

Third Quarter Report

# at 30 September 2021



**Prysmian**  
Group

Linking  
the future



**Disclaimer**

*This document contains forward-looking statements, specifically in the sections entitled "Events after the reporting period" and "Business outlook", that relate to future events and the operating, economic and financial results of Prysmian Group. By their nature, forward-looking statements involve risk and uncertainty because they depend on the occurrence of future events and circumstances. Actual results may differ materially from those reflected in forward-looking statements due to multiple factors.*



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# Directors' Report

## DIRECTORS AND AUDITORS

### Board of Directors <sup>(4)</sup>

|                                |  |
|--------------------------------|--|
| <b>Chairman</b>                | Claudio De Conto <sup>(*)</sup> (2)  |
| <b>Chief Executive Officer</b> | Valerio Battista   |
| <b>Directors</b>               | Francesco Gori <sup>(**)</sup> (1)<br>Maria Letizia Mariani <sup>(**)</sup> (3)<br>Jaska Marianne de Bakker <sup>(**)</sup> (1)<br>Massimo Battaini<br>Tarak Mehta <sup>(**)</sup> (1)<br>Pier Francesco Facchini<br>Ines Kolmsee <sup>(**)</sup> (3)<br>Annalisa Stupenengo <sup>(**)</sup> (2)<br>Paolo Amato <sup>(**)</sup> (2)<br>Mimi Kung <sup>(**)</sup> (3) |

### Board of Statutory Auditors <sup>(5)</sup>

|                                       |  |
|---------------------------------------|--|
| <b>Chairman</b>                       | Pellegrino Libroia                         |
| <b>Standing Statutory Auditors</b>    | Laura Gualtieri<br>Paolo Francesco Lazzati |
| <b>Alternative Statutory Auditors</b> | Michele Milano<br>Claudia Mezzabotta       |

### Independent Auditors <sup>(6)</sup>

EY S.p.A.

<sup>(\*)</sup> Independent director as per Italian Legislative Decree 58/1998

<sup>(\*\*)</sup> Independent Director as per Italian Legislative Decree 58/1998 and Italy's Corporate Governance Code for Listed Companies (January 2020 edition) approved by the Italian Corporate Governance Committee, comprising business associations (ABI, ANIA, Assonime, Confindustria), Borsa Italiana S.p.A. (the Italian Stock Exchange) and Assogestioni (Italian investment managers association).

<sup>(1)</sup> Members of the Control and Risks Committee

<sup>(2)</sup> Members of the Remuneration and Nominations Committee

<sup>(3)</sup> Members of the Sustainability Committee

<sup>(4)</sup> Appointed by the Shareholders' Meeting on 28 April 2021

<sup>(5)</sup> Appointed by the Shareholders' Meeting on 5 June 2019

<sup>(6)</sup> Appointed by the Shareholders' Meeting on 16 April 2015

## Preface

Further to Legislative Decree 25/2016, which came into force on 18 March 2016 and has eliminated the requirement for quarterly reporting, Prysmian Group has prepared the present Quarterly Financial Report at 30 September 2021 on a voluntary basis and in continuity with its past reporting format.

The present Quarterly Financial Report is not subject to limited review by the independent auditors.

## SIGNIFICANT EVENTS DURING THE PERIOD

### ***Prysmian Group completes the acquisition of EHC Global***

On 8 January 2021, the Group announced it had completed the acquisition of EHC Global, a leading manufacturer of strategic components and integrated solutions for the vertical transportation industry. Established in 1977, EHC Global is a manufacturer and supplier of escalator handrails, rollers, elevator belts, strategic components and integrated solutions for the vertical transportation industry. EHC Global also offers a comprehensive range of technical and installation services for escalators and moving walkways.

The acquisition of EHC Global is in line with Prysmian Group's strategy to develop and strengthen its value-added businesses. EHC Global is a complementary add-on to the Draka Elevator business, broadening its product portfolio to include a wide range of escalator products and services.

Following the acquisition, the Group has consolidated EHC Global with effect from 1 January 2021 as more fully explained in the section on "Business Combinations" to which reference should be made.

### ***Placement of a Euro 750 million equity-linked bond***

On 26 January 2021, the Group announced that the placement of an equity-linked bond (the "Bonds") had been finalised for the sum of Euro 750 million.

The Bonds, with a 5-year maturity from 2 February 2021 and denomination of Euro 100,000 each, are zero coupon. The issue price is Euro 102.50, representing a yield to maturity of minus 0.49% per annum. The initial price for the conversion of the Bonds into the Company's ordinary shares is Euro 40.2355, representing a 47.50% premium on the weighted average price by volume of Prysmian ordinary shares on the Milan Stock Exchange between the start and end of the book-building process on 26 January 2021.

The Shareholders' Meeting held on 28 April 2021 authorised the convertibility of the equity-linked bond and approved the proposal for a share capital increase serving the conversion of the convertible bond for a maximum nominal amount of Euro 1,864,025.50 by issuing up to 18,640,255 ordinary shares with a nominal value of Euro 0.10 each.

As provided for in the Bond regulations, the Group has the option to call all - but not just a part - of the Bonds at their principal amount from 12 February 2024, should the share price exceed 130% of the conversion price for at least 20 days within a period of 30 consecutive trading days.

### ***Repurchase of the 2017 Bonds***

On 26 January 2021, the Group announced a partial redemption of the Company's outstanding Euro 500 million zero-coupon equity-linked bonds due in 2022 and issued on 17 January 2017 (the "2017 Bonds").

The total face value of the 2017 Bonds which the Company redeemed on 2 February 2021 was equal to Euro 250,000,000 representing 50% of the 2017 Bonds originally issued, at a repurchase price of Euro 104.250 per Euro 100,000 in face value.

### ***CDP Loan***

On 28 January 2021, a new loan for Euro 75 million over 4.5 years was agreed with Cassa Depositi e Prestiti S.p.A. (CDP), intended to finance part of the Group's expenditure to purchase the "Leonardo Da Vinci" cable-laying vessel.

This loan was drawn down in its entirety on 9 February 2021, with a bullet repayment envisaged at maturity on 28 July 2025. Interest rate swaps for a total notional value of Euro 75 million have been entered into with the objective of hedging variable rate interest flows over the period 2021-2025.

### ***New organisational structure***

On 3 February 2021, the Group announced that it had adopted a new organisational structure, in line with international best practices, with the aim of reinforcing its focus on the strategic opportunities offered by the global transition to low-carbon energy and digitalisation-based economies.

The introduction of this new structure marks the successful completion of the integration with General Cable, which has significantly enlarged the Group and broadened its geographical diversification.

Under the leadership of the CEO, the new organisation will pivot around the following key roles:

- Chief Operating Officer
- Business Divisions
- Group Functions

Under the new organisation, the CEO will further intensify the Group's focus on its organic and non-organic growth strategy, as well as on accelerating major innovation projects. The two global megatrends of transition to low-carbon energy and development of telecommunications networks to support digitalisation are among the major growth opportunities on which the Group will focus to ensure sustainable growth. In order to leverage the Group's wide geographic presence and customer proximity, while delivering business synergies at the same time, the new role of Chief Operating Officer (COO) will oversee the Group's operational strategy and performance and results of the Regions, in conjunction with the Group's three Business Divisions. The Business Divisions, which report directly to the CEO, are focused on the strategic



development of their different segments, with P&L responsibility for the global Business Units, in conjunction with the COO. In addition, they drive key decisions on product technology, production allocation and the most important projects. The Group Functions, reporting directly to the CEO, guide the governance and harmonisation of the main corporate processes, providing operational support to all Group entities. To sharpen the focus on ESG objectives, a Group Chief Sustainability Officer has been appointed.

### ***Construction of new fibre-optic Telecom link in Brazil***

On 24 February 2021, the Group announced that it will supply 770 km of MINISUB submarine optical fibre telecom cables to link the city of Macapá to Santarém and Alenquer, located in the north of the Amazon region, as part of the Norte Conectado project awarded by RNP, Rede Nacional de Ensino and Pesquisa, a Brazilian internet provider. The MINISUB solution is one of the most widely used technologies in the world.

### ***Finalisation of contract worth Euro 240 million with RWE for Sofia offshore wind farm***

On 29 March 2021, the Group announced the finalisation of a contract with RWE Renewables, one of the world's largest offshore wind farm developers, for the construction of a turnkey high voltage submarine and onshore cable system worth approximately Euro 240 million for the 1.4 gigawatt (GW) Sofia offshore wind farm. The Group had already announced a preferred bidder agreement in November 2020.

Prysmian Group will be responsible for the design, supply, installation and commissioning of an HVDC symmetrical single-core cable system that will connect the wind farm's offshore substation to the onshore converter station in Teesside. The project requires over 440 km of  $\pm 320$  kV XLPE-insulated submarine cables and 15 km of  $\pm 320$  kV P-Laser-insulated underground cables.

Offshore installation operations will be carried out using the Leonardo da Vinci, Prysmian's new state-of-the-art cable-laying vessel, the most high performance ship on the market offering enhanced versatility in project implementation. Project commissioning is expected towards the end of 2026.

### ***Successful completion of the first ever submarine interconnection between the island of Crete and mainland Greece***

On 1 April 2021, the Group and Independent Power Transmission Operator (IPTO) announced the completion of the submarine interconnection between the island of Crete and mainland Greece (Peloponnese region), a record-breaking project in many respects, including in terms of length, depth and innovative HVAC cable technology. Prysmian Group has designed, supplied, and installed an HVAC cable system involving 135 km of 150 kV tri-core XLPE-insulated double-armoured cables. This is a record-breaking project because Prysmian Group has installed its innovative cable technology, based on a synthetic armour 30% lighter than steel, at a maximum

depth of approximately 1,000 metres for the very first time. The project, worth a total of Euro 125 million, was awarded to the Group in 2018 by IPTO, operator of the electricity grid transmission system in Greece. The first interconnection between Crete and mainland Greece is expected to become operational in the next few months, ensuring reliable, cost-effective and sustainable power transmission.

### ***Approval of the Annual Financial Statements at 31 December 2020, distribution of dividends and appointment of the Prysmian S.p.A. Board of Directors***

On 28 April 2021, the shareholders of Prysmian S.p.A. approved the financial statements for 2020 and the distribution of a gross dividend of Euro 0.50 per share, for a total of some Euro 132 million. The dividend was paid out from 26 May 2021, with record date 25 May 2021 and ex-dividend date 24 May 2021. The same Shareholders' Meeting also appointed the new members of the Prysmian S.p.A. Board of Directors.

### ***Authorisation to buy back and dispose of treasury shares***

On 28 April 2021, the shareholders of Prysmian S.p.A. authorised the Board of Directors to buy back and dispose of treasury shares. This authorisation provides the opportunity to buy back, on one or more occasions, a maximum number of shares whose total must not exceed, at any one time, 10% of share capital. Purchases may not exceed the amount of retained earnings and unrestricted reserves reported in the most recently approved annual financial statements. The authorisation to buy back treasury shares will last for 18 months commencing from the date of the Shareholders' Meeting, while the authorisation to dispose of treasury shares has no time limit. The authorisation to purchase and dispose of treasury shares is required in order to enable the Group:

- to have a portfolio of treasury shares (a so-called "stock of shares") that can be used in any extraordinary transactions (e.g. mergers, demergers, spin-offs, acquisition of equity investments) and to implement the shareholder-approved remuneration policies applied to Prysmian Group;
- to use the treasury shares purchased to service the exercise of rights arising from convertible debt instruments or instruments exchangeable with financial instruments issued by the Company, its subsidiaries or third parties (e.g. in takeovers bids and/or stock swaps);
- to use the treasury shares to satisfy share-based incentive plans or share ownership plans reserved for Prysmian Group directors and/or employees;
- to manage the Company's capital effectively, by creating an investment opportunity, also in view of its available liquidity.

Treasury shares may be bought back and disposed of in accordance with applicable laws and regulations:

- (i) at a minimum price no more than 10% below the stock's official price reported in the trading session on the day before carrying out each individual transaction;
- (ii) at a maximum price no more than 10% above the stock's official price reported in the trading session on the day before carrying out each individual transaction.

### ***Your Employee Shares (YES) Plan***

On 28 April 2021, the shareholders of Prysmian S.p.A. approved the extension of the share ownership plan for Prysmian Group employees, previously approved by the shareholders' resolution dated 13 April 2016.

The Plan provides the opportunity to purchase Prysmian's ordinary shares on preferential terms, with a maximum discount of 25% on the stock price, given in the form of treasury shares. The shares purchased will be subject to a retention period, during which they cannot be sold. The extension has added new purchase windows in the years 2022, 2023 and 2024.

Beneficiaries of the Plan also include the executive directors of Prysmian S.p.A. as well as key management personnel, for whom the discount will be 1%.

### ***Authorisation of the convertibility of the Equity-linked Bond 2021***

The Extraordinary Shareholders' Meeting held on 28 April 2021 authorised the convertibility of the Euro 750 million equity-linked bond, approved by the Board of Directors on 26 January 2021 and reserved for institutional investors. The same meeting also approved the proposal for a share capital increase pursuant to art. 2420-bis, par. 2, of the Italian Civil Code, in one or more tranches, with the exclusion of pre-emptive rights under art. 2441, par. 5, of the Italian Civil Code, serving the conversion of the aforementioned convertible bond for a maximum nominal amount of Euro 1,864,025.50 by issuing up to 18,640,255 of the Company's ordinary shares with a nominal value of Euro 0.10 each, and thus amending art. 6 of its By-laws accordingly.

### ***Climate Change***

With the intention of further accelerating its pursuit of sustainability, the Group has decided to adopt the UN Global Compact. Prysmian has launched an ambitious climate change strategy by adopting Science-Based targets to reduce its CO2 emissions, in line with the COP 21 Paris Agreement, and by supporting the Business Ambition for 1.5°C campaign.

The target of zero net emissions is expected to be achieved between 2035 and 2040 for emissions generated by the Group's operations (Scope 1 and 2) and by 2050 for emissions generated by its value chain (Scope 3).



### ***"ECO CABLE": the cable industry's first certifiable green product label in support of energy transition***

On 4 May 2021, the Group announced the launch of its ECO CABLE label, the first proprietary label in the cable industry to help utilities and distributors make their supply chains and value propositions even greener.

The ECO CABLE label can be easily compared and combined with other sustainability certification protocols like the EPD (Environmental Product Declaration) and the EU Ecolabel (the environmental label of excellence for products and services that meet high environmental standards throughout their life cycle). Award of the ECO CABLE label is based on an automatic calculation system developed specifically for cable products, which applies recognised and measurable criteria from EU Ecolabel Regulation 66/2010, and in line with the main regulatory frameworks and requirements: Carbon Footprint, Absence of Substances of Very High Concern, Recyclability/Circularity, Recycling input rate, Environmental benefits and Cable transmission efficiency.

Prysmian Group has committed to apply the ECO CABLE rating system to 20% of all its products by 2022, in line with the Group's Sustainability Scorecard goals.

### ***Partnership with Hardt Hyperloop to accelerate Open Innovation***

On 10 May 2021, the Group announced a deepening of its partnership with Hardt Global Mobility as part of a program to make Hyperloop into a sustainable, high-speed pan-European passenger and freight transport network that will help Europe meet its zero-carbon goals by 2050.

### ***Diversity & Inclusion to empower "human capital"***

On 12 May 2021, the Group announced it was strengthening its commitment to Diversity & Inclusion (D&I) with the aim of further empowering its human capital, comprising some 28,000 employees worldwide. The increase in the percentage of women, both among white-collar workers and at senior management level, is one of the sustainability parameters to which the variable remuneration of company managers is linked.

As evidence of the strategic importance of gender and cultural diversity, Prysmian has also set up a new global Diversity & Inclusion Steering Committee to oversee the achievement of the Group's objectives. This Committee is responsible for defining D&I objectives at every level of the organisation and helping decide the actions to be taken, as well as promoting a cultural change to facilitate D&I within the workplace.

Prysmian Group believes in the value of people, background, leadership style and attitudes because every individual has the potential to generate value for the business. Its global footprint enables the Group to promote an inclusive environment, encouraging the development of corporate culture and identity.

### ***Euro 46 million contract for a new submarine power interconnection between Ibiza and Formentera***

On 12 May 2021, the Group announced that it had been awarded a contract worth approximately Euro 46 million by REE (Red Eléctrica de España, S.A.U.), the Spanish power grid transmission system operator, to develop a dual-circuit submarine power interconnection between the islands of Ibiza and Formentera.

With the notice to proceed expected by the end of 2021, Prysmian will provide its turnkey services to design, supply, install and commission two 132 kV HVAC tri-core submarine power cables with XLPE insulation and single-wire armouring. The system will consist of 27 km of submarine cable and 10 km of land cable.

The submarine cables will be made in Italy at the Arco Felice plant, the Group's centre of manufacturing and technological excellence for this type of cable. The land cables will be manufactured at the Group's local plant in Vilanova (Spain). Marine operations will be performed by one of Prysmian Group's cable-laying vessels. The system is expected to be commissioned in 2023.

### ***Prysmian Group enters the "smart home" market***

On 26 May 2021, the Group announced it had entered the "smart home" market for the first time with its innovative PRY-CAM HOME technology to manage and enhance the active safety of domestic electrical systems.

### ***New submarine cable links between Europe and Asia***

On 18 June 2021, the Group announced it had been awarded a contract worth a total of Euro 140 million by the Turkish utility TEIAS for the design, supply, installation and commissioning of two high-voltage submarine power transmission cables, one between Europe and Asia, the other across the Izmit Gulf in Asia. Both projects are scheduled for completion by 2023. The first project - Dardanelles III - involves the design, supply, installation and commissioning of a third high-voltage submarine power cable linking Europe and Asia across the Dardanelles strait in Turkey. The dual-circuit cable with a rating of 1,000 MW per circuit will cover a total distance of 4.2 km (4 km offshore and 0.2 km onshore). The second project - Izmit Gulf Crossing - involves the design, supply, installation and commissioning of a high-voltage submarine power cable to be laid in the vicinity of the Osman Gazi Bridge, in the Izmit Gulf, Turkey. The dual-circuit cable with a rating of 1,000 MW per circuit will cover a total distance of 14 km (4 km offshore and 10 km onshore). Each link will include two 400 kV HVAC single-core cables with XLPE insulation and single-wire armouring. The submarine cables will be manufactured at Prysmian's centre of excellence in Pikkala (Finland), while the onshore cables will be produced in Gron (France). Offshore installation operations will be performed by one of the Group's state-of-the-art cable-laying vessels.

### ***USD 900 million contract for SOO Green HVDC Link***

On 21 June 2021, the Group announced it had been selected by SOO Green HVDC Link as its preferred supplier of HVDC cable systems for a unique project: the overland transmission of power along existing rail corridors. The 2,100 MW interregional project, intended as the first link within a national clean power grid, will connect two of the largest US power markets. By linking Midwest Independent System Operator (MISO) serving the central US, to the eastern PJM Interconnection, SOO Green will deliver abundant, affordable renewable energy to population centres from Chicago to the mid-Atlantic region. As part of the project worth approximately USD 900 million, Prysmian Group will supply state-of-the-art  $\pm 525$  kV HVDC cables that can reliably and efficiently transmit enough renewable energy to power more than 1.2 million homes. On 25 June 2021, the Group announced that the contract with SOO Green HVDC link had been finalised. Cable production for the project is expected to start in 2023 at Prysmian's Abbeville plant in South Carolina.

### ***Faster-track commitment to sustainability by adopting Social Ambition goals alongside Climate Change Ambition***

On 15 July 2021, the Group confirmed its ambition to be a global sustainability leader with the announcement of new Social Ambition goals to sit alongside its existing Climate Change Ambition targets. The main areas of focus of the Group's new Social Ambition include commitments to improving diversity, equality and inclusion (DE&I); digital inclusion; empowerment of communities; and employee engagement and upskilling. The new 2030 targets support delivery of Prysmian's Social Ambition goals and bring the Group further into line with the United Nations Sustainable Development Goals. Prysmian's Social Ambition complements its Climate Change Ambition, which aims to make the Group one of the leading technological players in the transition to low-carbon energy. Its climate strategy adopts science-based targets aligned with the requirements of the Paris Agreement, and sets the goal of net zero emissions between 2035 and 2040 for emissions generated by its operations (Scope 1 and 2) and by 2050 for value chain emissions (Scope 3).

In order to accelerate the development of new submarine and underground power interconnections (mainly connections and interconnections related to offshore wind farms), the Group has planned investments also intended to further improve the sustainability of its organisation and supply chain. 48% of Prysmian's sales are already attributable to business segments and products that contribute to the emergence of a low-carbon economy. Fully developing the global expertise of its people is an integral part of Prysmian's long-term sustainability strategy. The Group is proactively evolving as an organisation which recognises the need for diversity, inclusion and gender equality at all levels, and is committed to empowering more women to pursue careers with Prysmian in technical and scientific roles. The Group is also promoting programmes to expand the digital inclusion of all its employees, while



eliminating discrimination based on role or position. Prysmian Group has adopted the Women's Empowerment Principles and promotes gender equality across the business. The Group continues to improve work-life balance to open up new career opportunities, especially for women. Other measures include childcare and guaranteed reinstatement after parental leave as well as flexi- and part-time working models, including for managers.

### ***Agreement to supply 350 km of Steel Tube & Thermoplastic Electro-Hydraulic Umbilicals to Petrobras in Brazil***

On 20 July 2021, the Group signed a contract with Petrobras to supply a total of 350 km of latest-generation deep-water electro-hydraulic umbilicals using both Steel Tube and Thermoplastic technologies, as well as specialised offshore and logistic services. The contract, worth approximately Euro 92 million, will support brown and green field projects in Brazil by providing the technology to upgrade installations and operations. Both the Steel Tube and Thermoplastic umbilicals will be engineered, manufactured, tested and delivered in the period 2022-2025 by the Group's Excellence Centre for subsea dynamic technologies based in Vila Velha. Prysmian Group is strongly committed to developing and producing cutting-edge top quality umbilical systems in order to offer the industry's major players engaged in challenging subsea projects, best-in-class solutions in terms of operating performance, reliability, resilience and safety.

### ***Commitment to protect R&D investments confirmed***

On 21 July 2021, the Group announced that it had commenced patent infringement proceedings in the UK High Court against Sterlite Technologies Limited ("Sterlite"). Prysmian claims that Sterlite's Micro-LITE Multitube Single Jacket fibre optic cable products infringe the UK designations of Prysmian's European Patents EP (UK) 2,390,700B1 and EP (UK) 1,668,392B1 ("the Patents") for fibre optic cables.

European Patent EP '392 relates to optical telecommunication cables, and in particular to an optical telecommunication cable with a very small diameter. European Patent EP '700 relates to optical telecommunication cables, and in particular to bundled cables containing optical fibres.

### ***Set-up of organisation to develop the three power transmission cable projects in Germany***

On 27 July 2021, the Group announced the set-up of its organisation to develop the three strategic High Voltage Direct Current (HVDC) land cable power transmission projects in Germany, namely SuedOstLink, SuedLink and A-Nord.

Prysmian was awarded the contracts by TenneT, Transnet and Amprion respectively in 2020, and is the only cable manufacturer involved in all three projects. Prysmian will supply its innovative, eco-friendly cable technologies to transport clean energy generated by wind farms

off the northern coast of Germany to the highly industrialised regions in the south of the country. To support project execution, Prysmian has opened three new German offices in Bayreuth, Würzburg and Wuppertal and has formed a multicultural project development and management team with over 200 members.

The Group is now preparing to start production of the HVDC cable system for SuedOstLink. Prysmian will supply a  $\pm 525$  kV P-Laser HVDC underground cable system running along a 270 km route that starts from the Isar connection point near Landshut in Bavaria, southern Germany. This solution offers a power transmission capacity of more than 2 GW on a single system. P-Laser cable technology, developed by Prysmian, is the first 100% recyclable, eco-sustainable, high-performance insulation using HPTE (High Performance Thermoplastic Elastomer), which reduces production process CO<sub>2</sub> emissions by 30%.

