted Cash Flow (DCF) method.

**A. Determination of the share issue price based on the performance of Prysmian shares on the stock exchange and the initial conversion premium**



Given the nature of the instrument – which shall become convertible into shares based on the Bond conditions and, in any case, subject to conversion authorization and approval of the Share Capital Increase by the Extraordinary Shareholders' Meeting – the initial conversion price was defined upon the transaction end based on the Prysmian shares' market value and by applying a conversion premium within a pre-set range, based on the quantity and quality of the demand which arose during the Bond placement directed exclusively to qualified investors on the domestic and international market.

In order to determine the share market value, the Volume Weighted Average Price of the Prysmian share recorded on the MTA from the start of the bookbuilding and the transaction pricing, equal to euro 27.2783, was taken into account.

A conversion premium of 47.50% has been applied to the current reference share price. The conversion premium was set based on the outcome of the bookbuilding within a pre-set range of 45% to 50% and it is in line with the average and median conversion premium applied in recent comparable transactions involving convertible bond carried out in Italy and Europe, equal respectively to 47.62% and to 47.50%.

By applying the aforementioned criteria, the initial conversion premium established by the Board of Directors is equal to 47.50%, and therefore the issue price of the shares relating to the conversion of the Bond is euro 40.2355 per share.

In compliance with the provisions of article 2441, par. 6, of the Italian Civil Code, the Board has also analyzed the performance of Prysmian shares in the last six months. As required by art. 2441, par. 6 of the Italian Civil Code, the issue price of the new shares must be determined *“based on the value of the shareholders' equity, also taking into account the price performance recorded in the last six months for shares listed on regulated markets”*.

The Prysmian shares' average market price in the six-month period before 26 January 2021 (the date the Bond was approved) is equal to euro 25.40016 per share. The share issue price as determined above, equal to euro 40.2355 per share, is therefore higher than the market price average recorded in the six-month period. Furthermore, the issue price is higher than the shareholders' equity per share as at 31 December 2020, equal to euro 8.58.

Pursuant to the Bond Regulation, the initial conversion price may be subject to adjustments upon conversion pursuant to applicable market practices for this type of instrument, should the events indicated, by way of example, but not limitation, in par. 1.2 above, to which reference should be made.

**B. *Valuation of the suitability of the conversion premium through the development of mathematical and financial models***

The determination of the conversion premium value is supported by further analysis carried out by the Company, through the development of mathematical and financial models aiming at checking the suitability of the conversion premium.

A convertible bond is a financial instrument incorporating the features of both debt instruments (ordinary bonds) and risk capital, with bondholders being entitled with the right to convert their security into shares (call option).

Based on the assessment above, the conversion premium suitability was analyzed through valuation of the most recent fair value of the two implicit components of a convertible bond – bond and share purchase option – through the creation of a trinomial model.

For this purpose, the following main parameters were considered:

- Volatility: 30.50%;

- Dividends: dividend protection clause as per the Regulation;
- Credit Spread: 165 bps;
- ZC rates: -0.52% (Yr1), -0.50% (Yr3); 0.43% (Yr5);
- Indicative coupon: 0.00%.

Based on these parameters, the identified conversion premium, equal to 47.50%, determines that the value of the loan option component (equal to 8.40%) is consistent with that of the bond component (94.10%), with an issue price of 102.5%.

C. ***Determination of the Company's fundamental value by applying the Discounted Cash Flow (DCF) method***

Furthermore, assessment of the fundamental value of the Company's shares was performed using the Discounted Cash Flow (DCF) method.

This method, which is commonly adopted for valuation in order to determine the company's economic value, was applied based on 2021-2023 three-year projections. In particular, the projections for the 2021-2022 two-year period are based on average sales values and Ebitda from the consensus of the Company's analysts, while for 2023 on estimated growth rates compared to 2022 deriving from the consensus.