Sustainability plays a key role in all of Prysmian Group's operations and organisation. Prysmian has clearly defined its Climate Change Ambition and related targets to accelerate the race to zero net emissions by 2040, and has announced its new Social Ambition targets (to be achieved by 2030), reconfirming its commitment to becoming a global sustainability leader.

### ***Ørsted awards cable contracts for offshore wind farms in the North Sea***

On 28 July 2021, the Group announced that it had been awarded a contract worth more than Euro 60 million by Ørsted, a leading developer of offshore wind farms worldwide, for the design, supply, connection and commissioning of inter-array submarine cable systems for the Gode Wind 3 and Borkum Riffgrund 3 offshore wind farms. Both projects are scheduled for completion by 2024.

The Gode Wind 3 and Borkum Riffgrund 3 offshore wind farms will be located in the German section of the North Sea, approximately 60 km apart, and will be built simultaneously. Prysmian Group will supply inter-array systems totalling more than 150 km of 66 kV XLPE-insulated cables connecting the wind turbines of Gode Wind 3 to an offshore substation platform and Borkum Riffgrund 3 to an offshore conversion station where the voltage will be raised and converted for onward transmission to the German mainland, with an overall combined capacity of more than 1,100 MW. Once operational, the two wind farms will be capable of supplying energy to around 1.2 million German homes.

The cables for the Gode Wind 3 and Borkum Riffgrund 3 projects will be manufactured in Montereau and Gron (France), as well as in Nordenham (Germany), one of the Group's three centres of excellence for submarine cable production along with those in Arco Felice (Italy) and Pikkala (Finland).

### ***Agreement worth approximately Euro 66 million with Petrobras in Brazil for 200 km of Steel Tube & Thermoplastic Electro-Hydraulic Umbilicals***

On 5 August 2021, the Group announced that it had signed a contract with Petrobras for the supply of a total of 200 km of state-of-the-art deep-water electro-hydraulic umbilicals, using both Steel Tube and Thermoplastic technologies, and specialised offshore and logistics services intended to upgrade installations and operations in brown field and green field projects.

The contract, worth approximately Euro 66 million, follows the recent order for 350 km of umbilicals and will provide the technology to support the upgrading of Petrobras installations and operations. Both the Steel Tube and Thermoplastic umbilicals will be engineered, manufactured, tested and delivered in the period 2022-2025 by the Group's Excellence Centre for subsea dynamic technologies based in Vila Velha.

Prysmian Group has unrivalled experience and expertise developed over the years. Its dedicated Offshore Specialties division offers advanced solutions for complex subsea projects that guarantee the highest standards of operational performance, reliability and safety.

### ***Leonardo Da Vinci, the world's largest and most technologically advanced cable-laying vessel, goes into action***

On 9 August 2021, the Group announced delivery of the record-breaking vessel Leonardo da Vinci. A unique asset that joins the Group's existing fleet of state-of-the-art cable-laying vessels, it will enable more efficient and sustainable project execution internationally for the development of smarter and greener electricity grids to support energy transition. The Leonardo da Vinci will be based in Arco Felice, since 1960 the Group's leading-edge centre for submarine cables used in subsea interconnections around the world.

### ***Investment to support the development of broadband and 5G in North America***

On 23 August 2021, the Group announced the investment of USD 85 million in major equipment and technology upgrades at its North American plants, enabling the business to meet the growing production needs of its telecom customers.

Most of these investments and upgrades will take place at the Prysmian Group Claremont North Carolina facility to expand production of optical products. In addition, the Claremont facility is expected to grow to 620 employees over the next 18 months, adding up to 70 new jobs.

### ***Cable project for a new floating offshore wind farm in France***

On 7 September 2021, the Group announced that it had signed in consortium with Asso.subsea, a specialist submarine installation contractor, a contract worth approximately Euro 30 million with RTE (Réseau de Transport d'Électricité) to develop a submarine power export cable system for the Gruissan floating offshore wind farm located in the South of France.



Prysmian Group will be responsible for the design, supply, connection, testing and commissioning of one 66 kV three-core EPR-insulated submarine power export cable totalling 25 km, together with other dynamic 66 kV EPR-insulated submarine cables for about 1 km, which will connect the shore to the floating substation. The Group will also supply a further 3 km of 66 kV XLPE-insulated cables for the onshore section.

All the submarine cables will be produced at Prysmian Group's centre of excellence in Nordenham (Germany), while the land cables will be manufactured at the plant in Gron (France). The notice to proceed is expected by the end of November. Commissioning is scheduled for July 2023.

### ***Science Based Targets initiative (SBTi) approves Prysmian emissions reduction targets***

On 23 September 2021, the Group announced that its ambitious emissions reduction targets had been approved by the Science Based Targets initiative (SBTi). The Group has committed to an absolute reduction of 46% in Scope 1 and 2 greenhouse gas (GHG) emissions by 2030 from the 2019 baseline. It also intends to reduce Scope 3 GHG emissions from purchased goods and services and from the use of products sold by 21% in absolute terms within the same timeframe. The Net Zero emissions target (Scope 1 and 2) has been brought forward to 2035.

Prysmian has been found to be compliant with the SBTi Criteria and Recommendations. The SBTi Target Validation Team has classified Prysmian's Scope 1 and 2 target ambition as in line with the 1.5°C goal.

Prysmian's Climate Change Ambition aims to make the Group one of the leading technology players in the transition to low carbon energy. The Group has announced an ambitious new climate strategy by adopting science-based targets, in line with the requirements of the Paris Agreement, and endorsing the "Business Ambition for 1.5°C" campaign.

### ***Euro 221 million submarine cable project awarded in the Middle East***

On 30 September 2021, the Group was awarded a contract worth approximately Euro 221 million for a  $\pm 500$  kV HVDC submarine and land cable system between the Arab Republic of Egypt and the Kingdom of Saudi Arabia. The project has been awarded to Prysmian Group by the Egyptian Electricity Transmission Company (EETC) and the Saudi Electricity Company (SEC). The new link will facilitate strategic energy exchange between the two countries and connect the Gulf Cooperation Council (GCC) states with the African continent.

The project involves the design, supply, installation and commissioning of around 127.5 km of  $\pm 500$  kV HVDC mass impregnated single-core submarine cables, 43.5 km of 36 kV XLPE-insulated double-armoured single-core cables and 61 km of MINISUB fibre optic cables for telecommunications and Distributed Temperature Sensing (DTS) monitoring.

Project handover and commissioning are scheduled for 2024.

The mass impregnated cables will be produced at Arco Felice, Prysmian Group's centre of excellence for the manufacture of this type of product. The fibre optic submarine cables will be manufactured in Nordenham, Germany.

### ***Other significant events***

#### ***Ravin Cables Limited***

In January 2010, Prysmian Group acquired a 51% interest in the Indian company Ravin Cables Limited ("Ravin"), with the remaining 49% held by other shareholders directly or indirectly associated with the Karia family (the "Local Shareholders"). Under the agreements signed with the Local Shareholders, after a limited transition period, management of Ravin would be transferred to a Chief Executive Officer appointed by Prysmian. However, this failed to happen and, in breach of the agreements, Ravin's management remained in the hands of the Local Shareholders and their representatives. Consequently, having now lost control, Prysmian Group ceased to consolidate Ravin and its subsidiary Power Plus Cable Co. LLC. with effect from 1 April 2012. In February 2012, Prysmian was also forced to initiate arbitration proceedings before the London Court of International Arbitration (LCIA), requesting that the Local Shareholders be declared in breach of contract and ordered to sell the shares representing 49% of Ravin's share capital to Prysmian. In a ruling handed down in April 2017, the LCIA upheld Prysmian's claims and ordered the Local Shareholders to sell the shares representing 49% of Ravin's share capital to Prysmian. However, the Local Shareholders did not voluntarily enforce the arbitration award and so Prysmian had to initiate proceedings in the Indian courts in order to have the arbitration award recognised in India. Having gone through two levels of the court system, these proceedings were finally concluded on 13 February 2020 with the pronouncement of a ruling by the Indian Supreme Court under which the latter definitively declared the arbitration award enforceable in India. In view of the continuing failure of the Local Shareholders to comply voluntarily, Prysmian has requested the Mumbai court to enforce the arbitration award so as to purchase the shares representing 49% of Ravin's share capital as soon as possible. This case is currently still pending, slowed down by the ongoing Covid-19 emergency that has also affected India, and so control of Ravin is considered to have not yet been acquired.

## CONSOLIDATED FINANCIAL HIGHLIGHTS\*

(Euro/million)

|  | 9 months<br>2021 | 9 months<br>2020 | % change | 2020   |
|--|------------------|------------------|----------|--------|
| <b>Sales</b>   | 9,294            | 7,488            | 24.1%    | 10,016 |
| <b>Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies</b> | 712              | 632              | 12.7%    | 822    |
| <b>Adjusted EBITDA <sup>(1)</sup></b>  | 725              | 647              | 12.1%    | 840    |
| <b>EBITDA <sup>(2)</sup></b>   | 700              | 601              | 16.5%    | 781    |
| <b>Adjusted operating income <sup>(3)</sup></b>  | 483              | 401              | 20.4%    | 515    |
| <b>Operating income</b>  | 448              | 294              |          | 353    |
| <b>Profit/(loss) before taxes</b>  | 379              | 215              |          | 252    |
| <b>Net profit/(loss)</b>   | 257              | 137              |          | 174    |

(Euro/million)

|   | 30.09.2021 | 30.09.2020 | Change | 2020  |
|---|------------|------------|--------|-------|
| <b>Net capital employed</b>                               | 6,038      | 5,606      | 432    | 4,915 |
| <b>Employee benefit obligations</b>                       | 484        | 493        | (9)    | 506   |
| <b>Equity</b>   | 2,891      | 2,444      | 447    | 2,423 |
| <b>of which attributable to non-controlling interests</b> | 171        | 171        | -      | 164   |
| <b>Net financial debt</b>                                 | 2,663      | 2,669      | (6)    | 1,986 |

(Euro/million)

|   | 30.09.2021 | 30.09.2020 | % change | 2020   |
|---|------------|------------|----------|--------|
| <b>Net capital expenditure <sup>(4)</sup></b> | 165        | 161        | 2.5%     | 244    |
| <b>Employees (at period-end)</b>              | 30,096     | 28,628     | 5.1%     | 28,321 |
| <b>Earnings/(loss) per share</b>              |            |            |          |        |
| - basic                                       | 0.97       | 0.53       |          | 0.68   |
| - diluted                                     | 0.97       | 0.53       |          | 0.68   |

(1) Adjusted EBITDA is defined as EBITDA before income and expense for company reorganisation, non-recurring items and other non-operating income and expense.

(2) EBITDA is defined as earnings/(loss) for the period, before the fair value change in metal derivatives and in other fair value items, amortisation, depreciation and impairment, finance costs and income, dividends from other companies and taxes.

(3) Adjusted operating income is defined as operating income before income and expense for company reorganisation, non-recurring items and other non-operating income and expense, and before the fair value change in metal derivatives and in other fair value items.

(4) Net capital expenditure reflects cash flows from disposals of Assets held for sale and from disposals and additions of Property, plant and equipment and Intangible assets not acquired under specific financing arrangements, meaning that additions of leased assets are excluded.

(\*) All percentages contained in this report have been calculated with reference to amounts expressed in thousands of Euro.

## GROUP PERFORMANCE AND RESULTS

(Euro/million)

|   | 9 months<br>2021 | 9 months<br>2020 | % change     | 2020       |
|---|------------------|------------------|--------------|------------|
| <b>Sales</b>  | 9,294            | 7,488            | 24.1%        | 10,016     |
| <b>Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies</b>        | <b>712</b>       | <b>632</b>       | <b>12.7%</b> | <b>822</b> |
| % of sales  | 7.7%             | 8.4%             |              | 8.2%       |
| <b>Adjusted EBITDA</b>  | <b>725</b>       | <b>647</b>       | <b>12.1%</b> | <b>840</b> |
| % of sales  | 7.8%             | 8.6%             |              | 8.4%       |
| <b>EBITDA</b>   | <b>700</b>       | <b>601</b>       | <b>16.5%</b> | <b>781</b> |
| % of sales  | 7.5%             | 8.0%             |              | 7.8%       |
| Fair value change in metal derivatives  | 22               | 5                |              | (4)        |
| Fair value stock options  | (26)             | (23)             |              | (31)       |
| Amortisation, depreciation, impairment and impairment reversal                                | (248)            | (289)            |              | (393)      |
| <b>Operating income</b>   | <b>448</b>       | <b>294</b>       |              | <b>353</b> |
| % of sales  | 4.8%             | 3.9%             |              | 3.5%       |
| Net finance income/(costs)  | (69)             | (79)             |              | (101)      |
| <b>Profit/(loss) before taxes</b>   | <b>379</b>       | <b>215</b>       |              | <b>252</b> |
| % of sales  | 4.1%             | 2.9%             |              | 2.5%       |
| Taxes   | (122)            | (78)             |              | (78)       |
| <b>Net profit/(loss)</b>  | <b>257</b>       | <b>137</b>       |              | <b>174</b> |
| % of sales  | 2.8%             | 1.8%             |              | 1.7%       |
| Attributable to:  |                  |                  |              |            |
| Owners of the parent  | 255              | 140              |              | 178        |
| Non-controlling interests   | 2                | (3)              |              | (4)        |
| <b>Reconciliation of Operating Income/EBITDA to Adjusted Operating Income/Adjusted EBITDA</b> |                  |                  |              |            |
| <b>Operating income (A)</b>   | <b>448</b>       | <b>294</b>       |              | <b>353</b> |
| <b>EBITDA (B)</b>   | <b>700</b>       | <b>601</b>       | <b>16.5%</b> | <b>781</b> |
| <b>Adjustments:</b>   |                  |                  |              |            |
| Company reorganisation  | 13               | 17               |              | 32         |
| Non-recurring expenses/(income)   | 1                | 16               |              | 9          |
| Other non-operating expenses/(income)   | 11               | 13               |              | 18         |
| <b>Total adjustments (C)</b>  | <b>25</b>        | <b>46</b>        |              | <b>59</b>  |
| Fair value change in metal derivatives (D)  | (22)             | (5)              |              | 4          |
| Fair value stock options (E)  | 26               | 23               |              | 31         |
| Assets impairment and impairment reversal (F)   | 6                | 43               |              | 68         |
| <b>Adjusted operating income (A+C+D+E+F)</b>  | <b>483</b>       | <b>401</b>       | <b>20.4%</b> | <b>515</b> |
| <b>Adjusted EBITDA (B+C)</b>  | <b>725</b>       | <b>647</b>       | <b>12.1%</b> | <b>840</b> |

The Group's sales in the first nine months of 2021 came to Euro 9,294 million, compared with Euro 7,488 million in the corresponding period of 2020, posting a positive change of Euro 1,806 million (+24.1%).

The main factors behind this change were:

- positive organic sales growth, accounting for an increase of Euro 747 million (+10.0%); excluding the Projects segment, organic sales growth would have been +11.4%;
- unfavourable exchange rate movements, resulting in a decrease of Euro 264 million (-3.5%);
- fluctuation in the price of metals (copper, aluminium and lead), generating a sales price increase of Euro 1,269 million (+16.9%);

- increase of Euro 54 million (+0.7%) due to a change in the scope of consolidation after acquiring control of EHC Global, as already discussed in the earlier section "Significant events in the period".

Organic sales growth by the three operating segments was as follows:

|                 |         |
|-----------------|---------|
| <i>Projects</i> | +1.3%;  |
| <i>Energy</i>   | +11.0%; |
| <i>Telecom</i>  | +13.5%. |

The first nine months of 2021 saw a solid set of results for the Group, with organic growth of +10.0% (+11.4% excluding the *Projects* segment), thanks to a robust performance also carrying over into the third quarter (+13.2% excluding the *Projects* segment). In fact, there was a strong recovery by all businesses, driven in particular by *Energy* and *Telecom*.

The organic change described above is explained by the following main factors:

- a significant increase by the *Telecom* segment with +13.5% organic growth in sales;
- an increase by the *Energy & Infrastructure* business with +12.3% organic growth in sales, primarily supported by Trade & Installers (+21.0%);
- an increase by the *Industrial & Network Components* business with +9.2% organic growth in nine-month sales, led by Renewables which grew by 14.0%.

The Group's Adjusted EBITDA (before net expenses for company reorganisation, net non-recurring expenses and other net non-operating expenses) came to Euro 725 million in the first nine months of 2021, up Euro 78 million (+12.1%) on the corresponding 2020 figure of Euro 647 million. Despite the adverse trend in exchange rates, causing an impact of Euro 19 million, the improvement in the Group's Adjusted EBITDA was possible thanks to its resilience in preserving margins: in fact, assuming the same level of metal prices as 2020, the Adjusted EBITDA to sales ratio was 9%. Specifically, the Energy segment's Adjusted EBITDA reached higher pre-pandemic levels.

EBITDA is stated after net expenses for company reorganisation, net non-recurring expenses and other net non-operating expenses totalling Euro 25 million (Euro 46 million in the first nine months of 2020). These adjustments mainly consist of Euro 13 million in reorganisation costs and Euro 11 million in non-operating expenses and income.



Amortisation, depreciation and impairment amounted to Euro 248 million in the first nine months of 2021, down from Euro 289 million in the same period last year, which had included the recognition of Euro 43 million in impairment against the Energy South Europe CGU.

The fair value change in metal derivatives was a positive Euro 22 million in the first nine months of 2021 compared with a positive Euro 5 million in the same period of 2020.

After adopting hedge accounting for the majority of its derivatives on commodity prices, affected by price rises for copper, aluminium and lead, the Group has recognised a positive pre-tax amount of Euro 59 million in the metals cash flow hedge reserve.

A total of Euro 26 million in costs were recognised in the first nine months of 2021 to account for the effects of the long-term incentive plan and employee share purchase scheme.

Reflecting the effects described above, the Group's operating income came to Euro 448 million, compared with Euro 294 million in the first nine months of 2020, thus reporting an increase of Euro 154 million.

Net finance costs amounted to Euro 69 million in the first nine months of 2021, down from Euro 79 million in the prior year equivalent period. The decrease is primarily due to the recognition of Euro 16 million in income relating to the issue of the Convertible Bond 2021, as described more fully in the Explanatory Notes.

Taxes came to Euro 122 million, representing an effective tax rate of around 32% (36% in the first nine months of 2020).

Net profit for the first nine months of 2021 was Euro 257 million, of which Euro 255 million attributable to the Group, compared with Euro 137 million in the same period of 2020, of which Euro 140 million attributable to the Group.

Net financial debt stood at Euro 2,663 million at 30 September 2021, down Euro 6 million from Euro 2,669 million at 30 September 2020. In the last 12 months the Group has generated Euro 282 million in cash, before Euro 80 million in disbursements for antitrust litigation and Euro 81 million in outlays for business combinations. Net operating working capital has shown a healthy trend over the last twelve months, despite the huge negative impact of higher metal prices.

During the first nine months of the year, the Group finalised contracts of significant value, including the USD 900 million contract for the SOO Green HVDC Link project, a Euro 221 million project for a submarine cable system in the Middle East, the Euro 240 million contract with RWE for the Sofia offshore wind farm, a contract worth Euro 140 million awarded by the Turkish utility

TEIAS, the Ibiza-Formentera contract worth around Euro 46 million and the Gode Wind 3 & Borkum Fiffgrund3 contract for USD 60 million.

The Group has also received notice to proceed with the Vineyard project, worth some Euro 200 million.

In addition, from the second half of 2021, the Group began using the "Leonardo da Vinci", its new cable-laying vessel and the most advanced of its kind in the world for cable installation activities in support of the process of renewable energy transition.

## REVIEW OF PROJECTS OPERATING SEGMENT

(Euro/million)

|  | 9 months<br>2021 | 9 months<br>2020 | % change      | 2020       |
|--|------------------|------------------|---------------|------------|
| Sales  | 1,071            | 1,056            | 1.4%          | 1,438      |
| <b>Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies</b> | <b>123</b>       | <b>129</b>       | <b>-4.8%</b>  | <b>186</b> |
| % of sales   | 11.5%            | 12.3%            |               | 13.0%      |
| <b>Adjusted EBITDA</b>   | <b>124</b>       | <b>130</b>       | <b>-4.8%</b>  | <b>186</b> |
| % of sales   | 11.5%            | 12.3%            |               | 13.0%      |
| Adjustments  | (1)              | (19)             |               | (13)       |
| <b>EBITDA</b>  | <b>123</b>       | <b>111</b>       | <b>8.6%</b>   | <b>173</b> |
| % of sales   | 11.5%            | 10.5%            |               | 12.1%      |
| Amortisation and depreciation  | (52)             | (49)             |               | (64)       |
| <b>Adjusted operating income</b>   | <b>72</b>        | <b>81</b>        | <b>-10.6%</b> | <b>122</b> |
| % of sales   | 6.7%             | 7.7%             |               | 8.5%       |

The *Projects* Operating Segment incorporates the high-tech businesses of High Voltage underground, Submarine Power, Submarine Telecom, and Offshore Specialties, whose focus is projects and their execution, as well as product customisation.

The Group engineers, produces and installs high and extra high voltage cables for electricity transmission both from power plants and within transmission and primary distribution grids. These highly specialised, tech-driven products include cables insulated with oil or fluid-impregnated paper for voltages up to 1100 kV and extruded polymer insulated cables for voltages up to 600 kV. These are complemented by laying and post-laying services, grid monitoring and preventive maintenance services, power line repair and maintenance services, as well as emergency services, including intervention in the event of damage.

In addition, Prysmian Group engineers, produces and installs "end-to-end" submarine cable solutions for power transmission and distribution. The products offered include cables with different types of insulation: cables insulated with layers of oil or fluid-impregnated paper for AC and DC transmission up to 700 kV; cables insulated with extruded polymer for AC transmission up to 400 kV and DC transmission up to 600 kV. The Group uses specific technological solutions for power transmission and distribution in underwater environments, which satisfy the strictest international standards.

With the acquisition of General Cable, Prysmian Group has re-entered the Submarine Telecom cables business, specialised in the production and installation of data transmission cables.

The Offshore Specialties business incorporates a wide range of products for the oil industry, including umbilical cables, hoses and all electrical, optical and signalling components for oil well management from seabed to offshore platform.

### MARKET OVERVIEW

Market demand for Submarine Power cables in the first nine months of 2021 confirmed the signs of recovery emerging in the second half of 2020: several bids are now at an advanced stage of the tendering process, with their award expected in the next few months. The market is expected

to grow strongly over the medium term, especially the Offshore Wind and Interconnections segments, fostered by the continuous reduction in electricity generation costs and national plans promoting the green economy and energy transition.

Market demand remained stable for Submarine Telecom cables.

In the High Voltage underground business, the HVAC market was largely stable in both Europe, with mixed trends between the different countries, and North America, while displaying persistently soft demand in both Southeast Asia and South America, exacerbated by the impact of Covid-19.

In the HVDC market, typically for interconnectors, following the award of major contracts in Germany in 2020, as a result of which Prysmian Group has secured contracts worth approximately Euro 1.8 billion, no further contracts are expected to be awarded in Europe in 2021; on the other hand, the tendering process for the SOO Green contract in North America, worth around USD 900 million plus the civil works portion, was completed with its award to Prysmian Group's US subsidiary.

The Offshore Specialties business reported a continued fall in prices, but stable volumes.

## FINANCIAL PERFORMANCE

Sales to third parties by the *Projects* segment amounted to Euro 1,071 million in the first nine months of 2021, versus Euro 1,056 million in the same period of 2020, recording a positive change of Euro 15 million (+1.4%).

The factors behind this change were:

- positive organic sales growth, accounting for an increase of Euro 14 million (+1.3%);
- exchange rate trends, resulting in a decrease of Euro 10 million (-1.0%);
- metal price fluctuations, producing an increase of Euro 11 million (+1.1%).

The *Projects* segment's positive organic growth is explained by the robust level of third-quarter activity (+11.1% year-on-year), making up for the shortfall in the first six months of the year; the acceleration is largely attributable to contracts in progress in the Submarine Power business and to a positive contribution by the High Voltage Underground business. The Submarine Telecom and Offshore Specialties businesses both recorded reasonable growth due to larger volumes.

The main Submarine Power projects on which work was performed during the period were: the Crete-Peloponnese and Crete-Attica interconnector projects in Greece, the Viking Link between Great Britain and Denmark, the offshore wind projects in France and Germany (Dolwin5), plus contracts to supply cables for connecting offshore wind farms.

Sales in the period were the result of cable manufacturing activities by the Group's industrial facilities (Pikkala in Finland, Arco Felice in Italy, Drammen in Norway and Nordenham in Germany) and installation services, performed with the assistance of both its own assets and third-party equipment.

The value of the Group's Submarine Power order backlog stands at around Euro 1.95 billion, mainly consisting of the following contracts: the offshore wind contracts in France (St. Nazaire, Fecamp and Calvados), Germany (Dolwin5) and Great Britain (Sofia); the interconnector between Great Britain and Denmark (Viking Link); the link between Scotland and the NNG offshore wind farm and the Crete-Attica link in Greece. On top of these are the offshore contract (Vineyard Wind) in North America and the interconnection contracts in Turkey.

The value of the Group's High Voltage order backlog business stands at just over Euro 2 billion, mostly consisting of orders for the German Corridors, which puts the total order backlog for the *Projects* segment at a record value of Euro 4 billion.

Nine-month Adjusted EBITDA came to Euro 124 million, down from the prior year figure of Euro 130 million; margins in the *Projects* business were 11.5%, but they would have been 11.7% assuming the same level of metal prices as 2020. The main source of contraction was the negative mix of contracts in progress in the Submarine Power business.

However, in the third quarter the *Projects* segment, having started to recover in the second quarter, confirmed the expectations for a second-half acceleration; this is primarily attributable to commencement of work on the German Corridors and the phasing of projects in the submarine business.



## REVIEW OF ENERGY OPERATING SEGMENT

(Euro/million)

|  | 9 months<br>2021 | 9 months<br>2020 | % change     | 2020       |
|--|------------------|------------------|--------------|------------|
| Sales  | 7,019            | 5,385            | 30.3%        | 7,207      |
| <b>Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies</b> | <b>422</b>       | <b>353</b>       | <b>19.5%</b> | <b>436</b> |
| % of sales   | 6.0%             | 6.6%             |              | 6.1%       |
| <b>Adjusted EBITDA</b>   | <b>423</b>       | <b>355</b>       | <b>19.2%</b> | <b>440</b> |
| % of sales   | 6.0%             | 6.6%             |              | 6.1%       |
| Adjustments  | (27)             | (36)             |              | (45)       |
| <b>EBITDA</b>  | <b>396</b>       | <b>319</b>       | <b>23.8%</b> | <b>395</b> |
| % of sales   | 5.6%             | 5.9%             |              | 5.5%       |
| Amortisation and depreciation  | (134)            | (141)            |              | (185)      |
| <b>Adjusted operating income</b>   | <b>289</b>       | <b>214</b>       | <b>34.7%</b> | <b>255</b> |
| % of sales   | 4.1%             | 4.0%             |              | 3.5%       |

The *Energy* Operating Segment, encompassing businesses offering a complete and innovative product portfolio to a variety of industries, is organised around the business areas of *Energy & Infrastructure* (comprising Trade & Installers, Power Distribution and Overhead Transmission Lines) and *Industrial & Network Components* (comprising Oil & Gas, Downhole Technology, Specialties & OEM, Elevators, Automotive and Network Components).

Sales to third parties by the Energy segment came to Euro 7,019 million in the first nine months of 2021, compared with Euro 5,385 million in the corresponding period of 2020, posting a positive change of Euro 1,634 million (+30.3%), the main components of which were as follows:

- positive organic sales growth of Euro 592 million (+11.0%);
- decrease of Euro 225 million (-4.2%) for adverse exchange rate fluctuations;
- sales price increase of Euro 1,213 million (+22.5%) for metal price fluctuations;
- positive change of Euro 54 million (+1.0%) due to acquisition of EHC, consolidated with effect from 1 January 2021.

Adjusted EBITDA came to Euro 423 million in the first nine months of 2021, up Euro 68 million (+19.2%) from Euro 355 million in the same period of 2020, reflecting not only increased volumes and efficiencies that recouped the negative effects of the Covid-19 pandemic reported in the first half of 2020, but also the contribution of Euro 9 million from the acquisition of EHC, consolidated with effect from 1 January 2021.

The following paragraphs describe market trends and financial performance in each of the Energy operating segment's business areas.

## ENERGY & INFRASTRUCTURE

(Euro/million)

|  | 9 months<br>2021 | 9 months<br>2020 | % change     | 2020       |
|--|------------------|------------------|--------------|------------|
| Sales  | 4,708            | 3,559            | 32.3%        | 4,735      |
| <b>Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies</b> | <b>268</b>       | <b>222</b>       | <b>20.5%</b> | <b>272</b> |
| % of sales   | 5.7%             | 6.2%             |              | 5.8%       |
| <b>Adjusted EBITDA</b>   | <b>269</b>       | <b>224</b>       | <b>20.2%</b> | <b>275</b> |
| % of sales   | 5.7%             | 6.3%             |              | 5.8%       |
| <b>Adjusted operating income</b>   | <b>180</b>       | <b>131</b>       | <b>36.4%</b> | <b>152</b> |
| % of sales   | 3.8%             | 3.7%             |              | 3.2%       |

Prysmian produces high and medium voltage cable systems to connect industrial and/or civilian buildings to primary distribution grids and low voltage cables and systems for power distribution and the wiring of buildings. All the products offered comply with international standards regarding insulation, fire resistance, smoke emissions and halogen levels. The low voltage product portfolio includes rigid and flexible cables for distributing power to and within residential and commercial buildings. The Group concentrates product development and innovation activities on high performance cables, such as Fire-Resistant and Low Smoke zero Halogen cables, capable of guaranteeing specific safety standards. The product range has been lately expanded to satisfy the demand for cables serving infrastructure such as airports, ports and railway stations, by customers as diverse as international distributors, buying syndicates, installers and wholesalers.

### MARKET OVERVIEW

The product markets have distinct geographical characteristics (despite international product standards) both in terms of customer and supplier fragmentation and the range of items produced and sold.

During the first nine months of 2021, demand in all the countries of the Trade & Installers European market showed signs of a strong rebound in line with market trends, more so in South Europe and the United Kingdom than in Germany and Eastern Europe, North Europe and the Middle East, recovering in most cases to pre-Covid-19 levels.

In LATAM, the recovery in demand was even more significant, confirming the healthy trend already recorded at the end of 2020.

In North America, the Trade & Installers market reported a strong upturn on the corresponding prior year period, which had been particularly negative due to the effects of the Covid-19 pandemic. However, there were persistent difficulties in procuring raw materials and transport. APAC also returned to pre-Covid-19 levels, mainly driven by both China and Oceania.

As for Power Distribution, the market trend was slightly better than in same period of 2020: generally stable in Europe, with growth in South Europe and the United Kingdom, recovering in the Middle East but worse in Central Europe, North Europe and North America. The downturn in North American volumes was due to the fact that in the same period last year this region had enjoyed strong performance in the Onshore Wind market thanks to the Production Tax Credit (PTC), a tax incentive based on electricity generation. Following the pandemic, the deadline for installations was extended until the end of the year, without increasing the amount of incentives. In addition, shortages of essential production materials and transport problems weighed negatively on growth in core markets.

### FINANCIAL PERFORMANCE

Sales to third parties by the *Energy & Infrastructure* business amounted to Euro 4,708 million in the first nine months of 2021, compared with Euro 3,559 million in the corresponding period of 2020, posting a positive change of Euro 1,149 million (+32.3%), the main components of which were as follows:

- positive organic sales growth of Euro 439 million (+12.3%);
- negative change of Euro 141 million (-3.9%) for exchange rate fluctuations;
- sales price increase of Euro 851 million (+23.9%) for metal price fluctuations.

The *Energy & Infrastructure* business recorded positive organic sales growth of +12.3% in the first nine months of 2021. Trade & Installers enjoyed strong organic growth, albeit with geographical differences, especially in South Europe and the United Kingdom, with a rebound in the rest of Europe and slight recovery in the Middle East driven by Turkey. LATAM and North America enjoyed a very strong recovery despite difficulties in procuring raw materials and transport. APAC recorded a good recovery, driven by China and Oceania.

Overall profitability of the Trade & Installers business improved on 2020, mainly due to recovery of volumes and efficiencies along with the price increase and positive mix that offset the higher cost of most raw materials.

The Power Distribution business had marginally positive organic growth, reflecting mixed performances by region: positive in EMEA, LATAM and APAC but negative in North America. There was a slight decrease in profitability, generated by a combination of negative exchange rate trends and the product mix especially in North America. In North America, the trend for the Power Distribution business normalised in the second and third quarters, as expected, after the strong tax incentive-driven growth in previous periods. There was persistently strong price pressure in Europe and trouble in recovering key commodity price increases.

In the Overhead Lines business, volumes reported a year-on-year contraction in LATAM, while remaining stable in North America.

Given the factors described above, Adjusted EBITDA in the first nine months of 2021 came to Euro 269 million, compared with Euro 224 million in the same period of 2020, reflecting an increase of Euro 45 million (+20.2%). Margins in the Energy & Infrastructures business were 5.7%, but they would have been 7.0% assuming the same level of metal prices as 2020.

## INDUSTRIAL & NETWORK COMPONENTS

(Euro/million)

|  | 9 months<br>2021 | 9 months<br>2020 | % change     | 2020       |
|--|------------------|------------------|--------------|------------|
| Sales  | 2,074            | 1,673            | 24.0%        | 2,252      |
| <b>Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies</b> | <b>150</b>       | <b>130</b>       | <b>15.6%</b> | <b>165</b> |
| % of sales   | 7.2%             | 7.8%             |              | 7.3%       |
| <b>Adjusted EBITDA</b>   | <b>150</b>       | <b>130</b>       | <b>15.4%</b> | <b>166</b> |
| % of sales   | 7.2%             | 7.8%             |              | 7.4%       |
| <b>Adjusted operating income</b>   | <b>108</b>       | <b>86</b>        | <b>25.6%</b> | <b>109</b> |
| % of sales   | 5.2%             | 5.1%             |              | 4.8%       |

The extensive range of cables developed specially for certain industries is characterised by the highly specific nature of the solutions offered. In the transport market, Prysmian cables are used in the construction of ships and trains, and in the automotive and aerospace industries; in the infrastructure market, the principal applications for its cables are found in railways, docks and airports. The product range also includes cables for the mining industry, for elevators and for applications in the renewable energy field (solar and wind power), cables for military use and for nuclear power stations, able to withstand the highest radiation environments.

Prysmian also offers a wide range of products and systems for the petrochemicals sector covering every need both onshore and offshore: low and medium voltage power cables, instrumentation and control cables as well as Downhole Technology (DHT) solutions, with cables encased in steel pipes to control and power monitoring systems within extraction wells.

Lastly, the Group produces accessories and network components, as well as sophisticated control systems; for example, joints and terminations for low, medium, high and extra high voltage cables and submarine systems to connect cables with one another and/or connect them with other network devices, suitable for industrial, construction and infrastructure applications and for use within power transmission and distribution networks.

## MARKET OVERVIEW

Markets for Industrial cables displayed good resilience with some understandable disparities within the various business lines and between the different geographical areas. Some market segments are growing and recovering thanks to a strong existing order backlog and customer

investment programs. Certain applications for the OEM sector have performed well: Infrastructure, Defence and Water. The Railways and Mining businesses have recovered thanks to renewed MRO demand in Europe and the call-off of certain projects already in the order backlog in South America. Stable results for the Crane business nonetheless compare with a healthy performance in the same period of 2020 resulting from order intake in the fourth quarter of 2019. Defence regained momentum, especially in North America, while Nuclear lost traction after benefiting from positive project phasing in North America in 2020.

The Rolling Stock business saw lower volumes in China. The Renewables segment enjoyed positive demand, with the Wind business growing in Central Eastern Europe and Australia but declining in LATAM, and growth by the Solar business in all markets.

However, both businesses saw an increase in competitive pressure due to higher raw material and logistics costs, which affected unit margins and more than offset the healthy trend in volumes.

In the O&G segment, demand is still being affected by the aftermath of the Covid-19 pandemic. During the year, there was a gradual recovery in business in North America and positive development in the APAC region, while the level of activity in EMEA was still limited. The pace of order intake is showing the first signs of recovery, driven by a sharp rise in oil and hydrocarbon prices.

The Elevator market showed a certain stability thanks to good performance in North America and a recovery in China, the first country to be affected by Covid-19 in the previous year. It should be noted that the EHC Global Group, operating in the elevator business, has been consolidated as from 1 January 2021, making a Euro 9 million contribution to the Group's EBITDA.

The Automotive segment's nine-month volumes in 2021 displayed a strong year-on-year recovery, maintaining the positive trend seen in the first half of 2021.

In the APAC region, despite strong growth in the market for electric cars and good performance in the premium market, there was a sharp downturn at the mid and low end of the market. There is also a continuing tendency for cable manufacturers to intercept the market upstream.

The Network Components market displayed a recovery in demand during the first nine months of 2021, especially by the HV and EHV segments, and a resilient MV segment in the South Europe region. Difficulties persisted in APAC due to strong competition, while the situation in other markets was stable.



## FINANCIAL PERFORMANCE

Sales to third parties by the *Industrial & Network Components* business area amounted to Euro 2,074 million in the first nine months of 2021, compared with Euro 1,673 million in the corresponding period of 2020, recording a positive change of Euro 401 million (+24.0%), the main components of which were as follows:

- positive organic sales growth of Euro 153 million (+9.2%);
- negative change of Euro 75 million (-4.5%) for exchange rate fluctuations;
- sales price increase of Euro 269 million (+16.1%) for metal price fluctuations;
- positive change of Euro 54 million (+3.2%) due to acquisition of EHC, consolidated with effect from 1 January 2021.

The principal business lines of *Industrial & Network Components* performed better in the first nine months of 2021 than in the same period of 2020, except for Oil & Gas and DHT which were still affected by the aftermath of the Covid-19 pandemic.

The Oil & Gas business saw a persistent deterioration in business volumes in the EMEA region due to project phasing; the signs of recovery in demand already identified in North America and LATAM were confirmed. Asia Pacific displayed a positive level of activity. The business's overall margins were stable.

Specialties, OEM and Renewables recorded a healthy level of profit and positive organic growth in line with expectations, displaying good resilience to the global economic situation, particularly thanks to results achieved in Central Eastern Europe, North Europe, Latam and China and good performance by the Railways, Mining, Infrastructure, and Renewables businesses.

This positive performance was partially tempered by worse results for the Marine and Nuclear businesses due to project phasing and delays in calling off orders already in the backlog.

The Elevator business performed well, particularly in China.

The acquisition of the EHC group was completed in January 2021 and is enabling the Group to integrate vertical transportation solutions into the product portfolio of its Elevator business.

The Automotive business reported positive organic growth in every geographical region in the first nine months of 2021, with a recovery in both volumes and profitability, as already seen since the final quarter of 2020.

The Network Components business recovered to regain its pre-Covid-19 levels, driven above all by the HV and EHV segment in South Europe. The MV market was stable, with strong pressure on prices.

Given the factors described above, Adjusted EBITDA for the first nine months of 2021 came to Euro 150 million, up from Euro 130 million in the same period last year, reporting a positive change of Euro 20 million (+15.4%). Margins in the Industrial & Network Component business were 7.2%, but they would have been 8.1% assuming the same level of metal prices as 2020.

## OTHER

(Euro/million)

|  | 9 months 2021 | 9 months 2020 | 2020       |
|--|---------------|---------------|------------|
| Sales  | 237           | 153           | 220        |
| <b>Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies</b> | <b>4</b>      | <b>1</b>      | <b>(1)</b> |
| <b>Adjusted EBITDA</b>   | <b>4</b>      | <b>1</b>      | <b>(1)</b> |
| <b>Adjusted operating income</b>   | <b>1</b>      | <b>(3)</b>    | <b>(6)</b> |

This business area encompasses occasional sales by Prysmian Group operating units of intermediate goods, raw materials or other products forming part of the production process. These sales are normally linked to local business situations, do not generate high margins and can vary in size from period to period.

## REVIEW OF TELECOM OPERATING SEGMENT

(Euro/million)

|  | 9 months<br>2021 | 9 months<br>2020 | % change     | 2020       |
|--|------------------|------------------|--------------|------------|
| Sales  | 1,204            | 1,047            | 15.0%        | 1,371      |
| <b>Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies</b> | <b>167</b>       | <b>150</b>       | <b>11.0%</b> | <b>200</b> |
| % of sales   | 13.9%            | 14.4%            |              | 14.6%      |
| <b>Adjusted EBITDA</b>   | <b>178</b>       | <b>162</b>       | <b>9.7%</b>  | <b>214</b> |
| % of sales   | 14.8%            | 15.5%            |              | 15.6%      |
| Adjustments  | 6                | 12               |              | 8          |
| <b>EBITDA</b>  | <b>184</b>       | <b>174</b>       | <b>5.8%</b>  | <b>222</b> |
| % of sales   | 15.3%            | 16.6%            |              | 16.2%      |
| Amortisation and depreciation  | (56)             | (56)             |              | (76)       |
| <b>Adjusted operating income</b>   | <b>122</b>       | <b>106</b>       | <b>14.6%</b> | <b>138</b> |
| % of sales   | 10.1%            | 10.1%            |              | 10.1%      |

As partner to leading telecom operators worldwide, Prysmian Group produces and manufactures a wide range of cable systems and connectivity products used in telecommunication networks. The product portfolio includes optical fibre, optical cables, connectivity components and accessories and copper cables.

### MARKET OVERVIEW

The global fibre optic cable market reported a recovery during the first nine months of 2021. In Europe, market growth has been driven by the plans set out in the Digital Agenda for Europe 2025, which envisages the provision of three levels of minimum service depending on the type of user. In particular, government offices and institutions like schools and hospitals are intended to benefit from a bandwidth of at least 1 Gb/s. Similarly, the entire residential population will be connected with 100 Mb/s, while all urban areas and transport corridors should have broadband mobile coverage with 5G technology. In Europe, the network architectures used vary according to choices made by each individual country.

FTTH networks are the preference in France, Spain, Portugal and the Nordics, while G.Fast is the norm in Germany and Britain; although these systems use the last few metres of the existing copper network, huge volumes of optical cables are nonetheless required to upgrade the distribution networks. In other places like Italy, the two technologies coexist.

North America has confirmed the upward trend already observed since the final quarter of last year.

In South America, a region when fibre penetration rates are still low, there has been a slight growth in the optical cables market, driven by resumed investment by major telecom operators. The copper cable market is experiencing a slowdown linked to product maturity. The downturn in demand, already evident in recent years, has been confirmed but without showing any acceleration.

Given the high demand for internet access, the major operators have opted to renew their networks using optical fibre, rather than perform extensive maintenance work or upgrade existing networks. It is still worth retaining a presence in this segment since the gradual decommissioning of assets by competitor cable manufacturers nonetheless offers attractive opportunities.

The MMS cable market has recovered, particularly in Germany, France, China and North America. In South America, a gradual recovery is underway after commencing in the final quarter of last year.

### **FINANCIAL PERFORMANCE**

Sales to third parties by the Telecom operating segment came to Euro 1,204 million in the first nine months of 2021, compared with Euro 1,047 million in the same period of 2020.

The positive change of Euro 157 million (+15.0%) is explained by:

- organic sales growth of Euro 141 million (+13.5%);
- sales price increase of Euro 45 million (+4.3%) for metal price fluctuations;
- negative change of Euro 29 million (-2.8%) for exchange rate fluctuations.

Organic sales growth in the first nine months of 2021 was mainly due to a recovery in demand for optical fibre cables and special cables, particularly in South Europe and North America.

In Europe, although nine-month volumes were up on the same period last year, prices were lower. The policy of "destocking" adopted by the main European operators during 2020 has given way to a gradual recovery in volumes.

In South America, volumes grew in line with the positive market trend.

Globally, copper cables continued their steady decline with the retirement of traditional networks in favour of new-generation ones.

The high value-added business of optical connectivity accessories continued to perform well, prompted by the development of new FTTx (last-mile broadband) networks, particularly in Great Britain.

The Multimedia Solutions business recorded positive organic growth due to an upturn in North American market volumes.

Adjusted EBITDA for the first nine months of 2021 came to Euro 178 million, reporting an increase of Euro 16 million (+9.7%) from Euro 162 million in the same period of 2020. Margins in the Telecom business were 14.8%, but they would have been 15.4% assuming the same level of metal prices as 2020.

## RESULTS BY GEOGRAPHICAL AREA

(Euro/million)

|                                   | Sales            |                  | Adjusted EBITDA  |                  |
|-----------------------------------|------------------|------------------|------------------|------------------|
|                                   | 9 months<br>2021 | 9 months<br>2020 | 9 months<br>2021 | 9 months<br>2020 |
| EMEA*                             | 3,933            | 3,080            | 226              | 153              |
| North America                     | 2,775            | 2,306            | 248              | 287              |
| Latin America                     | 771              | 502              | 73               | 41               |
| Asia Pacific                      | 744              | 544              | 54               | 36               |
| <b>Total (excluding Projects)</b> | <b>8,223</b>     | <b>6,432</b>     | <b>601</b>       | <b>517</b>       |
| Projects                          | 1,071            | 1,056            | 124              | 130              |
| <b>Total</b>                      | <b>9,294</b>     | <b>7,488</b>     | <b>725</b>       | <b>647</b>       |

(\*) EMEA = Europe, Middle East and Africa

As stated in the Explanatory Notes to this Quarterly Financial Report, the Group's operating segments are: *Energy*, *Projects* and *Telecom*, reflecting the structure used in the periodic reports prepared to review business performance. The primary performance indicator used in these reports, presented by macro type of business (*Energy*, *Projects* and *Telecom*), is Adjusted EBITDA, defined as earnings (loss) for the period before non-recurring items, the fair value change in metal price derivatives and in other fair value items, amortisation, depreciation and impairment, finance costs and income and taxes.

Although the primary operating segments remain those by business, in order to provide users of the financial statements with information that is more consistent with the Group's greater geographical diversification following the General Cable acquisition, Sales and Adjusted EBITDA have been reported above by geographical area, excluding the *Projects* business whose geographical breakdown is unrepresentative. For this purpose, sales of goods and services are analysed geographically on the basis of the location of the registered office of the company that issues the invoices, regardless of the geographic destination of the products sold. This type of presentation does not produce significantly different results from analysing sales of goods and services by such destination.

### EMEA

The EMEA region's sales in the first nine months of 2021 amounted to Euro 3,933 million, reflecting organic growth of +10.9% on the same period last year. Adjusted EBITDA came to Euro 226 million (Euro 153 million in the first nine months of 2020), reporting a margin on sales of 5.7% (5.0% in the prior year equivalent period). These results were due to a recovery in *Energy* (especially the Construction business) and *Telecom*, with strong organic growth by Industrial & Network Components driven by Renewables (+17.5%).



### *North America*

The region's sales amounted to Euro 2,775 million, reporting an organic change of +7.7% on the first nine months of 2020. Adjusted EBITDA amounted to Euro 248 million (Euro 287 million in the first nine months of 2020) and was negatively impacted by Euro 15 million in unfavourable exchange rate trends. Adjusted EBITDA reported a margin on sales of 8.9% (12.4% in the prior year equivalent period).