The table below shows the Prysmian share value arising from the application of the DCF method, based on the value range of the main valuation parameters applied:

<b>DCF method</b>			
Parameters	<b>+/-0.25%</b>	<b>Base</b>	<b>+/-0.25%</b>
Wacc	5.90%	6.15%	6.40%
"g" rate	2.25%	2.00%	1.75%
Capital Value (€/mln)	11,881	10,114	8,727
<b>Value per share (€)</b>	<b>45.11</b>	<b>38.40</b>	<b>33.13</b>

\* \* \*

Based on the analyses carried out and, in particular, on the conversion premium suitability analysis, the Board of Directors believes that the criteria adopted for the initial conversion price of Bonds and therefore the issue price of conversion shares (and relevant conversion ratio) comply with the criteria provided for by art. 2441, par. 6 of the Italian Civil Code and are therefore appropriate to determine a price that will protect the interests of the Company's shareholders in terms of equity, considering the option right exclusion.

7. **Shareholders willing to subscribe newly issued shares and any option right not exercised based on the stake owned**

As indicated above, the Board of Directors submitted to the Company's extraordinary Shareholders' Meeting the approval of a share capital increase serving exclusively to convert the Bonds also into newly issued shares.

Therefore, for the reasons set forth above, the shareholders' right to exercise their option is excluded.

8. **Transaction execution period**

The proposed Share Capital Increase will be handled by the Board of Directors in regard to the conversion of Bonds as provided by the Bond Regulation. If, on the last conversion

date pursuant to the terms of the Bond Regulation, the Share Capital Increase is not entirely subscribed, the Company's share capital shall increase by the amount raised from the subscriptions carried out up to that time.

Finally, after the Extraordinary Shareholders' Meeting, the Company shall be required to send a notice to the Bondholders, specifying the date from which they will be entitled to convert their Bonds into existing and/or newly issued ordinary shares.

9. **Effective date of the newly issued shares**

The shares to be offered for the conversion of the Bonds shall have regular effectiveness, attributing to their holders the same rights as those provided by the shares outstanding upon issue.

10. **Pro-forma income, equity and financial effects – effects on the value per share**

Since the Share Capital Increase transaction involves a significant amount (as a percentage on the shareholders' equity of the Company), some details are provided regarding the effects of the proposed Share Capital Increase on the income and equity position of the Company and the Group, as well as on the value per share.

Since at the date of this Explanatory Report neither the number of the Bonds which will be converted nor the conversion time is known, the following assumptions are required:

- number of Bonds converted: all;
- conversion price: euro 40.2355;
- conversion time: upon maturity for the total amount;
- pro-forma data used: shareholders' equity as at 31 December 2020.

	<b>Prysmian Group data as at 31 December 2020</b>	<b>Prysmian S.p.A. data as at 31 December 2020</b>
Shareholders' equity	euro 2,258,812 thousand	euro 2,209,983 thousand
Current number of shares	263,384,813	263,384,813
Current shareholders' equity per share	Euro 8.58	Euro 8.39
Number of shares subscribed (*)	18,640,225	18,640,255
Subscription price per share	Euro 40.2355	Euro 40.2355
Amount subscribed	Euro 750,000 thousand	Euro 750,000 thousand
Pro-forma projected shareholders' equity	Euro 3,008,812 thousand	Euro 2,959,983 thousand
Number of shares after the increase	282,025,068	282,025,068
Pro-forma projected shareholders' equity per share	Euro 10.67	Euro 10.50

Number of shares issued (*)	18,640,255
Current share capital	Euro 26,814 migliaia
Projected share capital	Euro 28,680 migliaia
Book value of the shareholders' equity increase	Euro 750,000 thousand

(\*) The number of shares issued for the Bond and the projected share capital have been calculated on the assumption that the Bond is completely converted on the basis of the initial conversion price.

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A copy of this Board of Directors' Explanatory Report as written above has been provided to the Independent Auditors, pursuant to art. 158 of the T.U.F., and to CONSOB, pursuant to art. 72 of the CONSOB Regulation.