Solid performance was recorded by the T&I business, which grew by 20.3% in the first nine months of 2021, the Renewables business and the Optical Cables business. The Power Distribution business restabilised after the incentive-driven growth recorded in 2020 benefiting the onshore wind business.

### *LATAM*

The LATAM region's sales amounted to Euro 771 million, reflecting organic growth of +32.0%. Adjusted EBITDA came to Euro 73 million (Euro 41 million in the first nine months of 2020), reporting a margin on sales of 9.4% (8.2% in the prior year equivalent period). Performances were excellent, particularly by the Construction, Renewables and Telecom businesses, despite the negative impact of Euro 5 million from exchange rates.

### *APAC*

The APAC region's sales in the first nine months of 2021 amounted to Euro 744 million, reflecting organic growth of +11.3%. Adjusted EBITDA came to Euro 54 million (Euro 36 million in the first nine months of 2020), reporting a margin on sales of 7.3% (6.6% in the prior year equivalent period). These robust results were achieved thanks to full recovery from the negative impacts of the Covid-19 pandemic, primarily driven by China.

# GROUP STATEMENT OF FINANCIAL POSITION

## RECLASSIFIED STATEMENT OF FINANCIAL POSITION

(Euro/million)

|  | 30.09.2021   | 30.09.2020   | Change     | 31.12.2020   |
|--|--------------|--------------|------------|--------------|
| Net fixed assets                                   | 5,160        | 5,035        | 125        | 4,971        |
| Net working capital                                | 1,443        | 1,260        | 183        | 523          |
| Provisions and net deferred taxes                  | (565)        | (689)        | 124        | (579)        |
| <b>Net capital employed</b>                        | <b>6,038</b> | <b>5,606</b> | <b>432</b> | <b>4,915</b> |
| Employee benefit obligations                       | 484          | 493          | (9)        | 506          |
| Total equity                                       | 2,891        | 2,444        | 447        | 2,423        |
| of which attributable to non-controlling interests | 171          | 171          | -          | 164          |
| Net financial debt                                 | 2,663        | 2,669        | (6)        | 1,986        |
| <b>Total equity and sources of funds</b>           | <b>6,038</b> | <b>5,606</b> | <b>432</b> | <b>4,915</b> |

## NET FIXED ASSETS

(Euro/million)

|  | 30.09.2021   | 30.09.2020   | Change     | 31.12.2020   |
|--|--------------|--------------|------------|--------------|
| Property, plant and equipment                                      | 2,708        | 2,657        | 51         | 2,648        |
| Intangible assets  | 2,096        | 2,052        | 44         | 1,997        |
| Equity-accounted investments                                       | 343          | 311          | 32         | 312          |
| Other investments at fair value through other comprehensive income | 13           | 13           | -          | 13           |
| Assets and liabilities held for sale (*)                           | -            | 2            | (2)        | 1            |
| <b>Net fixed assets</b>  | <b>5,160</b> | <b>5,035</b> | <b>125</b> | <b>4,971</b> |

(\*) Excluding the value of financial assets and liabilities held for sale.

At 30 September 2021, net fixed assets amounted to Euro 5,160 million, compared with Euro 4,971 million at 31 December 2020, posting an increase of Euro 189 million mainly due to the combined effect of the following factors:

- Euro 167 million in net capital expenditure on property, plant and equipment and intangible assets;
- Euro 248 million in amortisation, depreciation and impairment in the period;
- Euro 33 million in increases for property, plant and equipment accounted for in accordance with IFRS 16;
- Euro 133 million in positive currency translation differences affecting property, plant and equipment and intangible assets;
- Euro 31 million for the net increase in equity-accounted investments;
- Euro 69 million in additions to property, plant and equipment and intangible assets following the acquisition of EHC, consolidated with effect from 1 January 2021.

## NET WORKING CAPITAL

(Euro/million)

|                                      | 30.09.2021   | 30.09.2020   | Change     | 31.12.2020 |
|--------------------------------------|--------------|--------------|------------|------------|
| Inventories                          | 2,124        | 1,505        | 619        | 1,531      |
| Trade receivables                    | 1,970        | 1,668        | 302        | 1,374      |
| Trade payables                       | (2,346)      | (1,671)      | (675)      | (1,958)    |
| Other receivables/(payables)         | (461)        | (286)        | (175)      | (515)      |
| <b>Net operating working capital</b> | <b>1,287</b> | <b>1,216</b> | <b>71</b>  | <b>432</b> |
| Derivatives                          | 156          | 44           | 112        | 91         |
| <b>Net working capital</b>           | <b>1,443</b> | <b>1,260</b> | <b>183</b> | <b>523</b> |

Net working capital of Euro 1,443 million at 30 September 2021 was Euro 183 million higher than the corresponding figure of Euro 1,260 million at 30 September 2020. Net operating working capital, which excludes the value of derivatives, amounted to Euro 1,287 million (9.9% of last-quarter annualised sales) at 30 September 2021, up Euro 71 million from Euro 1,216 million (12.1% of last-quarter annualised sales) at 30 September 2020. The increase was due to exchange rate differences and the significant rise in metal prices, which was only partially offset by a decrease in contract-related net working capital.

## NET FINANCIAL DEBT

The following table provides a detailed breakdown of net financial debt:

(Euro/million)

|   | 30.09.2021   | 30.09.2020   | Change       | 31.12.2020   |
|---|--------------|--------------|--------------|--------------|
| <b>Long-term financial payables</b>                               |              |              |              |              |
| CDP Loans   | 174          | 100          | 74           | 100          |
| EIB Loans   | 110          | 110          | -            | 110          |
| Non-convertible bond  | -            | 748          | (748)        | 748          |
| Convertible Bond 2021   | 704          | -            | 704          | -            |
| Convertible Bond 2017   | -            | 486          | (486)        | 489          |
| Term Loan   | 997          | 996          | 1            | 996          |
| Unicredit Loan  | 200          | 199          | 1            | 200          |
| Mediobanca Loan   | 100          | 100          | -            | 100          |
| Intesa Loan   | 150          | 150          | -            | 150          |
| Derivatives   | 5            | 15           | (10)         | 12           |
| Lease liabilities   | 139          | 133          | 6            | 143          |
| Other financial payables  | 11           | 10           | 1            | 9            |
| <b>Total long-term financial payables</b>                         | <b>2,590</b> | <b>3,047</b> | <b>(457)</b> | <b>3,057</b> |
| <b>Short-term financial payables</b>                              |              |              |              |              |
| EIB Loans   | -            | 9            | (9)          | 8            |
| Non-convertible bond  | 757          | 9            | 748          | 14           |
| Convertible Bond 2017   | 249          | -            | 249          | -            |
| Term Loan   | 3            | 3            | -            | 1            |
| Unicredit Loan  | -            | 1            | (1)          | -            |
| Intesa Loan   | 1            | 1            | -            | -            |
| Derivatives   | 11           | 9            | 2            | 16           |
| Lease liabilities   | 52           | 48           | 4            | 52           |
| Other financial payables  | 51           | 54           | (3)          | 52           |
| <b>Total short-term financial payables</b>                        | <b>1,124</b> | <b>134</b>   | <b>990</b>   | <b>143</b>   |
| <b>Total financial liabilities</b>                                | <b>3,714</b> | <b>3,181</b> | <b>533</b>   | <b>3,200</b> |
| Long-term financial receivables                                   | 3            | 2            | 1            | 2            |
| Long-term bank fees   | 2            | 3            | (1)          | 3            |
| Financial assets at amortised cost                                | 3            | 4            | (1)          | 4            |
| Short-term derivatives  | 10           | 1            | 9            | 4            |
| Short-term financial receivables                                  | 10           | 3            | 7            | 4            |
| Short-term bank fees  | 2            | 2            | -            | 2            |
| Financial assets at fair value through profit or loss             | 217          | 12           | 205          | 20           |
| Financial assets at fair value through other comprehensive income | 11           | 11           | -            | 11           |
| Financial assets held for sale                                    | 2            | -            | 2            | 1            |
| Cash and cash equivalents   | 791          | 474          | 317          | 1,163        |
| <b>Total financial assets</b>                                     | <b>1,051</b> | <b>512</b>   | <b>539</b>   | <b>1,214</b> |
| <b>Net financial debt</b>   | <b>2,663</b> | <b>2,669</b> | <b>(6)</b>   | <b>1,986</b> |

Net financial debt of Euro 2,663 million at 30 September 2021 has increased by Euro 677 million from Euro 1,986 million at 31 December 2020.

As regards the principal factors behind the change in net financial debt, reference should be made to the next section containing the "Statement of cash flows".

## STATEMENT OF CASH FLOWS

(Euro/million)

|  | 9 months<br>2021 | 9 months<br>2020 | Change       | 12 months<br>(from 1<br>October<br>2020 to 30<br>September<br>2021) | 2020           |
|--|------------------|------------------|--------------|---|----------------|
| <b>EBITDA</b>  | <b>700</b>       | <b>601</b>       | <b>99</b>    | <b>880</b>  | <b>781</b>     |
| Changes in provisions (including employee benefit obligations) and other movements     | (54)             | (79)             | 25           | (138)   | (163)          |
| (Gains)/losses on disposal of property, plant and equipment and intangible assets      | (2)              | (12)             | 10           | (10)  | (20)           |
| Share of net profit/(loss) of equity-accounted companies                               | (21)             | (15)             | (6)          | (24)  | (18)           |
| <b>Net cash flow from operating activities (before changes in net working capital)</b> | <b>623</b>       | <b>495</b>       | <b>128</b>   | <b>708</b>  | <b>580</b>     |
| Changes in net working capital   | (844)            | (529)            | (315)        | (56)  | 259            |
| Taxes paid   | (78)             | (87)             | 9            | (133)   | (142)          |
| Dividends from investments in equity-accounted companies                               | 8                | 8                | -            | 8   | 8              |
| <b>Net cash flow from operating activities</b>   | <b>(291)</b>     | <b>(113)</b>     | <b>(178)</b> | <b>527</b>  | <b>705</b>     |
| Cash flow from acquisitions and/or disposals   | (81)             | (5)              | (76)         | (81)  | (5)            |
| Net cash flow used in operating investing activities                                   | (165)            | (161)            | (4)          | (248)   | (244)          |
| <b>Free cash flow (unlevered)</b>  | <b>(537)</b>     | <b>(279)</b>     | <b>(258)</b> | <b>198</b>  | <b>456</b>     |
| Net finance costs  | (61)             | (70)             | 9            | (77)  | (86)           |
| <b>Free cash flow (levered)</b>  | <b>(598)</b>     | <b>(349)</b>     | <b>(249)</b> | <b>121</b>  | <b>370</b>     |
| Dividend distribution  | (129)            | (70)             | (59)         | (129)   | (70)           |
| Capital contributions and other changes in equity                                      | -                | -                | -            | 1   | 1              |
| <b>Net cash flow provided/(used) in the period</b>                                     | <b>(727)</b>     | <b>(419)</b>     | <b>(308)</b> | <b>(7)</b>  | <b>301</b>     |
| <b>Opening net financial debt</b>  | <b>(1,986)</b>   | <b>(2,140)</b>   | <b>154</b>   | <b>(2,669)</b>  | <b>(2,140)</b> |
| Net cash flow provided/(used) in the period  | (727)            | (419)            | (308)        | (7)   | 301            |
| Equity component of Convertible Bond 2021  | 49               | -                | 49           | 49  | -              |
| Partial redemption of Convertible Bond 2017  | (13)             | -                | (13)         | (13)  | -              |
| Increase in net financial debt for IFRS 16   | (33)             | (50)             | 17           | (62)  | (79)           |
| Net financial debt of EHC  | 9                | -                | 9            | 9   | -              |
| Other changes  | 38               | (60)             | 98           | 30  | (68)           |
| <b>Closing net financial debt</b>  | <b>(2,663)</b>   | <b>(2,669)</b>   | <b>6</b>     | <b>(2,663)</b>  | <b>(1,986)</b> |

Net cash flow provided by operating activities (before changes in net working capital) amounted to Euro 623 million in the first nine months of 2021.

The increase in net working capital used Euro 844 million in cash flow. After Euro 78 million in tax payments and Euro 8 million in dividend receipts, operating activities in the first nine months of 2021 therefore resulted in a net cash outflow of Euro 291 million.

Net operating capital expenditure used Euro 165 million in cash in the first nine months of 2021, a large part of which relating to projects to increase and rationalise production capacity and to develop new products.

In addition, Euro 61 million in net finance costs were paid during the period.

In the past 12 months, the Group has generated a free cash flow of Euro 202 million excluding that for acquisitions and disposals (Euro 282 million excluding disbursements of Euro 80 million for Antitrust disputes). The positive cash flow of Euro 282 million has been generated by:

- a) Euro 884 million in net cash flow provided by operating activities before changes in net working capital;
- b) Euro 96 million in cash flow absorbed by restructuring costs and other non-operating expenses;
- c) Euro 56 million in cash flow absorbed by the increase in net working capital;
- d) Euro 248 million in cash outflows for net capital expenditure;
- e) Euro 77 million in payments of net finance costs;
- f) Euro 133 million in tax payments;
- g) Euro 8 million in dividend receipts from associates.



## ALTERNATIVE PERFORMANCE INDICATORS

In addition to the standard financial reporting formats and indicators required under IFRS, this document contains a number of reclassified statements and alternative performance indicators. The purpose is to help users better evaluate the Group's economic and financial performance. However, these statements and indicators should not be treated as a substitute for the accepted ones required by IFRS.

In this regard, on 3 December 2015, Consob adopted the ESMA guidelines in Italy with publication of "ESMA Guidelines/2015/1415" which supersede the "CESR Recommendation 2005 (CESR/05-178b)". The alternative performance measures have therefore been revised in light of these guidelines.

The alternative indicators used for reviewing the income statement include:

- **Adjusted operating income:** operating income before income and expense for company reorganisation<sup>1</sup>, before non-recurring items<sup>2</sup>, as presented in the consolidated income statement, before other non-operating income and expense<sup>3</sup> and before the fair value change in metal derivatives and in other fair value items. The purpose of this indicator is to present the Group's operating profitability without the effects of events considered to be outside its recurring operations;
- **EBITDA:** operating income before the fair value change in metal price derivatives and in other fair value items and before amortisation, depreciation and impairment. The purpose of this indicator is to present the Group's operating profitability before the main non-monetary items;
- **Adjusted EBITDA:** EBITDA as defined above calculated before income and expense for company reorganisation, before non-recurring items, as presented in the consolidated income statement, and before other non-operating income and expense. The purpose of this indicator is to present the Group's operating profitability before the main non-monetary items, without the effects of events considered to be outside the Group's recurring operations;
- **Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies:** Adjusted EBITDA as defined above calculated before the share of net profit/(loss) of equity-accounted companies;

<sup>1</sup> Income and expense for company reorganisation: these refer to income and expense that arise as a result of the closure of production facilities and/or as a result of projects to enhance the organisational structure's efficiency;

<sup>2</sup> Non-recurring income and expense: these refer to income and expense related to unusual events that have not affected the income statement in past periods and that will probably not affect the results in future periods;

<sup>3</sup> Other non-operating income and expense: these refer to income and expense that management considers should not be taken into account when measuring business performance.

- **Organic growth:** growth in sales calculated net of changes in the scope of consolidation, changes in metal prices and exchange rate effects.

The alternative indicators used for reviewing the reclassified statement of financial position include:

- **Net fixed assets:** sum of the following items contained in the statement of financial position:

- Intangible assets
- Property, plant and equipment
- Equity-accounted investments
- Other investments at fair value through other comprehensive income
- Assets held for sale involving Land and Buildings (excluding financial assets and liabilities held for sale)

- **Net working capital:** sum of the following items contained in the statement of financial position:

- Inventories
- Trade receivables
- Trade payables
- Other non-current receivables and payables, net of long-term financial receivables classified in net financial debt
- Other current receivables and payables, net of short-term financial receivables classified in net financial debt
- Derivatives net of financial instruments for hedging interest rate and currency risks relating to financial transactions, classified in net financial debt
- Current tax payables
- Assets and liabilities held for sale involving current assets and liabilities

- **Net operating working capital:** sum of the following items contained in the statement of financial position:

- Inventories
- Trade receivables
- Trade payables
- Other non-current receivables and payables, net of long-term financial receivables classified in net financial debt
- Other current receivables and payables, net of short-term financial receivables classified in net financial debt

- Current tax payables

• **Provisions and net deferred taxes:** sum of the following items contained in the statement of financial position:

- Provisions for risks and charges – current portion
- Provisions for risks and charges – non-current portion
- Provisions for deferred tax liabilities
- Deferred tax assets

• **Net capital employed:** sum of Net fixed assets, Net working capital and Provisions.

• **Employee benefit obligations** and **Total equity:** these indicators correspond to Employee benefit obligations and Total equity reported in the statement of financial position.

• **Net financial debt:** sum of the following items:

- Borrowings from banks and other lenders – non-current portion
- Borrowings from banks and other lenders – current portion
- Derivatives on financial transactions recorded as Non-current derivatives and classified under Long-term financial receivables
- Derivatives on financial transactions recorded as Current derivatives and classified under Short-term financial receivables
- Derivatives on financial transactions recorded as Non-current derivatives and classified under Long-term financial payables
- Derivatives on financial transactions recorded as Current derivatives and classified under Short-term financial payables
- Medium/long-term financial receivables recorded in Other non-current receivables
- Loan arrangement fees recorded in Other non-current receivables
- Short-term financial receivables recorded in Other current receivables
- Loan arrangement fees recorded in Other current receivables
- Financial assets at amortised cost
- Financial assets at fair value through profit or loss
- Financial assets at fair value through other comprehensive income
- Cash and cash equivalents

**Reconciliation between the Reclassified Statement of Financial Position presented in the Directors' Report and the Statement of Financial Position contained in the Consolidated Financial Statements and Explanatory Notes at 30 September 2021**

(Euro/million)

|   |                | 30.09.2021                  | 31.12.2020                  |
|---|----------------|-----------------------------|-----------------------------|
|   | Note           | As per financial statements | As per financial statements |
| <b>Total net fixed assets</b>                                     | <b>A</b>       | <b>5,160</b>                | <b>4,971</b>                |
| Inventories   | 4              | 2,124                       | 1,531                       |
| Trade receivables   | 3              | 1,970                       | 1,374                       |
| Trade payables  | 10             | (2,346)                     | (1,958)                     |
| Other receivables   | 3              | 641                         | 522                         |
| Other payables  | 10             | (1,015)                     | (1,001)                     |
| Current tax payables  |                | (70)                        | (25)                        |
| Derivatives   | 5              | 150                         | 67                          |
| <i>Items not included in net working capital:</i>                 |                |                             |                             |
| Financial receivables   |                | 13                          | 6                           |
| Prepaid finance costs   |                | 4                           | 5                           |
| Interest rate swaps   |                | (13)                        | (19)                        |
| Forward currency contracts on financial transactions              |                | 7                           | (5)                         |
| <b>Total net working capital</b>                                  | <b>B</b>       | <b>1,443</b>                | <b>523</b>                  |
| Provisions for risks and charges                                  | 11             | (557)                       | (591)                       |
| Deferred tax assets   |                | 185                         | 207                         |
| Deferred tax liabilities  |                | (193)                       | (195)                       |
| <b>Total provisions</b>   | <b>C</b>       | <b>(565)</b>                | <b>(579)</b>                |
| <b>Net capital employed</b>                                       | <b>D=A+B+C</b> | <b>6,038</b>                | <b>4,915</b>                |
| <b>Employee benefit obligations</b>                               | <b>E</b>       | <b>484</b>                  | <b>506</b>                  |
| <b>Total equity</b>   | <b>F</b>       | <b>2,891</b>                | <b>2,423</b>                |
| Borrowings from banks and other lenders                           | 9              | 3,698                       | 3,172                       |
| Financial assets at amortised cost                                |                | (3)                         | (4)                         |
| Financial assets at fair value through other comprehensive income |                | (217)                       | (20)                        |
| Financial assets at fair value through profit or loss             | 6              | (11)                        | (11)                        |
| Financial assets held for sale                                    |                | (2)                         | (1)                         |
| Cash and cash equivalents   | 7              | (791)                       | (1,163)                     |
| Financial receivables   |                | (13)                        | (6)                         |
| Prepaid finance costs   |                | (4)                         | (5)                         |
| Interest rate derivatives   |                | 13                          | 19                          |
| Forward currency contracts on financial transactions              |                | (7)                         | 5                           |
| <b>Net financial debt</b>   | <b>G</b>       | <b>2,663</b>                | <b>1,986</b>                |
| <b>Total equity and sources of funds</b>                          | <b>H=E+F+G</b> | <b>6,038</b>                | <b>4,915</b>                |

**Reconciliation between the principal income statement indicators and the Income Statement contained in the Consolidated Financial Statements and Explanatory Notes at 30 September 2021**

(Euro/million)

|  |                    | 9 months 2021           | 9 months 2020           |
|--|--------------------|-------------------------|-------------------------|
|  |                    | As per income statement | As per income statement |
| Sales  | <b>A</b>           | 9,294                   | 7,488                   |
| Change in inventories of finished goods and work in progress                           |                    | 263                     | 13                      |
| Other income   |                    | 50                      | 59                      |
| Raw materials, consumables and supplies  |                    | (6,630)                 | (4,746)                 |
| Personnel costs  |                    | (1,111)                 | (1,048)                 |
| Other expenses   |                    | (1,213)                 | (1,203)                 |
| <b>Operating costs</b>   | <b>B</b>           | <b>(8,641)</b>          | <b>(6,925)</b>          |
| Share of net profit/(loss) of equity-accounted companies                               | <b>C</b>           | 21                      | 15                      |
| Fair value stock options   | <b>D</b>           | 26                      | 23                      |
| <b>EBITDA</b>  | <b>E = A+B+C+D</b> | <b>700</b>              | <b>601</b>              |
| Other non-recurring expenses and revenues  | <b>F</b>           | (1)                     | (16)                    |
| Company reorganisation   | <b>G</b>           | (13)                    | (17)                    |
| Other non-operating expenses   | <b>I</b>           | (11)                    | (13)                    |
| Total adjustments to EBITDA  | <b>L = F+G+I</b>   | (25)                    | (46)                    |
| <b>Adjusted EBITDA</b>   | <b>M = E-L</b>     | <b>725</b>              | <b>647</b>              |
| Share of net profit/(loss) of equity-accounted companies                               | <b>N</b>           | 13                      | 15                      |
| <b>Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies</b> | <b>O = M-N</b>     | <b>712</b>              | <b>632</b>              |

(Euro/million)

|   |                    | 9 months 2021           | 9 months 2020           |
|---|--------------------|-------------------------|-------------------------|
|   |                    | As per income statement | As per income statement |
| <b>Operating income</b>                   | <b>A</b>           | <b>448</b>              | <b>294</b>              |
| Other non-recurring expenses and revenues |                    | (1)                     | (16)                    |
| Company reorganisation                    |                    | (13)                    | (17)                    |
| Other non-operating expenses              |                    | (11)                    | (13)                    |
| <b>Total adjustments to EBITDA</b>        | <b>B</b>           | <b>(25)</b>             | <b>(46)</b>             |
| Fair value change in metal derivatives    | <b>C</b>           | 22                      | 5                       |
| Fair value stock options                  | <b>D</b>           | (26)                    | (23)                    |
| Non-recurring impairment and releases     | <b>E</b>           | (6)                     | (43)                    |
| <b>Adjusted operating income</b>          | <b>G=A-B-C-D-E</b> | <b>483</b>              | <b>401</b>              |

## BUSINESS OUTLOOK

In the first nine months of 2021, the global economy recovered, following a 2020 severely penalised by the Covid-19 pandemic, which had unprecedented adverse effects on the macroeconomic scenario. This recovery was also driven by national plans in support of the development of infrastructure, energy transition and digitalisation projects. According to the most recent estimates by the International Monetary Fund, the global economy is expected to grow by 5.9% in 2021 after contracting by 3.1% in 2020. The expected growth estimates have been revised slightly downwards from the July figures due to the deterioration of the health situation in emerging economies and problems in procuring raw materials, energy and workforce that also fuelled inflationary pressures.

In 2020, the extraordinary impacts of the Covid-19 pandemic also had an effect on Prysmian Group's results, above all in businesses relating to the construction sector (Trade & Installers) and characterised by significant installation activities. The gradual recovery of business, accompanied by proactive and targeted cost management, an extremely flexible supply chain, and a highly focused level of customer service, allowed to protect the results and limit the impact of the pandemic on the Group's margins.

The results for the first nine months of 2021 demonstrate Prysmian Group's priority to serve its clients proactively and without disruption, while also managing its industrial footprint efficiently. This was highlighted by the results of the Energy business, which exceeded pre-pandemic levels, with significantly improved margins when excluding the effect of the increase in metal prices from sales, and the record order intake reported by the Projects business, which reached approximately Euro 2.3 billion year-to-date.

As shown by the results for the first nine months of 2021, and considering the current environment, Prysmian Group expects the demand in the construction and industrial cable businesses to sharply recover in 2021, compared to the previous year. In the High Voltage and Underground and Submarine Cables and Systems business, the Group, as demonstrated by its strong order intake, is committed to confirming its leadership in a market expected to grow significantly, thanks to the development of the offshore wind farms and interconnections in support of the energy transition towards renewable sources. For this segment, the Group expects results to grow compared to last year, with the last quarter of the year clearly improving compared to the previous three quarters, thanks to the achievement of milestones in project execution and greater use of capacity in the submarine cable business. In the Telecom segment, the Group expects volumes to increase in the optical business, in a competitive context that remains challenging, particularly in Europe.

Prysmian Group continues to pursue long-term growth drivers mainly relating to the energy transition to renewable sources, the upgrade of telecommunications networks (digitalisation) and the electrification process. The Group may also rely on broad diversification by business and geographical areas, a solid financial structure, an efficient, flexible supply chain and a lean organisation — all factors enabling the Group efficiently pursue growth opportunities.

Given the above considerations, the Group confirms its 2021 guidance as previously released to the market on 28 July. The Group expects an adjusted EBITDA for FY 2021 in the range of €920-970 million, significantly improving compared to Euro 840 million reported in 2020. In addition, the Group expects to generate cash flows of approximately Euro 300 million  $\pm$  20% (FCF before acquisitions and disposals) in 2021.

These projections are based on the absence of significant changes in the evolution of the health emergency and any ensuing further discontinuities and slowdowns in the global economic activities. In addition, these forecasts are based on the Company's current business scope and do not include antitrust-related impacts on cash flow. In 2021 as well, the effect of the conversion of the subsidiaries' results into the reporting currency used in the consolidated accounts is expected to generate a negative impact on the Group's operating income for approximately Euro 15-20 million. The (expected) cumulative amount of the negative impact of exchange rates in the two-year period 2020-2021 is estimated at around Euro 50 million.



## FORESEEABLE RISKS IN 2021<sup>4</sup>

Prysmian Group is exposed in the normal conduct of its business to a number of financial and non-financial risk factors which, if they should occur, could also have a material impact on its results of operations and financial condition. The Group has always acted to maximise value for its shareholders by putting in place all necessary measures to prevent or mitigate the risks inherent in the Group's business, which is why it adopts specific procedures to manage the risk factors that could influence its business results. Given operating performance in the first nine months of the year and the specific macroeconomic context, the foreseeable risk factors are described below according to their nature.

### STRATEGIC RISKS

#### **Risks associated with the competitive environment**

Many of the products offered by Prysmian Group, primarily in the Trade & Installers and Power Distribution businesses, are made in conformity with specific industrial standards and so are interchangeable with those offered by major competitors. Price is therefore a key factor in customer choice of supplier. The entry into mature markets (e.g. Europe) of non-traditional competitors, meaning small to medium manufacturing companies with low production costs, and the need to saturate production capacity, together with the possible occurrence of a contraction in market demand, translate into strong competitive pressure on prices, with possible consequences for the Group's expected margins.

In addition, high value-added segments - like High Voltage underground cables, Optical Cables and Submarine cables - are seeing an escalation in competition from both existing operators and new market entrants with leaner more flexible organisation models, with potentially negative impacts on both sales volumes and selling prices. With particular reference to the Submarine cables business, the high barriers to entry, linked to difficult-to-replicate ownership of technology, know-how and track record, are driving large market players to compete not so much on the product as on the related services.

The strategy of rationalising production facilities currently in progress, the consequent optimisation of cost structure, the policy of geographical diversification and, last but not least, the ongoing pursuit of innovative technological solutions, all help the Group to address the potential effects arising from the competitive environment.

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<sup>4</sup> The risks described in this section are those that, at the date of the present document, the Group believes, if they were to occur, could have a material adverse near-term impact on its business, financial condition, earnings and future prospects.

### **Risks associated with changes in macroeconomic conditions and demand**

Factors such as trends in GDP and interest rates, the ease of getting credit, the cost of raw materials, and the general level of energy consumption, significantly affect the energy demand of countries which, in the face of persistent economic difficulties, then reduce investments that would otherwise develop the market. Government incentives for alternative energy sources and for developing telecom networks also face reduction for the same reason. Prysmian Group's transmission business (high voltage submarine cables) and Power Distribution and Telecom businesses, all highly concentrated in the European market, are being affected by shifting contractions of demand within this market, caused by the region's prolonged economic downturn.

To counter this risk, the Group is pursuing, on the one hand, a policy of geographical diversification in non-European countries and, on the other, a strategy to reduce costs by rationalising its manufacturing footprint around the world in order to mitigate possible negative effects on the Group's performance in terms of lower sales and shrinking margins.

In addition, the Group constantly monitors developments in the global geopolitical environment which, as a result - for example - of the introduction of specific industrial policies by individual countries, could require it to revise existing business strategies and/or adopt mechanisms to safeguard the Group's competitive position.

### **Key customer dependence risks**

The many and diverse types of customers (power transmission and telecom systems operators, distributors, installers, etc.) and their distribution across an equally wide number of different countries mitigate customer dependence risk at a group level.

### **Risk of instability in the Group's countries of operation**

Prysmian Group operates and has production facilities and/or companies in Asia, Latin America, the Middle East, Africa and Eastern Europe. The Group's operations in these countries are exposed to different risks linked to local regulatory and legal systems, the imposition of tariffs or taxes, exchange rate volatility, and political and economic instability affecting the ability of business and financial partners to meet their obligations.

Significant changes in the macroeconomic, political, tax or legislative environment of such countries could have an adverse impact on the Group's business, results of operations and financial condition; consequently, as already mentioned in an earlier paragraph, the Group constantly monitors developments in the global geopolitical environment which could require it to revise existing business strategies and/or adopt mechanisms to safeguard its competitive position.

### **Risk of market contraction or softer demand due to Covid-19**

The global macroeconomic situation deteriorated over the course of 2020 following the spread of the Covid-19 pandemic.

In response to this health emergency, governments in most countries have adopted containment measures, including travel bans, quarantines and other public emergency measures, with serious repercussions for economic activity and the entire production system. The program of extraordinary measures, swiftly deployed by the Group since the onset of the Covid-19 pandemic and putting people first, has proved effective. Accordingly, in order to preserve the permanent employment of its resources, steps have been taken to safeguard the health of employees, including through the ongoing performance of tests and provision of hygiene materials and personal protective equipment. The Group has also implemented a series of measures intended to mitigate risks arising from the Covid-19 pandemic with the purpose of defending its cash generating capability, through strict working capital management and effective cost monitoring designed to reduce both fixed and variable expenditure. A much more rigorous investment policy has also been adopted, while preserving a strategic allocation of resources.

The situation caused by the Covid-19 pandemic is expected to improve in the coming months, mainly thanks to the roll-out of vaccinations. However, it is not possible to rule out the risk of recurrent impacts on demand or the economy as a whole in the course of 2021.

### **FINANCIAL RISKS**

Prysmian Group's risk management strategy focuses on the unpredictability of markets and aims to minimise the potentially negative impact on the Group's financial performance. Some types of risk are mitigated by using financial instruments (including derivatives).

Financial risk management is centralised with the Group Finance department which identifies, assesses and hedges financial risks in close cooperation with the Group's operating companies. The Group Finance, Administration and Control department provides guidelines on risk management, with particular attention to exchange rate risk, interest rate risk, credit risk, the use of derivative and non-derivative instruments, and on how to invest excess liquidity. Such financial instruments are used solely to hedge risks and not for speculative purposes.

### **Risks associated with availability of financial resources and their cost**

The volatility of the international banking and financial system could be a potential risk factor in terms of obtaining finance and its associated cost. In addition, non-compliance with the financial and non-financial covenants contained in the Group's credit agreements could restrict its ability to increase its net indebtedness, other conditions remaining equal. In fact, should it fail to satisfy one of these covenants, this would trigger a default event which, unless resolved under the terms of the respective agreements, could lead to their termination and/or early repayment of

any credit drawn down. In such a case, the Group might be unable to repay the amounts demanded early, in turn giving rise to a liquidity risk.

Given the current amount of financial resources and undrawn committed credit lines, totalling in excess of Euro 2 billion at 30 September 2021, and six-monthly monitoring<sup>5</sup> of financial covenant compliance (fully satisfied at 30 June 2021), the Group is of the opinion that this risk is significantly mitigated and that it is capable of raising sufficient financial resources at a competitive cost.

### **Exchange rate volatility**

Prysmian Group operates internationally and is therefore exposed to exchange rate risk on the currencies of the different countries in which it operates. Exchange rate risk occurs when future transactions or assets and liabilities recognised in the statement of financial position are denominated in a currency other than the functional currency of the company which undertakes the transaction.

To manage exchange rate risk arising from future trade transactions and from the recognition of foreign currency assets and liabilities, most Prysmian Group companies use forward contracts arranged by Group Treasury, which manages the various positions in each currency.

However, since Prysmian prepares its consolidated financial statements in Euro, fluctuations in the exchange rates used to translate the financial statements of subsidiaries, originally expressed in a foreign currency, could affect the Group's results of operations and financial condition. Exchange rate volatility is monitored both locally and centrally, by the Group Finance department, also using specific indicators designed to intercept potential risk situations which, when thought to exceed the defined tolerance limits, will trigger immediate mitigating actions. A more detailed analysis of the risk in question can be found in the 2020 Annual Financial Report.

### **Interest rate volatility**

Changes in interest rates affect the market value of Prysmian Group's financial assets and liabilities as well as its net finance costs. The interest rate risk to which the Group is exposed is mainly on long-term financial liabilities, carrying both fixed and variable rates. Fixed rate debt exposes the Group to a fair value risk. The Group does not operate any particular hedging policies in relation to the risk arising from such contracts since it considers this risk to be immaterial. Variable rate debt exposes the Group to a rate volatility risk (cash flow risk). In order to hedge this risk, the Group uses Interest Rate Swaps (IRS), which transform the variable rate into a fixed rate, thus reducing the risk caused by interest rate volatility. IRS contracts make it possible to exchange on specified dates the difference between contracted fixed rates and the variable

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<sup>5</sup> The financial covenants are measured at the half-year reporting date of 30 June and at the full-year reporting date of 31 December.

rate calculated with reference to the loan's notional value. A potential rise in interest rates, from the record lows reached in recent years, could represent a risk factor in coming quarters. A more detailed analysis of the risk in question can be found in the 2020 Annual Financial Report.

### **Credit risk**

Credit risk is represented by Prysmian Group's exposure to potential losses arising from the failure of business or financial partners to discharge their obligations. This risk is monitored centrally by the Group Finance department, while customer-related credit risk is managed operationally by the individual subsidiaries. The Group does not have any excessive concentrations of credit risk, but given the economic and social difficulties faced by some countries in which it operates, the exposure could undergo a deterioration that would require closer monitoring. Accordingly, the Group has procedures in place to ensure that its business partners are of proven reliability and that its financial partners have high credit ratings. In addition, in mitigation of credit risk, the Group has a global trade credit insurance program covering almost all its operating companies; this is managed centrally by the Risk Management department, which monitors, with the assistance of the Group's Credit Management function, the level of exposure to risk and intervenes when tolerance limits are exceeded due to possible difficulty in finding coverage on the market.

A more detailed analysis of the risk in question can be found in the 2020 Annual Financial Report.

### **Liquidity risk**

Liquidity risk indicates the sufficiency of an entity's financial resources to meet its obligations to business or financial partners on the agreed due dates.

With regard to Prysmian Group's working capital cash requirements, these increase significantly during the first half of the year when it commences production in anticipation of order intake, with a consequent temporary increase in net financial debt.

Prudent management of liquidity risk involves the maintenance of adequate levels of cash, cash equivalents and short-term securities, the availability of sufficient committed credit lines, and timely renegotiation of loans before their maturity. Given the dynamic nature of the business in which Prysmian Group operates, the Group Finance department prefers flexible forms of funding in the form of committed credit lines.

As at 30 September 2021, the Group's total financial resources and undrawn committed credit lines are in excess of Euro 2 billion.

A more detailed analysis of the risk in question can be found in the 2020 Annual Financial Report.

### **Commodity price volatility risk**

The main commodities purchased by Prysmian Group are copper, aluminium and lead, accounting for more than 50% of the total raw materials used to manufacture its products. The

Group neutralises the impact of possible variations in the price of copper and aluminium and, although less significant, of lead through hedging activities and automatic sales price adjustment mechanisms. Hedging activities are based on sales contracts or sales forecasts, which if not met, could expose the Group to the risk of price volatility in the underlying assets.

A dedicated team within the Group Purchasing department monitors and coordinates centrally those sales transactions requiring the purchase of metals and the related hedging activities carried out by each subsidiary, ensuring that the level of exposure to risk is kept within defined tolerance limits.

A more detailed analysis of the risk in question can be found in the 2020 Annual Financial Report.

## **OPERATIONAL RISKS**

### **Liability for product quality/defects**

Possible defects in the design and manufacture of Prysmian Group's products could give rise to civil or criminal liability towards its customers or third parties. Therefore, the Group, like other companies in the industry, is exposed to the risk of legal action for product liability in the countries where it operates. In line with the practice followed by many industry operators, the Group has taken out insurance which it considers provides adequate protection against the risks arising from such liability. Should such insurance coverage prove insufficient, the Group's results of operations and financial condition could be adversely affected.

In addition, the Group's involvement in this kind of legal action and any resulting liability could expose it to reputational damage, with potential further adverse consequences for its results of operations and financial condition.

### **Risks associated with non-compliance with the contractual terms of turnkey projects**

Projects for high/medium voltage submarine or underground power cables are characterised by contractual forms entailing a "turnkey" or end-to-end type of project management that therefore demands compliance with deadlines and quality standards, guaranteed by penalties calculated as an agreed percentage of the contract value and that can even result in contract termination. The application of such penalties, the obligation to pay damages as well as indirect effects on the supply chain in the event of late delivery or manufacturing problems, could significantly affect project performance and hence the Group's margins. Possible damage to market reputation cannot be ruled out.

Given the complexity of "turnkey" projects, Prysmian has implemented a quality management process involving a wide range of tests on cables and accessories before delivery and installation, as well as specific ad hoc insurance coverage, often through insurance syndicates, able to mitigate exposure to risks running from the manufacturing stage through to delivery.

In addition, the ERM assessments for this particular risk have led the Risk Management department, with the support of the Sales department, to implement a systematic process of Project Risk Assessment for all "turnkey" projects, involving the assignment of a Project Risk Manager, right from the bidding stage, with the aim of identifying, assessing and monitoring over time the Group's exposure to specific risks and of foreseeing the necessary mitigation actions. The decision to present a bid proposal to a customer will therefore also depend on the results of risk assessment.

Management periodically carries out risk assessment for completed and ongoing contracts and analyses the risks involved. The Group has set aside specific provisions for such risks that represent the best estimate of the related liabilities based on available information.

### **Business interruption risk due to dependence on key assets**

The submarine cables business is heavily dependent on certain key assets, such as the Arco Felice plant in Italy for the production of a particular type of cable and one of the cable-laying vessels owned by the Group (the "Giulio Verne"), some of whose technical capabilities are hard to find on the market. The loss of one of these assets due to unforeseen natural disasters (e.g. earthquakes, storms, etc.) or other incidents (e.g. fire, terrorist attacks, etc.) and the consequent prolonged business interruption could have a critical economic impact on the Group's performance.

Work began in 2018 on building the "Leonardo da Vinci", a new cable-laying vessel with a best-in-class specification. The new vessel has entered into service during the third quarter of 2021, as a result of which the risk of dependence on the "Giulio Verne" has been significantly reduced. Prysmian addresses asset dependency risk by having:

- a systematic Loss Prevention program, managed centrally by the Risk Management department, which, through periodic on-site inspections, allows the adequacy of existing systems of protection to be assessed and any necessary remedial actions decided to mitigate the estimated residual risk. As at 30 September 2021, the Group's operating plants were sufficiently protected and there were no significant exposures to risk. All the plants have been classified as "Excellent Highly Protected Rated (HPR)", "Good HPR" or "Good not HPR", in accordance with the methodology defined by internationally recognised best practices in the field of Risk Engineering & Loss Prevention;
- specific disaster recovery & business continuity plans which allow appropriate countermeasures to be activated as soon as possible in order to minimise the impact of a catastrophic event and to manage any consequent crisis;
- specific insurance schemes covering damage to assets and loss of associated contribution margin due to business interruption, such as to minimise the financial impact of this risk on cash flow.



## **Environmental risks**

The Group's production activities are subject to specific environmental regulations, amongst which those concerning the management of raw materials, energy resources and hazardous substances, water discharges, air emissions and waste, including pollution prevention and minimisation of impacts on environmental factors (soil, subsoil, water resources, atmosphere). As these regulations evolve, they are placing an ever heavier compliance burden on businesses, often calling for improvement in technology (Best Available Techniques) and the relevant risk prevention systems, which generate additional costs.

Considering the Group's large number of production sites, the probability of an accident, with consequences not only for the environment but also for the continuity of production, cannot be ignored or the resulting economic and reputational impact, which could be significant.

In order to prevent and mitigate environmental risks, the Group has adopted an ISO14000 certified environmental management system at most of its production sites.

Environmental issues are managed centrally by the HQ Health Safety & Environment (HSE) department which, by coordinating local HSE departments, is responsible for adopting systems to ensure strict compliance with legislation in accordance with best practice, for collecting and analysing environmental data via a centralised platform, for monitoring risk exposure using specific indicators, for organising specific training activities and carrying out production site audits.

## **Cyber security risks**

The growing spread of web-based technologies and business models allowing the transfer and sharing of sensitive information through virtual spaces (i.e. social media, cloud computing, etc.) carries computing vulnerability risks which Prysmian Group cannot ignore in the conduct of its business. Exposure to potential cyberattacks could be due to several factors such as the necessary distribution of IT systems around the world, and the possession of high value-added information such as patents, technology innovation projects, as well as financial projections and strategic plans not yet disclosed to the market, unauthorised access to which could damage a company's results, financial situation and image. In partnership with the Risk Management department, the Group's IT Security function periodically performs specific assessments to identify any vulnerabilities in IT systems locally and centrally that could compromise business continuity.

Furthermore, since 2016 Prysmian Group has started to implement a structured and integrated process for managing cyber security risks which, under the leadership of the Group IT Security function, in partnership with the Risk Management department, aims to strengthen the Group's IT systems and platforms and introduce robust mechanisms to prevent and control any cyberattacks. A clear Information Security strategy has been defined in this regard setting out the governance structure adopted by the Group and the guidelines for managing cyber risk within

IT architectures and business processes. A special Information Security Committee, consisting of the key figures involved in managing cyber risk<sup>6</sup>, has been appointed with the mission of defining the strategic and operational Cyber Security objectives, of coordinating the main initiatives undertaken, and of examining and approving policies, operating procedures and instructions. The Committee is convened on a periodic basis (twice a year) and in any case upon the occurrence of any significant events or crises. Lastly, specific e-learning training sessions have been provided to all the Group's IT staff with the aim of raising their awareness of this issue.

### **Risk of lack or loss of key resources**

The Group is exposed to the risk of lack or loss of key resources with strategic operational roles. Such persons can be identified by their managerial responsibilities and/or specific know-how, necessary for the implementation of corporate strategies, and are hard to replace quickly.

In order to ensure business continuity in line with its strategic objectives, the Group has established the following:

- "Job Band Program" to define the classification of personnel through a due job weighting with respect to responsibility, problem-solving ability and know-how, in line with company strategies, using a common, global organisational language;
- "Group Academy" to train and develop the following skills within the Group: Leadership (Management School), Technical (Professional School) and E-Learning (Digital School);
- "Make it", "Sell it", "Sum it" recruitment programs for professionals in the production, quality, procurement, logistics, sales and finance functions;
- "People Performance Program" to manage career paths;
- "Talent Management Program" to accelerate development of our talents;
- "Long-Term Incentive Program" to motivate and retain the Group's key managers;
- "Graduate Program" aimed at attracting and recruiting talented, high-potential personnel to ensure successful future staff replacements internally;
- "Non-compete agreements" formalised for those employees who possess technical process and product innovation know-how representing strategic value added for the business in its particular competitive sector.

Finally, Internal Job Posting was launched at a regional level in 2020, with the aim of making it global at a later date, to facilitate the development of people's cross-functional skills and continue to build a global corporate culture.

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<sup>6</sup> The following sit, as permanent members, on the Information Security Committee: the Chief Operating Officer, the Vicepresident HR&Organization, the Chief Security Officer, the Chief Information Officer, the Chief Risk Officer, the Chief Audit & Compliance Officer and the Group's IT Security Manager.

### **Key supplier dependence risks**

In carrying out its operations, Prysmian Group relies on many suppliers of goods and services, some of which are important suppliers of raw materials like, for example, certain metals (copper, aluminium and lead) and some polymer compounds, especially in the high voltage and submarine cables business.

Dependence on key suppliers obviously constitutes a risk in the event of delivery problems, quality issues or price rises, and, in the case of certain raw material suppliers, Prysmian is potentially exposed to their industrial risk (fire, explosion, flood, etc.).

With the objective of preventing and mitigating these risks, the Group has a well-established qualification system for selecting and working with reliable suppliers of goods and services and, where possible, identifying possible alternatives to therefore avoid single-source situations.

The mitigation strategy is therefore based on partnerships with a number of key suppliers aimed at reducing the Group's exposure to supply shortages, on close monitoring of their performance and on projects and investments in R&D to develop alternative technical solutions.

### **LEGAL AND COMPLIANCE RISKS**

#### **Risks of non-compliance with Code of Ethics, Policies and Procedures**

Non-compliance risk generically represents the possibility of incurring legal or administrative sanctions, material financial losses or reputational damage as a result of violations of prevailing laws and regulations. Prysmian Group has put in place a series of organisational tools to define the principles of legality, transparency, fairness and honesty through which it operates. In particular, since its inception, the Group has adopted a Code of Ethics, a document which contains the ethical standards and the behavioural guidelines that all those engaged in activities on behalf of Prysmian or its subsidiaries (including managers, officers, employees, agents, representatives, contractors, suppliers and consultants) are required to observe. Through its Internal Audit & Compliance department, the Group undertakes to constantly monitor compliance with and effective application of these rules, not tolerating any kind of violation.

However, despite this ongoing attention, close vigilance and periodic information campaigns, it is not possible to rule out future episodes of misconduct in breach of policies, procedures or the Code of Ethics, and hence of current legislation and regulations, by persons carrying out activities on Prysmian's behalf, which could result in legal sanctions, fines or reputational damage, even on a material scale.