\* \* \*

If you agree with the foregoing, we kindly ask you to pass the following resolutions:

***"The Extraordinary Shareholders' Meeting***

- ***having heard the Board of Directors' Explanatory Report prepared pursuant to art. 2441, par. 6 of the Italian Civil Code and art. 72 of the Consob Resolution no. 11971 of 14 May 1999 as subsequently amended and supplemented;***
- ***having acknowledged the main terms and conditions of the Bond provided in the Board of Directors' Explanatory Report;***
- ***having acknowledged the opinion on the issue price suitability provided by the Independent Auditors, Ernst & Young S.p.A.;***
- ***and having ascertained the possibility of pursuing the objectives and procedures as indicated above,***

**RESOLVES**

***to envisage and authorize, pursuant to art. 2420-bis of the Italian Civil Code and the provisions of the Regulation, the convertibility of the equity linked Bond and therefore to approve the proposal to increase the share capital against cash contributions, indivisible way, without option rights pursuant to art. 2441, par. 5 of the Italian Civil Code, for a maximum nominal value of euro 1,864.025,50, to be paid in one or more tranches through the issue of a maximum of 18.640.255 Company's ordinary shares with nominal value of euro 0.10 each, having the same characteristics as the outstanding ordinary shares, to be reserved exclusively and irrevocably for the conversion of the euro 750 million equity linked bond due on 2 February 2026 and directed exclusively to qualified investors, named "Prysmian S.p.A. Euro 750 million Equity Linked Bonds due 2026", pursuant to the terms of the relevant regulation. These shares relating to the conversion are issued at a price equal to euro 40.2355 per share and therefore with a premium equal to euro 40,1355, without prejudice to any adjustments to the conversion price as foreseen in the Bond Regulation; the number of shares relating to each requested conversion shall be determined by dividing the nominal value of the Bonds, in relation to which the conversion right will be exercised, by the conversion price above (or the effective price on the relevant conversion date, if applicable), rounded down to the nearest whole number of ordinary shares. No fractions of shares shall be issued or delivered and no payment in cash or adjustment shall be carried out for such fractions;***

- ***to approve that the Chairman and the Chief Executive Officer, including separately and with the power to delegate to other parties, send a notice to the bondholders entitling the latter to convert the bonds into already existing and/or newly issued ordinary shares of the Company;***
- ***to establish that the deadline to subscribe the newly issued shares is 2 February 2026, i.e. the end of the fifth year following the issue of the Bond named "Prysmian S.p.A. Euro 750 million Equity Linked Bonds due 2026", without prejudice to the fact that, if on that date, the share capital increase is not entirely subscribed, it shall nevertheless be considered as increased by an amount equal to the subscriptions made and from***

- the time of such subscriptions, provided they are subsequent to the registration of this resolution with the Business Register;*
- *to consequently amend art. 6 of the Articles of Association in order to take into account the resolutions made today, adding the following new fourth paragraph: “The Extraordinary Shareholders’ Meeting held on 28 April 2021 resolved to increase the share capital against cash contributions, indivisible way, with exclusion of the option right pursuant to art. 2441, par. 5 of the Italian Civil Code, for a maximum nominal value of euro 1,864,025.50, to be paid in one or more tranches through the issue of a maximum of 18,640,255 Company’s ordinary shares having the same characteristics as the outstanding ordinary shares, to be reserved exclusively and irrevocably for the conversion of the Bond, called “Prysmian S.p.A. Euro 750 million Equity Linked Bonds due 2026”, without prejudice to the fact that the subscription deadline for the newly issued shares is 2 February 2026 and, if on that date the capital increase is not entirely subscribed, it shall be considered as increased by an amount equal to the subscriptions made”, and to empower the Chairman and Chief Executive Officer, including separately and with the power to delegate to other parties, to update the figures mentioned in art. 6 of the Articles of Association, as amended, following the partial and/or total exercise of the conversion rights by the bondholders and the consequent partial and/or total execution of the capital increase for the Bond, while also ensuring that appropriate registration is made with the Trade Register;*
  - *to grant the Chairman and Chief Executive Officer with the widest and individual powers, including through special powers of attorney, to (i) execute the resolutions passed with the right to make any amendments required by the relevant Authorities, and any amendments required upon registration with the Trade Register, while also filing the updated text of the Articles of Association upon completion of the transaction which is the object of this resolution and (ii) carry out all that is required, necessary and useful to fully implement the resolution”.*

Milan, 1<sup>st</sup> April 2021

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