#### **Risks of non-compliance with Data Protection (Privacy) legislation**

In today's increasingly globalised business environment, with a proliferation of channels and ways to access information, as well as growth in the volume and types of data managed, Prysmian is addressing the various data management issues, ranging from compliance with

recent legislation to defence against potential threats to confidentiality, integrity and availability of information.

Accordingly, it is fundamental to have a global vision when managing sensitive information, not only with respect to regulatory compliance but also with respect to security and business priorities.

Furthermore, Europe's General Data Protection Regulation (GDPR), which came into force in May 2018, has now become one of the main reference points for a renewed commitment to data protection, particularly personal data.

The personal data protection program adopted by Prysmian is based on the following key elements, involving the entire corporate structure:

- o Implementation of a data-based model, through mapping the personal data processed by company departments and keeping a record of processing activities;
- o Definition of a governance model, intended to comply with the requirements of the GDPR and other emerging data protection regulations, featuring:
  - an organisational structure under which the Data Protection Officer (DPO) serves in an advisory and monitoring capacity where personal data management is concerned, with the duties and related responsibilities delegated to those materially engaged in data processing activities;
- o A set of policies and documents supporting the model (company policies, disclosure statements, internal appointments, clauses applicable to suppliers, etc.);
- o Evaluation and adoption of adequate technical and organisational measures to ensure a level of security appropriate to the risk, also with the help of new tools such as Data Protection Impact Assessment introduced by the GDPR;
- o Definition of communication and training material specifically for those parties identified within the data protection organisational model, so that all the parties involved are aware of the revised regulatory requirements and take steps to fulfil them;
- o Review of video surveillance systems, with particular reference to the new European guidelines and the regulations applicable in Italy.

Monitoring and support have been provided to Prysmian's many European legal entities, including the most recent ones acquired from General Cable, in applying the model to ensure its consistent application and the establishment of an internationally shared corporate culture in this regard.

The activities to comply with the recent European legislation are capitalised on as much as possible in the compliance activities required by other national regulations, including the "*Ley General de Proteccion de Datos*", now applicable in Brazil and inspired by the same principles.

### **Risks of non-compliance with anti-bribery legislation**

In recent years, legislators and regulators have devoted much attention to the fight against bribery and corruption, with a growing tendency to extend responsibility to legal entities as well

as to natural persons. With growing internationalisation, organisations more and more often find themselves operating in contexts exposed to the risk of bribery and having to comply with a variety of relevant legislation, such as Italian Legislative Decree 231/2001, Italy's Anti-bribery Law (Law 190/2012), the Foreign Corrupt Practices Act, the UK Bribery Act etc., all with a common objective: to fight and repress corruption.

The Group's business model, with a global presence in over 50 countries and a multitude of product applications, brings it into constant contact with numerous third parties (suppliers, intermediaries, agents and customers). In particular, the management of large international projects in the Energy (submarine and high voltage) and Oil & Gas businesses involves having business relationships, often through local commercial agents and public officials, in countries at potential risk of corruption (as per the Corruption Perception Index<sup>7</sup>).

Prysmian Group has therefore implemented a series of actions designed to manage bribery and corruption on a preventive basis; foremost amongst these is the adoption of an Anti-Bribery Policy which prohibits the bribery of both public officials and private individuals and requires employees to abide by it and to observe and comply with all anti-bribery legislation in the countries in which they are employed or active, if this is more restrictive. In addition, specific e-learning activities (training and testing) for all Group personnel are periodically conducted to raise awareness about compliance with this legislation.

In 2019, carrying on from the previous year, Prysmian Group continued the activities defined in its Anti-Bribery Compliance Program, inspired by the ISO 37001 guidelines for Anti-bribery management systems, published on 15 October 2016, and intended to strengthen its monitoring of and focus on compliance issues. This program, in addition to providing greater control over the management of bribery risk, also aims to minimise the risk of punishment if crimes of corruption are committed by employees or third parties. The core of the ISO 37001 standard is the control of third parties (suppliers, intermediaries, agents and customers) through a due diligence system designed to reveal any critical issues or negative events that undermine the reputation of third parties with whom Prysmian Group deals.

In this regard, in 2019 the Group implemented a "Third Party Program", a new Group Policy aimed at preventing and managing the risk of corruption arising from relationships with third parties (such as distributor agents, and certain categories of suppliers). In particular, prior to establishing any business relationship with third parties, it is mandatory to perform - through a dedicated online platform - due diligence checks on the third party. As a result, each third party receives a risk rating (high, medium, low) and is consequently submitted to an approval process, differing according to the level of risk.

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<sup>7</sup> The Corruption Perception Index (CPI) is an indicator published annually by Transparency International, used to measure the perception of public sector corruption in various countries around the world.

Following the acquisition of General Cable, Prysmian Group's Anti-Bribery Compliance Program has been updated and expanded to include the additional activities in this area envisaged by the General Cable Compliance Program.

In addition, during 2019, General Cable and Prysmian's compliance policies were revised, updated and merged in order to have one set of documents valid for the entire Group.

With specific reference to the Anti-Bribery Compliance Program, during 2020 the related Policy was revised, along with the Policy on Gifts and Entertainment Expenses.

Lastly, in line with the Group's ongoing commitment to ensure that the financial and personal interests of its employees and consultants do not conflict with the ability to perform their duties in a professional, ethical and transparent manner, a new Conflict of Interest policy was issued in 2019.

In accordance with this policy, all employees and consultants have been required to disclose all potential conflicts of interest, then duly analysed and evaluated. With the assistance of the Human Resources department, the necessary corrective actions have been taken to mitigate or eliminate any potential conflicts.

### **Risks of non-compliance with antitrust law**

Competition rules on restrictive agreements and abuse of dominant position now play a central role in governing business activities in all sectors of economic life. Its extensive international presence in more than 50 countries means the Group is subject to antitrust law in Europe and every other country in the world in which it operates, each with more or less strict rules on the civil, administrative and criminal liability of parties that violate the applicable legislation. In the last decade, local Antitrust Authorities have paid increasing attention to commercial activities by market players, also involving a tendency for international collaboration between authorities themselves. Prysmian aspires to operate on the market in compliance with the competition rules. In keeping with the priorities identified by the ERM process, the Board of Directors has adopted an Antitrust Code of Conduct that all Group employees, Directors and managers are required to know and abide by in the conduct of their duties and in their dealings with third parties.

Like with other Policies, following the acquisition of General Cable, the Antitrust Code of Conduct has also been updated in order to have a single document, valid for the entire Prysmian Group and designed to provide an overview of the problems associated with applying antitrust law and the consequent standards of conduct to follow.

More detailed documents on the antitrust regulations in force in the European Union, North America, China and Australia have also been adopted.

The Antitrust Code of Conduct is an integral part of the training program and is intended to provide an overview of the issues concerning application of EU and Italian competition law on collusive practices and abuse of dominant positions, within which specific situations are assessed on a case-by-case basis. These activities represent a further step in establishing an "antitrust

culture" within the Group by promoting knowledge and raising the accountability of individuals for their professional duties under antitrust legislation. Training in this area continues to be pursued. In particular, due to the Covid-19 emergency, classroom lessons have been replaced by specific online training delivered via the Microsoft Skype/Teams platforms for certain functions, including Sales, Finance and Procurement. In addition, e-learning modules are available on the company intranet to support and raise awareness of and attention to this issue on an ongoing basis. With regard to the antitrust investigations still in progress, details of which can be found in the note on Provisions for risks and charges in the Explanatory Notes to the Consolidated Financial Statements, the Group has a specific provision for risks and charges amounting to approximately Euro 117 million as at 30 September 2021. Despite the uncertainty of the outcome of the investigations and legal actions in progress, the amount of this provision is considered to represent the best estimate of the liability based on the information available at the date of the current report.

### **Risks arising from export restrictions**

Many countries regulate international trade transactions and enforce laws and regulations governing trade in products, software, technology and services, including financial transactions and brokering.

Export control regimes, governed by laws of the United States, the EU (article 215 of the Treaty on the Functioning of the EU) and the United Nations (Chapter VII of the UN Charter), identify the parties (natural or legal persons) to whom the application of targeted restrictions (e.g. arms embargoes, travel bans, financial or diplomatic sanctions, etc.) is mandatory.

Failure to comply may result in the imposition of fines and criminal and/or civil penalties, including imprisonment.

In order to prevent and mitigate this risk, Prysmian Group has adopted a policy to manage and control its exports that involves among other things:

- Monitoring of countries and parties subject to restrictions, as well as the level of restrictions in force;
- Due Diligence on restricted persons, in order to avoid transactions with prohibited parties, including screening of Prysmian Group employees and visitors;
- Product classification to determine which export compliance requirements are applicable. This classification allows the Group to understand where and to whom products can be exported and whether a licence or other permit is required;
- Basic training for all employees on export controls and specific training for staff in functions responsible for international trade transactions and export controls;
- Requirement for an end-user declaration certifying that the buyer or end-user of goods/technology complies with applicable export regulations.



## **PLANNING AND REPORTING RISKS**

Planning and reporting risks are related to the adverse effects that irrelevant, untimely or incorrect information might have on the Group's strategic, operational and financial decisions. At present, in view of the reliability and effectiveness of internal procedures for reporting and planning, the Group does not consider these risks to be relevant.

In addition, the risks related to climate change are reproduced below from the Consolidated Non-Financial Statement (Sustainability Report 2020), in which further details can be found.

### **Risks related to climate change**

#### **Risks related to the availability of water**

Prysmian's plants primarily consume water for industrial purposes, in particular for cooling during certain processes.

Prysmian has analysed water stress, defined as the ratio of demand for water to the amount available, assuming a time horizon until 2040 and a scenario of high CO<sub>2</sub> emissions, to assess the geographical location of the Group's plants exposed to the risk of reduced water availability. Most of the plants for which a potential risk has been identified adopt production processes that involve water recycling designed to reduce consumption. The risk mitigation plan also envisages further improvements in the water recycling percentage and/or the installation of new recycling systems to optimise water consumption, where necessary or cost effective, thus lowering exposure to this risk.

#### **Risks associated with rising sea levels, involving potential damage to production facilities**

The Group has been monitoring the risk of climate change since 2017 and, in particular of rising sea levels, with the aim of assessing potential impacts on its production facilities.

The results confirm that in the time horizon considered, extending to 2080, in a scenario of high CO<sub>2</sub> emissions, no direct impacts on the Group's production facilities are expected. Nevertheless, a rise in sea level could increase exposure to the risk of coastal flooding caused by storms; this situation nonetheless, affects a very limited number of production facilities and will be monitored so that action can be taken ahead of time, including the introduction of additional systems of control where necessary.

#### **Risks related to increased severity of extreme weather events, involving potential damage to production facilities**

The Group constantly monitors the exposure of its production sites to weather events like storms, floods, hailstorms, etc. and has also assessed its exposure with a time horizon running to 2035,

in a scenario of high CO<sub>2</sub> emissions; this assessment has confirmed a low overall exposure to risks arising from changes in summer and winter rainfall and from higher temperatures, with the exception of a very small number of facilities in areas with a maximum expected temperature rise of +1.5°. Sensitivity analysis carried out for the period 2020-2035, assuming an additional increase in the severity and frequency of extreme weather events, also based on such events that have impacted the Group's assets in the last 20 years, has confirmed a low exposure to this risk.

### **Risk of increased production costs due to higher prices for greenhouse gas emissions (Carbon Tax or Emission Trading Scheme)**

This risk relates to a potential increase in production costs due to a wider application of laws and regulations on GHG emissions, both in the form of taxes (carbon tax) and as an emissions market (Emission Trading Schemes). In order to mitigate the consequences, the Group constantly monitors the evolution of laws and regulations on GHG emissions around the world, especially in countries where it has production sites, and has drawn up a strategic plan with quantitative targets for the reduction of GHG emissions, monitored using specific indicators.

In addition, in 2020 the Group initiated a process to set medium- and long-term targets for the reduction of Scope 1 and 2 emissions and to quantify and manage Scope 3 emissions. These targets will be set on a scientific basis in accordance with the Science-Based Target Initiative and taking into account expected temperature rise scenarios.

### **Risk of non-compliance with environmental regulations and those governing energy efficiency and management of greenhouse gas emissions, including stricter reporting requirements**

Prysmian conducts its business in compliance with national and international environmental norms and regulations, paying particular attention to the risk of failure to comply or to comply swiftly with changes in regulations that may occur within its business context. In particular, the Group has analysed the potential risk of non-compliance with any changes in local legislation transposing the Energy Efficiency Directive 2012/27/EU (EED) on end-use energy efficiency. In order to manage this risk, several measures have been deployed, including Energy Audit Plans at plants, energy efficiency projects, specific training sessions, and adoption of specific indicators to monitor risk exposure and take prompt action to reduce the risk below the tolerance thresholds.

In addition, in 2020 the Group initiated a process to set medium- and long-term targets for the reduction of Scope 1 and 2 emissions and to quantify and manage Scope 3 emissions. These targets will be set on a scientific basis in accordance with the Science-Based Target Initiative and taking into account expected temperature rise scenarios.

## RELATED PARTY TRANSACTIONS

Related party transactions do not qualify as either atypical or unusual but form part of the normal course of business by Group companies. Such transactions take place under market terms and conditions, according to the type of goods and services provided.

Information about related party transactions, including that required by the Consob Communication dated 28 July 2006, is presented in Note 20 of the Explanatory Notes.

Milan, 11 November 2021

ON BEHALF OF THE BOARD OF DIRECTORS

THE CHAIRMAN  
Claudio De Conto

# Consolidated financial statements and explanatory notes

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Euro/million)

|  | Note | 30.09.2021    | of which related parties | 31.12.2020   | of which related parties |
|--|------|---------------|--------------------------|--------------|--------------------------|
| <b>Non-current assets</b>  |      |               |                          |              |                          |
| Property, plant and equipment                                      | 1    | 2,708         |                          | 2,648        |                          |
| Goodwill   | 1    | 1,603         |                          | 1,508        |                          |
| Other intangible assets  | 1    | 493           |                          | 489          |                          |
| Equity-accounted investments                                       | 2    | 343           | 343                      | 312          | 312                      |
| Other investments at fair value through other comprehensive income |      | 13            |                          | 13           |                          |
| Financial assets at amortised cost                                 |      | 3             |                          | 4            |                          |
| Derivatives  | 5    | 81            |                          | 44           |                          |
| Deferred tax assets  |      | 185           |                          | 207          |                          |
| Other receivables  | 3    | 30            |                          | 30           |                          |
| <b>Total non-current assets</b>                                    |      | <b>5,459</b>  |                          | <b>5,255</b> |                          |
| <b>Current assets</b>  |      |               |                          |              |                          |
| Inventories  | 4    | 2,124         |                          | 1,531        |                          |
| Trade receivables  | 3    | 1,970         | 7                        | 1,374        | 3                        |
| Other receivables  | 3    | 611           | 2                        | 492          | 3                        |
| Financial assets at fair value through profit or loss              | 6    | 217           |                          | 20           |                          |
| Derivatives  | 5    | 124           |                          | 82           |                          |
| Financial assets at fair value through other comprehensive income  |      | 11            |                          | 11           |                          |
| Cash and cash equivalents  | 7    | 791           |                          | 1,163        |                          |
| <b>Total current assets</b>  |      | <b>5,848</b>  |                          | <b>4,673</b> |                          |
| Assets held for sale   |      | 2             |                          | 2            |                          |
| <b>Total assets</b>  |      | <b>11,309</b> |                          | <b>9,930</b> |                          |
| <b>Equity</b>  |      |               |                          |              |                          |
| Share capital  | 8    | 27            |                          | 27           |                          |
| Reserves   | 8    | 2,438         |                          | 2,054        |                          |
| Group share of net profit/(loss)                                   | 8    | 255           |                          | 178          |                          |
| <b>Equity attributable to the Group</b>                            |      | <b>2,720</b>  |                          | <b>2,259</b> |                          |
| Equity attributable to non-controlling interests                   |      | 171           |                          | 164          |                          |
| <b>Total equity</b>  |      | <b>2,891</b>  |                          | <b>2,423</b> |                          |
| <b>Non-current liabilities</b>                                     |      |               |                          |              |                          |
| Borrowings from banks and other lenders                            | 9    | 2,585         |                          | 3,045        |                          |
| Employee benefit obligations                                       | 12   | 484           |                          | 506          |                          |
| Provisions for risks and charges                                   | 11   | 41            |                          | 39           |                          |
| Deferred tax liabilities   |      | 193           |                          | 195          |                          |
| Derivatives  | 5    | 10            |                          | 13           |                          |
| Other payables   | 10   | 7             |                          | 6            |                          |
| <b>Total non-current liabilities</b>                               |      | <b>3,320</b>  |                          | <b>3,804</b> |                          |
| <b>Current liabilities</b>   |      |               |                          |              |                          |
| Borrowings from banks and other lenders                            | 9    | 1,113         |                          | 127          |                          |
| Provisions for risks and charges                                   | 11   | 516           | 7                        | 552          | 9                        |
| Derivatives  | 5    | 45            |                          | 46           |                          |
| Trade payables   | 10   | 2,346         | 5                        | 1,958        | 2                        |
| Other payables   | 10   | 1,008         | 3                        | 995          | 5                        |
| Current tax payables   |      | 70            |                          | 25           |                          |
| <b>Total current liabilities</b>                                   |      | <b>5,098</b>  |                          | <b>3,703</b> |                          |
| <b>Total liabilities</b>   |      | <b>8,418</b>  |                          | <b>7,507</b> |                          |
| <b>Total equity and liabilities</b>                                |      | <b>11,309</b> |                          | <b>9,930</b> |                          |

## CONSOLIDATED INCOME STATEMENT

(Euro/million)

|   | Note | 9 months<br>2021 | of which<br>related<br>parties | 9 months<br>2020 | of which<br>related<br>parties |
|---|------|------------------|--------------------------------|------------------|--------------------------------|
| Sales   |      | 9,294            | 27                             | 7,488            | 17                             |
| Change in inventories of finished goods and work in progress    |      | 263              |                                | 13               |                                |
| Other income  |      | 50               | 4                              | 59               | 4                              |
| <b>Total sales and income</b>                                   |      | <b>9,607</b>     |                                | <b>7,560</b>     |                                |
| Raw materials, consumables and supplies                         |      | (6,630)          | (2)                            | (4,746)          | (5)                            |
| Fair value change in metal derivatives                          |      | 22               |                                | 5                |                                |
| Personnel costs   |      | (1,111)          | (7)                            | (1,048)          | (7)                            |
| Amortisation, depreciation, impairment and impairment reversals |      | (248)            |                                | (289)            |                                |
| Other expenses  |      | (1,213)          | (5)                            | (1,203)          | (6)                            |
| Share of net profit/(loss) of equity-accounted companies        |      | 21               | 21                             | 15               | 15                             |
| <b>Operating income</b>   | 13   | <b>448</b>       |                                | <b>294</b>       |                                |
| Finance costs   | 14   | (511)            |                                | (424)            |                                |
| Finance income  | 14   | 442              |                                | 345              |                                |
| <b>Profit/(loss) before taxes</b>                               |      | <b>379</b>       |                                | <b>215</b>       |                                |
| Taxes   | 15   | (122)            |                                | (78)             |                                |
| <b>Net profit/(loss)</b>  |      | <b>257</b>       |                                | <b>137</b>       |                                |
| Of which:   |      |                  |                                |                  |                                |
| Attributable to non-controlling interests                       |      | 2                |                                | (3)              |                                |
| <b>Group share</b>  |      | <b>255</b>       |                                | <b>140</b>       |                                |
| <b>Basic earnings/(loss) per share (in Euro)</b>                | 16   | <b>0.97</b>      |                                | <b>0.53</b>      |                                |
| <b>Diluted earnings/(loss) per share (in Euro)</b>              | 16   | <b>0.97</b>      |                                | <b>0.53</b>      |                                |

## OTHER COMPREHENSIVE INCOME

(Euro/million)

|  | 9 months 2021 | 9 months 2020 |
|--|---------------|---------------|
| <b>Net profit/(loss)</b>                                     | <b>257</b>    | <b>137</b>    |
| Other comprehensive income:                                  |               |               |
| <b>A) Change in cash flow hedge reserve:</b>                 | <b>45</b>     | <b>18</b>     |
| - Profit/(loss) for the period                               | 61            | 28            |
| - Taxes  | (16)          | (10)          |
| <b>B) Change in currency translation reserve</b>             | <b>204</b>    | <b>(264)</b>  |
| <b>C) Actuarial gains/(losses) on employee benefits (*):</b> | <b>23</b>     | <b>(7)</b>    |
| - Profit/(loss) for the period                               | 23            | (13)          |
| - Taxes  | -             | 6             |
| <b>Total other comprehensive income (A+B+C):</b>             | <b>272</b>    | <b>(253)</b>  |
| <b>Total comprehensive income/(loss)</b>                     | <b>529</b>    | <b>(116)</b>  |
| Of which:  |               |               |
| Attributable to non-controlling interests                    | 9             | (12)          |
| <b>Group share</b>   | <b>520</b>    | <b>(104)</b>  |

(\*) Components of comprehensive income that will not be reclassified to profit or loss in subsequent periods.

## CONSOLIDATED INCOME STATEMENT - 3RD QUARTER

(Euro/million)

|   | 3rd quarter 2021 | 3rd quarter 2020 |
|---|------------------|------------------|
| Sales   | 3,260            | 2,503            |
| Change in inventories of finished goods and work in progress    | 63               | 55               |
| Other income  | 18               | 15               |
| <b>Total sales and income</b>                                   | <b>3,341</b>     | <b>2,573</b>     |
| Raw materials, consumables and supplies                         | (2,316)          | (1,657)          |
| Fair value change in metal derivatives                          | 6                | 13               |
| Personnel costs   | (365)            | (336)            |
| Amortisation, depreciation, impairment and impairment reversals | (84)             | (80)             |
| Other expenses  | (424)            | (402)            |
| Share of net profit/(loss) of equity-accounted companies        | 12               | 10               |
| <b>Operating income</b>   | <b>170</b>       | <b>121</b>       |
| Finance costs   | (141)            | (135)            |
| Finance income  | 112              | 111              |
| <b>Profit/(loss) before taxes</b>                               | <b>141</b>       | <b>97</b>        |
| Taxes   | (48)             | (36)             |
| <b>Net profit/(loss)</b>  | <b>93</b>        | <b>61</b>        |
| Of which:   |                  |                  |
| Attributable to non-controlling interests                       | -                | (1)              |
| <b>Group share</b>  | <b>93</b>        | <b>62</b>        |

## OTHER COMPREHENSIVE INCOME - 3RD QUARTER

(Euro/million)

|  | 3rd quarter 2021 | 3rd quarter 2020 |
|--|------------------|------------------|
| <b>Net profit/(loss)</b>                         | <b>93</b>        | <b>61</b>        |
| Other comprehensive income:                      |                  |                  |
| <b>A) Change in cash flow hedge reserve:</b>     | <b>(24)</b>      | <b>15</b>        |
| - Profit/(loss) for the period                   | (31)             | 24               |
| - Taxes  | 7                | (9)              |
| <b>B) Change in currency translation reserve</b> | <b>71</b>        | <b>(155)</b>     |
| <b>Total other comprehensive income (A+B):</b>   | <b>47</b>        | <b>(140)</b>     |
| <b>Total comprehensive income/(loss)</b>         | <b>140</b>       | <b>(79)</b>      |
| Of which:  |                  |                  |
| Attributable to non-controlling interests        | 3                | (10)             |
| <b>Group share</b>                               | <b>137</b>       | <b>(69)</b>      |



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Euro/million)

|                                     | Share capital | Cash flow hedge reserve | Currency translation reserve | Other reserves | Group share of net profit/(loss) | Equity attributable to the Group | Equity attributable to non-controlling interests | Total        |
|-------------------------------------|---------------|-------------------------|------------------------------|----------------|----------------------------------|----------------------------------|--|--------------|
| <b>Balance at 31 December 2019</b>  | <b>27</b>     | <b>(14)</b>             | <b>(249)</b>                 | <b>2,359</b>   | <b>292</b>                       | <b>2,415</b>                     | <b>187</b>                                       | <b>2,602</b> |
| Allocation of prior year net result | -             | -                       | -                            | 292            | (292)                            | -                                | -  | -            |
| Fair value - stock options          | -             | -                       | -                            | 23             | -                                | 23                               | -  | 23           |
| Dividend distribution               | -             | -                       | -                            | (66)           | -                                | (66)                             | (4)  | (70)         |
| Effect of hyperinflation            | -             | -                       | -                            | 5              | -                                | 5                                | -  | 5            |
| Total comprehensive income/(loss)   | -             | 17                      | (254)                        | (7)            | 140                              | (104)                            | (12)   | (116)        |
| <b>Balance at 30 September 2020</b> | <b>27</b>     | <b>3</b>                | <b>(503)</b>                 | <b>2,606</b>   | <b>140</b>                       | <b>2,273</b>                     | <b>171</b>                                       | <b>2,444</b> |

(Euro/million)

|   | Share capital | Cash flow hedge reserve | Currency translation reserve | Other reserves | Group share of net profit/(loss) | Equity attributable to the Group | Equity attributable to non-controlling interests | Total        |
|---|---------------|-------------------------|------------------------------|----------------|----------------------------------|----------------------------------|--|--------------|
| <b>Balance at 31 December 2020</b>          | <b>27</b>     | <b>40</b>               | <b>(590)</b>                 | <b>2,604</b>   | <b>178</b>                       | <b>2,259</b>                     | <b>164</b>                                       | <b>2,423</b> |
| Allocation of prior year net result         | -             | -                       | -                            | 178            | (178)                            | -                                | -  | -            |
| Fair value - stock options                  | -             | -                       | -                            | 26             | -                                | 26                               | -  | 26           |
| Dividend distribution                       | -             | -                       | -                            | (132)          | -                                | (132)                            | (2)  | (134)        |
| Issue of Convertible Bond 2021              | -             | -                       | -                            | 49             | -                                | 49                               | -  | 49           |
| Partial redemption of Convertible Bond 2017 | -             | -                       | -                            | (13)           | -                                | (13)                             | -  | (13)         |
| Effect of hyperinflation                    | -             | -                       | -                            | 11             | -                                | 11                               | -  | 11           |
| Total comprehensive income/(loss)           | -             | 46                      | 196                          | 23             | 255                              | 520                              | 9  | 529          |
| <b>Balance at 30 September 2021</b>         | <b>27</b>     | <b>86</b>               | <b>(394)</b>                 | <b>2,746</b>   | <b>255</b>                       | <b>2,720</b>                     | <b>171</b>                                       | <b>2,891</b> |

## CONSOLIDATED STATEMENT OF CASH FLOWS

(Euro/million)

|  | 9 months<br>2021 | of which<br>related<br>parties | 9 months<br>2020 | of which<br>related<br>parties |
|--|------------------|--------------------------------|------------------|--------------------------------|
| Profit/(loss) before taxes   | 379              |                                | 215              |                                |
| Amortisation, depreciation and impairment  | 248              |                                | 289              |                                |
| Net gains on disposal of property, plant and equipment                                     | (2)              |                                | (12)             |                                |
| Share of net profit/(loss) of equity-accounted companies                                   | (21)             | (21)                           | (15)             | (15)                           |
| Dividends received from equity-accounted companies   | 8                | 8                              | 8                | 8                              |
| Share-based payments   | 26               |                                | 23               |                                |
| Fair value change in metal derivatives   | (22)             |                                | (5)              |                                |
| Net finance costs  | 69               |                                | 79               |                                |
| Changes in inventories   | (526)            |                                | (49)             |                                |
| Changes in trade receivables/payables  | (207)            | (1)                            | (579)            | (1)                            |
| Changes in other receivables/payables  | (111)            | (4)                            | 99               | -                              |
| Change in employee benefit obligations   | (10)             |                                | (8)              |                                |
| Change in provisions for risks and other movements   | (44)             |                                | (71)             |                                |
| Net income taxes paid  | (78)             |                                | (87)             |                                |
| <b>A. Cash flow from operating activities</b>  | <b>(291)</b>     |                                | <b>(113)</b>     |                                |
| Cash flow from acquisitions and/or disposals   | (75)             |                                | (5)              |                                |
| Investments in property, plant and equipment   | (157)            |                                | (157)            |                                |
| Disposals of property, plant and equipment and assets held for sale                        | 7                |                                | 9                |                                |
| Investments in intangible assets   | (15)             |                                | (13)             |                                |
| Investments in financial assets at fair value through profit or loss                       | (200)            |                                | -                |                                |
| Disposals of financial assets at fair value through profit or loss                         | 4                |                                | 8                |                                |
| Disposals of financial assets at amortised cost  | 2                |                                | -                |                                |
| <b>B. Cash flow from investing activities</b>  | <b>(434)</b>     |                                | <b>(158)</b>     |                                |
| Dividend distribution  | (129)            |                                | (70)             |                                |
| Proceeds of new loans  | 844              |                                | -                |                                |
| Repayments of loans  | (269)            |                                | (116)            |                                |
| Changes in other net financial receivables/payables  | (39)             |                                | (41)             |                                |
| Net finance costs paid <sup>(1)</sup>  | (61)             |                                | (70)             |                                |
| <b>C. Cash flow from financing activities</b>  | <b>346</b>       |                                | <b>(297)</b>     |                                |
| <b>Exchange (losses) gains on cash and cash equivalents</b>                                | <b>9</b>         |                                | <b>(28)</b>      |                                |
| <b>Net increase/(decrease) in cash and cash equivalents (A+B+C+D)</b>                      | <b>(370)</b>     |                                | <b>(596)</b>     |                                |
| <b>F. Cash and cash equivalents at the beginning of the period</b>                         | <b>1,163</b>     |                                | <b>1,070</b>     |                                |
| <b>G. Cash and cash equivalents at the end of the period (E+F)</b>                         | <b>793</b>       |                                | <b>474</b>       |                                |
| <b>Cash and cash equivalents presented in consolidated statement of financial position</b> | <b>791</b>       |                                | <b>474</b>       |                                |
| <b>Cash and cash equivalents presented in assets held for sale</b>                         | <b>2</b>         |                                | <b>-</b>         |                                |

<sup>(1)</sup> Net finance costs paid of Euro 61 million include interest expense paid of Euro 42 million (Euro 41 million in the first nine months of 2020) and interest income received of Euro 4 million (Euro 3 million in the first nine months of 2020).

## EXPLANATORY NOTES

### A. GENERAL INFORMATION

Prysmian S.p.A. ("the Company") is a company incorporated and domiciled in Italy and organised under the laws of the Republic of Italy. The Company has its registered office in Via Chiese 6, Milan (Italy).

Prysmian S.p.A. was floated on the Italian Stock Exchange on 3 May 2007 and since September 2007 has been included in the FTSE MIB index, comprising the top 40 Italian companies by capitalisation and stock liquidity. Since 18 October 2021, the stock has been included in the MIB® ESG, the first "Environmental, Social and Governance" index dedicated to Italian blue chips, which features the most important listed issuers that demonstrate the implementation of ESG best practices.

The Company and its subsidiaries (together "the Group" or "Prysmian Group") produce cables and systems and related accessories for the energy and telecommunications industries, and distribute and sell them around the globe.

The present Quarterly Financial Report was approved by the Board of Directors of Prysmian S.p.A. on 11 November 2021 and is not subject to limited review by the independent auditors.

#### A.1 SIGNIFICANT EVENTS IN 2021

The review of significant events in the period can be found in the Directors' Report in the section entitled "SIGNIFICANT EVENTS DURING THE PERIOD".

## **B. FORM AND CONTENT**

The present Quarterly Financial Report has been prepared on a going concern basis, since the Directors have assessed that there are no financial, operating or other kind of indicators that might provide evidence of the Group's inability to meet its obligations in the foreseeable future and particularly in the next 12 months.

The information contained in these Explanatory Notes must be read in conjunction with the Directors' Report, an integral part of the Quarterly Financial Report, and the annual IFRS Consolidated Financial Statements at 31 December 2020.

All the amounts shown in the Group's financial statements are expressed in millions of Euro, unless otherwise stated.

### **B.1 FINANCIAL STATEMENTS AND DISCLOSURES**

The Group has elected to present its income statement according to the nature of expenses, whereas assets and liabilities in the statement of financial position are classified as current or non-current. The statement of cash flows has been prepared using the indirect method.

The Group has prepared the present Quarterly Financial Report at 30 September 2021 on a voluntary basis and in continuity with its past reporting format. When preparing the Quarterly Financial Report, management has made judgements, estimates and assumptions that affect the value of revenues, costs, assets and liabilities and the disclosures relating to contingent assets and liabilities at the reporting date. As estimates, these may differ from the actual results attained in the future. Certain valuation processes, particularly more complex ones, such as the determination of any fixed asset impairment, are only fully carried out during the preparation of the year-end consolidated financial statements when all the necessary information is available.

### **B.2 ACCOUNTING STANDARDS**

#### **Accounting standards used to prepare the Quarterly Financial Report**

The basis of consolidation, the methods used to translate financial statements into the presentation currency, the accounting standards, estimates and policies adopted are the same as those used for the consolidated financial statements at 31 December 2020, to which reference should be made for more details, except for income taxes, which are recognised using the best estimate of the Group's weighted average tax rate expected for the full year.

#### **Accounting standards, amendments and interpretations applied from 1 January 2021**

IFRS 17, applicable with effect from 1 January 2021, has had no impact on the consolidated financial statements.

### B.3 CHANGES IN THE SCOPE OF CONSOLIDATION

The Group's scope of consolidation includes the financial statements of Prysmian S.p.A. (the Parent Company) and the companies over which it exercises direct or indirect control, which are consolidated from the date when control is obtained until the date when such control ceases.

The changes in the scope of consolidation at 30 September 2021, compared with 31 December 2020, are listed below.

#### Acquisitions

| Acquired companies  | Nation         | Date           |
|---|----------------|----------------|
| EHC Brazil Ltda.  | Brazil         | 8 January 2021 |
| EHC Global Inc.   | Canada         | 8 January 2021 |
| EHC Canada Inc.   | Canada         | 8 January 2021 |
| Elator Inc.   | Canada         | 8 January 2021 |
| EHC Management Company Inc.                                   | Canada         | 8 January 2021 |
| EHC Escalator Handrail (Shanghai) Co. Ltd.                    | China          | 8 January 2021 |
| EHC Engineered Polymer (Shanghai) Co. Ltd.                    | China          | 8 January 2021 |
| EHC Lift Components (Shanghai) Co. Ltd.                       | China          | 8 January 2021 |
| EHC Technology Development (Shanghai) Co. Ltd.                | China          | 8 January 2021 |
| EHC France s.a.r.l.   | France         | 8 January 2021 |
| EHC Germany GmbH  | Germany        | 8 January 2021 |
| EHC Japan K.K.  | Japan          | 8 January 2021 |
| Escalator Handrail (UK) Ltd.                                  | United Kingdom | 8 January 2021 |
| EHC Spain and Portugal, S.L.                                  | Spain          | 8 January 2021 |
| EHC USA Inc.  | United States  | 8 January 2021 |
| EHC Turkey Asansör ve Yürüyen Merdiven Sanayi Limited Şirketi | Turkey         | 8 January 2021 |

#### Liquidations

| Liquidated companies                        | Nation         | Date          |
|---|----------------|---------------|
| Draka UK Group Ltd.                         | United Kingdom | 23 March 2021 |
| YA Holdings, Ltd.                           | Cayman Islands | 29 April 2021 |
| General Cable Italia s.r.l. in liquidazione | Italy          | 5 May 2021    |

#### Mergers

| Merged company   | Survivor company                         | Nation | Date          |
|--|--|--------|---------------|
| General Cable Brasil Indústria e Comércio de Condutores Elétricos Ltda | Prysmian Cabos e Sistemas do Brasil S.A. | Brazil | 30 April 2021 |

#### Name changes

For the sake of better understanding the scope of consolidation, the following name changes have taken place in the period:

| Previous name            | New name                                 | Nation  | Date          |
|--------------------------|--|---------|---------------|
| Eurelectric Tunisie S.A. | Prysmian Cables and Systems Tunisia S.A. | Tunisia | 22 March 2021 |

Appendix A to these notes contains a list of the companies included in the scope of consolidation at 30 September 2021.

## C. FINANCIAL RISK MANAGEMENT

The Group's activities are exposed to various forms of risk: market risk (including exchange rate, interest rate and price risks), credit risk and liquidity risk.

The current Quarterly Financial Report does not contain all the information about financial risks presented in the Annual Financial Report at 31 December 2020, which should be consulted for a more detailed analysis.

With reference to the risks described in the Annual Financial Report at 31 December 2020, there have been no material changes in the types of risks to which the Group is exposed or in its policies for managing such risks.

### (a) Fair value measurement

IFRS 13 requires assets and liabilities recognised in the statement of financial position at fair value to be classified according to a hierarchy that reflects the significance of the inputs used in measuring fair value.

Financial instruments are classified according to the following fair value measurement hierarchy:

**Level 1:** Fair value is determined with reference to quoted prices (unadjusted) in active markets for identical financial instruments;

**Level 2:** Fair value is determined using valuation techniques where the input is based on observable market data;

**Level 3:** Fair value is determined using valuation techniques where the input is not based on observable market data.

(Euro/million)

|  |                |                |                | <b>30.09.2021</b> |
|--|----------------|----------------|----------------|-------------------|
|  | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>      |
| <b>Assets</b>  |                |                |                |                   |
| <i>Financial assets at fair value:</i>                             |                |                |                |                   |
| Derivatives through profit or loss                                 | -              | 58             | -              | 58                |
| Hedging derivatives  | -              | 147            | -              | 147               |
| Financial assets at fair value through profit or loss              | 217            | -              | -              | 217               |
| Financial assets at fair value through other comprehensive income  | 11             | -              | -              | 11                |
| Other investments at fair value through other comprehensive income | -              | -              | 13             | 13                |
| <b>Total assets</b>  | <b>228</b>     | <b>205</b>     | <b>13</b>      | <b>446</b>        |
| <b>Liabilities</b>   |                |                |                |                   |
| <i>Financial liabilities at fair value:</i>                        |                |                |                |                   |
| Derivatives through profit or loss                                 | -              | 24             | -              | 24                |
| Hedging derivatives  | -              | 31             | -              | 31                |
| <b>Total liabilities</b>   | <b>-</b>       | <b>55</b>      | <b>-</b>       | <b>55</b>         |

Financial assets classified in fair value Level 3 have reported no significant movements in the period.

Given the short-term nature of trade receivables and trade payables, their carrying amounts, net of any allowances for impairment, are treated as a good approximation of fair value.

Financial assets at fair value through profit or loss, classified in fair value Level 1 and amounting to Euro 217 million, include Euro 200 million in money market funds in which the Parent Company has invested its liquidity, with the remainder referring to funds in which the Brazilian and Argentine subsidiaries have temporarily invested their liquidity.

Financial assets at fair value through other comprehensive income of Euro 11 million, classified in fair value Level 1, refer to Italian government securities.

During the first nine months of 2021 there have been no transfers of financial assets and liabilities between the different levels of the fair value hierarchy.

### **(b) Valuation techniques**

**Level 1:** The fair value of financial instruments quoted in an active market is based on market price at the reporting date. The market price used for derivatives is the bid price, while for financial liabilities the ask price is used.

**Level 2:** Derivatives classified in this category include interest rate swaps, currency forwards and derivative contracts on metals and other commodities that are not quoted in active markets.

Fair value is determined as follows:

- for interest rate swaps, it is calculated on the basis of the present value of forecast future cash flows;
- for forward currency contracts, it is determined using the forward exchange rate at the reporting date, appropriately discounted;
- for metal derivative contracts, it is determined using the prices of such metals at the reporting date, appropriately discounted.

**Level 3:** The fair value of instruments not quoted in an active market is primarily determined using valuation techniques based on estimated discounted cash flows.



## D. BUSINESS COMBINATIONS

Prysmian Group acquired control of EHC Global on 8 January 2021. For accounting purposes, the acquisition date has been backdated to 1 January 2021.

The total consideration for the acquisition is approximately Euro 88 million.

The costs directly related to the acquisition were expensed to profit or loss in 2020 as "non-operating expenses" and amounted to approximately Euro 1 million, gross of the tax effect.

The assets and liabilities of EHC Global have been determined on a provisional basis, since the acquisition accounting processes were still being finalised at the current reporting date.

In compliance with IFRS 3, the fair value of the assets, liabilities and contingent liabilities will be finalised within twelve months of the acquisition date.

The excess of the purchase consideration over the provisional fair value of net assets acquired has been recognised as goodwill, quantified as Euro 40 million.

Such goodwill is primarily justified by the future earnings expected from integrating the two groups, including the benefits of run-rate synergies. The process of purchase price allocation is currently in progress, as permitted by the relevant accounting standard.

Details of the net assets acquired and goodwill are as follows:

(Euro/million)

|  | Euro      |
|--|-----------|
| Purchase price                             | 88        |
| <b>Total cost of acquisition (A)</b>       | <b>88</b> |
| Fair value of net assets acquired (B)      | 48        |
| <b>Goodwill (A-B)</b>                      | <b>40</b> |
| Financial outlay paid in previous year     | 7         |
| Financial outlay for acquisition           | 81        |
| Cash and cash equivalents held by acquiree | (6)       |
| <b>Acquisition cash flow</b>               | <b>75</b> |

(Euro/million)

|   | Euro      |
|---|-----------|
| Property, plant and equipment                     | 10        |
| Intangible assets                                 | 19        |
| Financial assets                                  | 6         |
| Deferred taxes                                    | (5)       |
| Inventories                                       | 9         |
| Trade and other receivables                       | 17        |
| Trade and other payables                          | (10)      |
| Borrowings from banks and other lenders           | (3)       |
| Employee benefit obligations and other provisions | (1)       |
| Cash and cash equivalents                         | 6         |
| <b>Net assets acquired (B)</b>                    | <b>48</b> |

During the first nine months of 2021, EHC Global accounted for Euro 54 million of Prysmian Group's total sales of goods and services, and contributed Euro 4 million to the consolidated net profit for the period.

## E. SEGMENT INFORMATION

The Group's operating segments are:

- *Energy*, whose smallest identifiable CGU are Regions/Countries depending on the specific organisation;
- *Projects*, whose smallest identifiable CGUs are the High Voltage, Submarine Power, Submarine Telecom and Offshore Specialties businesses;
- *Telecom*, whose smallest CGU is the operating segment itself.

Segment information is structured in the same way as the report periodically prepared for the purpose of reviewing business performance. This report presents operating performance by macro type of business (*Energy*, *Projects* and *Telecom*) and the results of operating segments primarily on the basis of Adjusted EBITDA, defined as earnings (loss) for the period before non-recurring items, the fair value change in metal price derivatives and in other fair value items, amortisation, depreciation and impairment, finance costs and income and taxes.

This report also provides information about the statement of financial position for the Group as a whole but not by operating segment.

In order to provide users of the financial statements with clearer information, certain economic data is also reported by sales channels and business areas within the individual operating segments:

A) *Projects* operating segment: encompassing the following high-tech and high value-added businesses whose focus is on projects and their execution, as well as on product customisation: High Voltage, Submarine Power, Submarine Telecom and Offshore Specialties.

B) *Energy* operating segment: encompassing the businesses offering a complete and innovative product portfolio designed to meet the various and many needs of the market, namely:

- Energy & Infrastructure (E&I): this includes Trade and Installers, Power Distribution and Overhead lines;
- Industrial & Network Components: this comprises Specialties and OEM, Elevators, Automotive, Network Components, core Oil & Gas and DHT;
- Other: occasional sales of residual products.

C) *Telecom* operating segment: encompassing the manufacture of cable systems and connectivity products used in telecommunication networks. This segment is organised in the following lines of business: optical fibre, optical cables, connectivity components and accessories, OPGW (Optical Ground Wire) and copper cables.

All Corporate fixed costs are allocated to the *Projects*, *Energy* and *Telecom* operating segments. Revenues and costs are allocated to each operating segment by identifying all revenues and costs directly attributable to that segment and by allocating indirectly related costs.

Group operating activities are organised and managed separately according to the nature of the products and services provided: each segment offers different products and services to different

markets. Sales of goods and services are analysed geographically on the basis of the location of the registered office of the company that issues the invoices, regardless of the geographic destination of the products sold. This type of presentation does not produce significantly different results from analysing sales of goods and services by such destination. All transfer prices are set using the same conditions applied to other transactions between Group companies and are generally determined by applying a mark-up to production costs.

Assets and liabilities by operating segment are not included in the data reviewed by management and so, as permitted by IFRS 8, this information is not presented in the current report.

## E.1 OPERATING SEGMENTS

The following tables present information by operating segment:

(Euro/million)

|  |            |            |                     |          |                 |            |            | 9 months<br>2021 |
|--|------------|------------|---------------------|----------|-----------------|------------|------------|------------------|
|  | Projects   | Energy     |                     |          | Telecom         | Corporate  |            | Group<br>total   |
|  |            | E&I        | Industrial<br>& NWC | Other    | Total<br>Energy |            |            |                  |
| Sales <sup>(1)</sup>   | 1,071      | 4,708      | 2,074               | 237      | 7,019           | 1,204      | -          | 9,294            |
| <b>Adjusted EBITDA<br/>before share of net<br/>profit/(loss) of<br/>equity-accounted<br/>companies</b> | <b>123</b> | <b>268</b> | <b>150</b>          | <b>4</b> | <b>422</b>      | <b>167</b> | -          | <b>712</b>       |
| % of sales   | 11.5%      | 5.7%       | 7.2%                |          | 6.0%            | 13.9%      |            | 7.7%             |
| <b>Adjusted EBITDA (A)</b>   | <b>124</b> | <b>269</b> | <b>150</b>          | <b>4</b> | <b>423</b>      | <b>178</b> | -          | <b>725</b>       |
| % of sales   | 11.5%      | 5.7%       | 7.2%                |          | 6.0%            | 14.8%      |            | 7.8%             |
| Adjustments  | (1)        | (17)       | (7)                 | (3)      | (27)            | 6          | (3)        | (25)             |
| <b>EBITDA (B)</b>  | <b>123</b> | <b>252</b> | <b>143</b>          | <b>1</b> | <b>396</b>      | <b>184</b> | <b>(3)</b> | <b>700</b>       |
| % of sales   | 11.5%      | 5.3%       | 6.9%                |          | 5.6%            | 15.3%      |            | 7.5%             |
| Amortisation and<br>depreciation (C)   | (52)       | (89)       | (42)                | (3)      | (134)           | (56)       | -          | (242)            |
| <b>Adjusted operating<br/>income (A+C)</b>   | <b>72</b>  | <b>180</b> | <b>108</b>          | <b>1</b> | <b>289</b>      | <b>122</b> | -          | <b>483</b>       |
| % of sales   | 6.7%       | 3.8%       | 5.2%                |          | 4.1%            | 10.1%      |            | 5.2%             |
| Fair value change in<br>metal derivatives (D)  |            |            |                     |          |                 |            |            | 22               |
| Fair value stock options (E)   |            |            |                     |          |                 |            |            | (26)             |
| Asset (impairment) and<br>impairment reversal (F)  |            |            |                     |          |                 |            |            | (6)              |
| <b>Operating income (B+C+D+E+F)</b>  |            |            |                     |          |                 |            |            | <b>448</b>       |
| % of sales   |            |            |                     |          |                 |            |            | 4.8%             |
| Finance income   |            |            |                     |          |                 |            |            | 442              |
| Finance costs  |            |            |                     |          |                 |            |            | (511)            |
| Taxes  |            |            |                     |          |                 |            |            | (122)            |
| <b>Net profit/(loss)</b>   |            |            |                     |          |                 |            |            | <b>257</b>       |
| % of sales   |            |            |                     |          |                 |            |            | 2.8%             |
| Attributable to:   |            |            |                     |          |                 |            |            |                  |
| Owners of the parent   |            |            |                     |          |                 |            |            | 255              |
| Non-controlling interests  |            |            |                     |          |                 |            |            | 2                |

<sup>(1)</sup> Sales of the operating segments and business areas are reported net of intercompany transactions and net of transactions between operating segments, consistent with the presentation adopted in the regularly reviewed reports.

(Euro/million)

|  |            |            |                     |            |                 |            | 9 months<br>2020 |            |
|--|------------|------------|---------------------|------------|-----------------|------------|------------------|------------|
|  | Projects   | Energy     |                     |            | Telecom         | Corporate  | Group<br>total   |            |
|  |            | E&I        | Industrial<br>& NWC | Other      | Total<br>Energy |            |                  |            |
| Sales <sup>(1)</sup>   | 1,056      | 3,559      | 1,673               | 153        | 5,385           | 1,047      | -                | 7,488      |
| <b>Adjusted EBITDA<br/>before share of net<br/>profit/(loss) of<br/>equity-accounted<br/>companies</b> | <b>129</b> | <b>222</b> | <b>130</b>          | <b>1</b>   | <b>353</b>      | <b>150</b> | <b>-</b>         | <b>632</b> |
| % of sales   | 12.3%      | 6.2%       | 7.8%                |            | 6.6%            | 14.4%      |                  | 8.4%       |
| <b>Adjusted EBITDA (A)</b>   | <b>130</b> | <b>224</b> | <b>130</b>          | <b>1</b>   | <b>355</b>      | <b>162</b> | <b>-</b>         | <b>647</b> |
| % of sales   | 12.3%      | 6.3%       | 7.8%                |            | 6.6%            | 15.5%      |                  | 8.6%       |
| Adjustments  | (19)       | (24)       | (9)                 | (3)        | (36)            | 12         | (3)              | (46)       |
| <b>EBITDA (B)</b>  | <b>111</b> | <b>200</b> | <b>121</b>          | <b>(2)</b> | <b>319</b>      | <b>174</b> | <b>(3)</b>       | <b>601</b> |
| % of sales   | 10.5%      | 5.6%       | 7.2%                |            | 5.9%            | 16.6%      |                  | 8.0%       |
| Amortisation and<br>depreciation (C)   | (49)       | (93)       | (44)                | (4)        | (141)           | (56)       | -                | (246)      |
| <b>Adjusted operating<br/>income (A+C)</b>   | <b>81</b>  | <b>131</b> | <b>86</b>           | <b>(3)</b> | <b>214</b>      | <b>106</b> | <b>-</b>         | <b>401</b> |
| % of sales   | 7.7%       | 3.7%       | 5.1%                |            | 4.0%            | 10.1%      |                  | 5.4%       |
| Fair value change in<br>metal derivatives (D)  |            |            |                     |            |                 |            |                  | 5          |
| Fair value stock options (E)   |            |            |                     |            |                 |            |                  | (23)       |
| Asset (impairment) and<br>impairment reversal (F)  |            |            |                     |            | (43)            |            |                  | (43)       |
| <b>Operating income (B+C+D+E+F)</b>  |            |            |                     |            |                 |            |                  | <b>294</b> |
| % of sales   |            |            |                     |            |                 |            |                  | 3.9%       |
| Finance income   |            |            |                     |            |                 |            |                  | 345        |
| Finance costs  |            |            |                     |            |                 |            |                  | (424)      |
| Taxes  |            |            |                     |            |                 |            |                  | (78)       |
| <b>Net profit/(loss)</b>   |            |            |                     |            |                 |            |                  | <b>137</b> |
| % of sales   |            |            |                     |            |                 |            |                  | 1.8%       |
| Attributable to:   |            |            |                     |            |                 |            |                  |            |
| Owners of the parent   |            |            |                     |            |                 |            |                  | 140        |
| Non-controlling interests  |            |            |                     |            |                 |            |                  | (3)        |

<sup>(1)</sup> Sales of the operating segments and business areas are reported net of intercompany transactions and net of transactions between operating segments, consistent with the presentation adopted in the regularly reviewed reports.

## E.2 GEOGRAPHICAL AREAS

The following table presents sales of goods and services by geographical area:

(Euro/million)

|                                  | 9 months 2021       | 9 months 2020       |
|----------------------------------|---------------------|---------------------|
| <b>Sales</b>                     | <b>9,294</b>        | <b>7,488</b>        |
| <b>EMEA*</b><br>(of which Italy) | <b>4,861</b><br>836 | <b>4,010</b><br>757 |
| <b>North America</b>             | <b>2,830</b>        | <b>2,355</b>        |
| <b>Latin America</b>             | <b>800</b>          | <b>531</b>          |
| <b>Asia Pacific</b>              | <b>803</b>          | <b>592</b>          |

(\*) EMEA = Europe, Middle East and Africa

## 1. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Details of these line items and related movements are as follows:

(Euro/million)

|  | Property, plant and equipment | Intangible assets | of which Goodwill |
|--|-------------------------------|-------------------|-------------------|
| <b>Balance at 31 December 2020</b>                     | <b>2,648</b>                  | <b>1,997</b>      | <b>1,508</b>      |
| <b>Movements in 2021:</b>                              |                               |                   |                   |
| - Business combinations                                | 10                            | 59                | 40                |
| - Investments  | 157                           | 15                | -                 |
| - Increases for leases (IFRS 16)                       | 33                            | -                 | -                 |
| - Disposals  | (5)                           | -                 | -                 |
| - Depreciation and amortisation                        | (192)                         | (50)              | -                 |
| - Impairment   | (3)                           | -                 | -                 |
| - Currency translation differences                     | 58                            | 75                | 55                |
| - Reclassifications (to)/from Assets held for sale     | -                             | -                 | -                 |
| - Monetary revaluation for hyperinflation              | 2                             | -                 | -                 |
| <b>Balance at 30 September 2021</b>                    | <b>2,708</b>                  | <b>2,096</b>      | <b>1,603</b>      |
| <b>Of which:</b>                                       |                               |                   |                   |
| - Historical cost                                      | 4,879                         | 2,720             | 1,623             |
| - Accumulated depreciation/amortisation and impairment | (2,171)                       | (624)             | (20)              |
| <b>Net book value</b>                                  | <b>2,708</b>                  | <b>2,096</b>      | <b>1,603</b>      |

(Euro/million)

|  | Property, plant and equipment | Intangible assets | of which Goodwill |
|--|-------------------------------|-------------------|-------------------|
| <b>Balance at 31 December 2019</b>                     | <b>2,804</b>                  | <b>2,154</b>      | <b>1,590</b>      |
| <b>Movements in 2020:</b>                              |                               |                   |                   |
| - Investments  | 141                           | 13                | -                 |
| - Increases for leases (IFRS 16)                       | 50                            | -                 | -                 |
| - Disposals  | (2)                           | -                 | -                 |
| - Depreciation and amortisation                        | (193)                         | (53)              | -                 |
| - Impairment   | (40)                          | (3)               | -                 |
| - Currency translation differences                     | (117)                         | (58)              | (42)              |
| - Reclassifications (to)/from Assets held for sale     | 8                             | -                 | -                 |
| - Monetary revaluation for hyperinflation              | 1                             | -                 | -                 |
| - Other  | 5                             | (1)               | -                 |
| <b>Balance at 30 September 2020</b>                    | <b>2,657</b>                  | <b>2,052</b>      | <b>1,548</b>      |
| <b>Of which:</b>                                       |                               |                   |                   |
| - Historical cost                                      | 4,532                         | 2,612             | 1,568             |
| - Accumulated depreciation/amortisation and impairment | (1,875)                       | (560)             | (20)              |
| <b>Net book value</b>                                  | <b>2,657</b>                  | <b>2,052</b>      | <b>1,548</b>      |

Investments in Property, plant and equipment in the first nine months of 2021 amount to Euro 157 million.

This expenditure is analysed as follows:

- 73%, or Euro 114 million, for projects to increase and rationalise production capacity and develop new products;
- 12%, or Euro 19 million, for projects to improve industrial efficiency;
- 15%, or Euro 24 million, for structural work at various plants.



As for investments in Intangible assets, the entire value refers to IT development and implementation projects.

## 2. EQUITY-ACCOUNTED INVESTMENTS

Details are as follows:

(Euro/million)

|   | 30.09.2021 | 31.12.2020 |
|---|------------|------------|
| Investments in associates                 | 343        | 312        |
| <b>Total equity-accounted investments</b> | <b>343</b> | <b>312</b> |

### Investments in associates

Information about the main investments in associates:

| Company name  | Registered office | % owned |
|---|-------------------|---------|
| Yangtze Optical Fibre and Cable Joint Stock Limited Company | China             | 23.73%  |
| Yangtze Optical Fibre & Cable (Shanghai) Co. Ltd            | China             | 42.80%  |
| Kabeltrommel GmbH & Co.K.G.                                 | Germany           | 43.18%  |
| Power Cables Malaysia Sdn Bhd                               | Malaysia          | 40.00%  |
| Elkat Ltd.  | Russia            | 40.00%  |

Yangtze Optical Fibre and Cable Joint Stock Limited Company is a Chinese company formed in 1988 whose shareholders are: China Huaxin Post and Telecommunication Technologies Co. Lt.d., HKSCC Nominees Limited, Wuhan Yangtze Communications Industry Group Company Ltd. and Prysmian Group. The company is one of the industry's most important manufacturers of optical fibre and cables. Its products and solutions are sold in more than 50 countries, including the United States, Japan, the Middle East and Africa.

The company was listed on the Main Board of the Hong Kong Stock Exchange in December 2014 and in July 2018 it was also listed on the Shanghai Stock Exchange.

At 30 September 2021, the fair value of the investment in Yangtze Optical Fibre and Cable Joint Stock Limited Company was Euro 237 million (based on the price quoted on the Hong Kong market), while its carrying amount was Euro 296 million, thus higher than the fair value identified by the above market price. However, this should not be treated as a lasting situation, also in light of the fact that the share price has been substantial recovering since the third quarter of 2021. This situation will continue to be monitored over the coming months.

Yangtze Optical Fibre & Cable (Shanghai) Co. Ltd, formed in 2002 and based in Shanghai (China), is an associate company, 25% of whose share capital is held by Prysmian Group and 75% by Yangtze Optical Fibre and Cable Joint Stock Limited Company. The company specialises in the manufacture and sale of optical fibre and cables, offering a wide range of optical fibre cables and accessories, services and FTTx solutions.

Kabeltrommel GmbH & Co. K.G. is a German company that heads a consortium for the production, procurement, management and sale of disposable and reusable cable carrying devices (drums). The services offered by the company include both the sale of cable drums, and the complete management of logistics services such as drum shipping, handling and subsequent retrieval. The company operates primarily in the German market.

Power Cables Malaysia Sdn Bhd is based in Malaysia. The company, a leader in the local market, manufactures and sells power cables and conductors.

Elkat Ltd. is based in Russia and manufactures and sells copper conductors; it is the only company certified by the LME to test copper cathodes for the local market.

### 3. TRADE AND OTHER RECEIVABLES

Details are as follows:

(Euro/million)

|                                 | <b>30.09.2021</b>  |                |              |
|---------------------------------|--------------------|----------------|--------------|
|                                 | <b>Non-current</b> | <b>Current</b> | <b>Total</b> |
| Trade receivables               | -                  | 2,063          | 2,063        |
| Allowance for doubtful accounts | -                  | (93)           | (93)         |
| <b>Total trade receivables</b>  | <b>-</b>           | <b>1,970</b>   | <b>1,970</b> |
| <b>Other receivables:</b>       |                    |                |              |
| Tax receivables                 | 9                  | 189            | 198          |
| Financial receivables           | 3                  | 10             | 13           |
| Prepaid finance costs           | 2                  | 2              | 4            |
| Receivables from employees      | 1                  | 5              | 6            |
| Pension plan receivables        | -                  | 2              | 2            |
| Construction contracts          | -                  | 242            | 242          |
| Advances to suppliers           | 4                  | 49             | 53           |
| Other                           | 11                 | 112            | 123          |
| <b>Total other receivables</b>  | <b>30</b>          | <b>611</b>     | <b>641</b>   |
| <b>Total</b>                    | <b>30</b>          | <b>2,581</b>   | <b>2,611</b> |

(Euro/million)

|                                 | <b>31.12.2020</b>  |                |              |
|---------------------------------|--------------------|----------------|--------------|
|                                 | <b>Non-current</b> | <b>Current</b> | <b>Total</b> |
| Trade receivables               | 1                  | 1,468          | 1,469        |
| Allowance for doubtful accounts | (1)                | (94)           | (95)         |
| <b>Total trade receivables</b>  | <b>-</b>           | <b>1,374</b>   | <b>1,374</b> |
| <b>Other receivables:</b>       |                    |                |              |
| Tax receivables                 | 6                  | 228            | 234          |
| Financial receivables           | 2                  | 4              | 6            |
| Prepaid finance costs           | 3                  | 2              | 5            |
| Receivables from employees      | 1                  | 4              | 5            |
| Pension plan receivables        | -                  | 3              | 3            |
| Construction contracts          | -                  | 162            | 162          |
| Advances to suppliers           | 4                  | 21             | 25           |
| Other                           | 14                 | 68             | 82           |
| <b>Total other receivables</b>  | <b>30</b>          | <b>492</b>     | <b>522</b>   |
| <b>Total</b>                    | <b>30</b>          | <b>1,866</b>   | <b>1,896</b> |

### 4. INVENTORIES

Details are as follows:

(Euro/million)

|   | <b>30.09.2021</b> | <b>31.12.2020</b> |
|---|-------------------|-------------------|
| Raw materials   | 685               | 432               |
| <i>of which allowance for obsolete and slow-moving raw materials</i>                            | (59)              | (52)              |
| Work in progress and semi-finished goods  | 544               | 370               |
| <i>of which allowance for obsolete and slow-moving work in progress and semi-finished goods</i> | (17)              | (16)              |
| Finished goods (*)  | 895               | 729               |
| <i>of which allowance for obsolete and slow-moving finished goods</i>                           | (76)              | (79)              |
| <b>Total</b>  | <b>2,124</b>      | <b>1,531</b>      |

(\*) Finished goods also include goods for resale.

## 5. DERIVATIVES

Details are as follows:

(Euro/million)

|  | <b>30.09.2021</b> |                  |
|--|-------------------|------------------|
|  | <b>Asset</b>      | <b>Liability</b> |
| Interest rate derivatives – Cash Flow Hedges                             | -                 | 5                |
| Forward currency contracts on commercial transactions – Cash Flow Hedges | 1                 | 1                |
| Metal derivatives – Cash Flow Hedges                                     | 78                | 4                |
| Metal derivatives  | 2                 | -                |
| <b>Total non-current</b>   | <b>81</b>         | <b>10</b>        |
| Interest rate derivatives – Cash Flow Hedges                             | -                 | 8                |
| Forward currency contracts on commercial transactions – Cash Flow Hedges | 2                 | 3                |
| Metal derivatives – Cash Flow Hedges                                     | 66                | 10               |
| Forward currency contracts on commercial transactions                    | 4                 | 6                |
| Forward currency contracts on financial transactions                     | 10                | 3                |
| Metal derivatives  | 42                | 15               |
| <b>Total current</b>   | <b>124</b>        | <b>45</b>        |
| <b>Total</b>   | <b>205</b>        | <b>55</b>        |

(Euro/million)

|  | <b>31.12.2020</b> |                  |
|--|-------------------|------------------|
|  | <b>Asset</b>      | <b>Liability</b> |
| Interest rate derivatives – Cash Flow Hedges                             | -                 | 12               |
| Forward currency contracts on financial transactions – Cash Flow Hedges  | 2                 | -                |
| Metal derivatives – Cash Flow Hedges                                     | 40                | -                |
| Metal derivatives  | 2                 | 1                |
| <b>Total non-current</b>   | <b>44</b>         | <b>13</b>        |
| Interest rate derivatives – Cash Flow Hedges                             | -                 | 7                |
| Forward currency contracts on commercial transactions – Cash Flow Hedges | 6                 | 3                |
| Metal derivatives – Cash Flow Hedges                                     | 40                | 6                |
| Forward currency contracts on commercial transactions                    | 4                 | 10               |
| Forward currency contracts on financial transactions                     | 4                 | 9                |
| Metal derivatives  | 28                | 11               |
| <b>Total current</b>   | <b>82</b>         | <b>46</b>        |
| <b>Total</b>   | <b>126</b>        | <b>59</b>        |

Interest rate derivatives designated as cash flow hedges refer to:

- interest rate swaps, for an overall notional value of Euro 1,000 million, with the objective of hedging variable rate interest flows for the period 2018-2023 on financing contracted by the Group to acquire General Cable;
- interest rate swaps for an overall notional value of Euro 110 million, with the objective of hedging variable rate interest flows over the period 2018-2024;
- interest rate swaps for an overall notional value of Euro 100 million, with the objective of hedging variable rate interest flows over the period 2020-2024;
- interest rate swaps for an overall notional value of Euro 75 million, with the objective of hedging variable rate interest flows over the period 2021-2025.

## 6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss, amounting to Euro 217 million (Euro 20 million at 31 December 2020), include Euro 200 million in money market funds in which the Parent Company has temporarily invested its liquidity, with the remainder referring to funds in which the Brazilian and Argentine subsidiaries have temporarily invested their liquidity.

## 7. CASH AND CASH EQUIVALENTS

Details are as follows:

(Euro/million)

|                          | 30.09.2021 | 31.12.2020   |
|--------------------------|------------|--------------|
| Cash and cheques         | 1          | 1            |
| Bank and postal deposits | 790        | 1,162        |
| <b>Total</b>             | <b>791</b> | <b>1,163</b> |

Cash and cash equivalents, deposited with major financial institutions, are managed centrally through the Group's treasury company and in its various operating units.

Cash and cash equivalents managed by the Group's treasury company amount to Euro 386 million at 30 September 2021, while at 31 December 2020 the figure was Euro 797 million.

## 8. SHARE CAPITAL AND RESERVES

Consolidated equity has recorded a positive change of Euro 468 million since 31 December 2020, mainly reflecting the net effect of:

- the net profit for the period of Euro 257 million;
- a decrease of Euro 134 million for dividends declared;
- positive currency translation differences of Euro 204 million;
- the positive post-tax change of Euro 45 million in the fair value of derivatives designated as cash flow hedges;
- recognition of an equity component of Euro 49 million for the Convertible Bond 2021;
- the negative impact on equity of Euro 13 million after partially redeeming the Convertible Bond 2017;
- a positive change of Euro 26 million in the share-based compensation reserve linked to stock option plans;
- an increase of Euro 11 million for the effects of hyperinflation;
- an increase of Euro 23 million in the reserves for actuarial gains and losses on employee benefits.

At 30 September 2021, the share capital of Prysmian S.p.A. comprises 268,144,246 shares, each of nominal value Euro 0.10 for a total of Euro 26,814,424.60.

Movements in the ordinary shares and treasury shares of Prysmian S.p.A. are reported in the following table:

|                                     | Ordinary shares    | Treasury shares    | Total              |
|-------------------------------------|--------------------|--------------------|--------------------|
| <b>Balance at 31 December 2019</b>  | <b>268,144,246</b> | <b>(4,891,162)</b> | <b>263,253,084</b> |
| Allotments and sales <sup>(1)</sup> | -                  | 131,729            | 131,729            |
| <b>Balance at 31 December 2020</b>  | <b>268,144,246</b> | <b>(4,759,433)</b> | <b>263,384,813</b> |
| Allotments and sales <sup>(1)</sup> | -                  | 25,093             | 25,093             |
| <b>Balance at 30 September 2021</b> | <b>268,144,246</b> | <b>(4,734,340)</b> | <b>263,409,906</b> |

<sup>(1)</sup> Allotment and/or sale of treasury shares under the YES Group employee share purchase plan (131,729 shares in 2020 and 25,093 shares in the first nine months of 2021).

### Treasury shares

The following table reports movements in treasury shares during the period:

|                                     | Number of shares | Total nominal value (in Euro) | % of share capital | Average unit value (in Euro) | Total carrying value (in Euro) |
|-------------------------------------|------------------|-------------------------------|--------------------|------------------------------|--------------------------------|
| <b>Balance at 31 December 2019</b>  | <b>4,891,162</b> | <b>489,117</b>                | <b>1.82%</b>       | <b>20.33</b>                 | <b>99,440,992</b>              |
| - Allotments and sales              | (131,729)        | (13,173)                      | -                  | 19.92                        | (2,624,042)                    |
| <b>Balance at 31 December 2020</b>  | <b>4,759,433</b> | <b>475,944</b>                | <b>1.77%</b>       | <b>20.34</b>                 | <b>96,816,950</b>              |
| - Allotments and sales              | (25,093)         | (2,509)                       | -                  | 19.92                        | (499,853)                      |
| <b>Balance at 30 September 2021</b> | <b>4,734,340</b> | <b>473,435</b>                | <b>1.77%</b>       | <b>20.34</b>                 | <b>96,317,097</b>              |

## 9. BORROWINGS FROM BANKS AND OTHER LENDERS

Details are as follows:

(Euro/million)

|   |              |              | 30.09.2021   |
|---|--------------|--------------|--------------|
|   | Non-current  | Current      | Total        |
| Borrowings from banks and other lenders | 295          | 51           | 346          |
| Term Loan                               | 997          | 3            | 1,000        |
| Unicredit Loan                          | 200          | -            | 200          |
| Mediobanca Loan                         | 100          | -            | 100          |
| Intesa Loan                             | 150          | 1            | 151          |
| Non-convertible bond                    | -            | 757          | 757          |
| Convertible Bond 2021                   | 704          | -            | 704          |
| Convertible Bond 2017                   | -            | 249          | 249          |
| Lease liabilities                       | 139          | 52           | 191          |
| <b>Total</b>                            | <b>2,585</b> | <b>1,113</b> | <b>3,698</b> |

(Euro/million)

|   |              |            | 31.12.2020   |
|---|--------------|------------|--------------|
|   | Non-current  | Current    | Total        |
| Borrowings from banks and other lenders | 219          | 60         | 279          |
| Term Loan                               | 996          | 1          | 997          |
| Unicredit Loan                          | 200          | -          | 200          |
| Mediobanca Loan                         | 100          | -          | 100          |
| Intesa Loan                             | 150          | -          | 150          |
| Non-convertible bond                    | 748          | 14         | 762          |
| Convertible Bond 2017                   | 489          | -          | 489          |
| Lease liabilities                       | 143          | 52         | 195          |
| <b>Total</b>                            | <b>3,045</b> | <b>127</b> | <b>3,172</b> |

Borrowings from banks and other lenders and Bonds are analysed as follows:

(Euro/million)

|  | 30.09.2021   | 31.12.2020   |
|--|--------------|--------------|
| CDP Loans                                      | 174          | 100          |
| EIB Loans                                      | 110          | 118          |
| Term Loan                                      | 1,000        | 997          |
| Unicredit Loan                                 | 200          | 200          |
| Mediobanca Loan                                | 100          | 100          |
| Intesa Loan                                    | 151          | 150          |
| Other borrowings                               | 62           | 61           |
| <b>Borrowings from banks and other lenders</b> | <b>1,797</b> | <b>1,726</b> |
| Non-convertible bond                           | 757          | 762          |
| Convertible Bond 2021                          | 704          | -            |
| Convertible Bond 2017                          | 249          | 489          |
| <b>Total</b>                                   | <b>3,507</b> | <b>2,977</b> |

The Group's principal credit agreements in place at the reporting date are as follows:

#### *Revolving Credit Facility 2019*

On 3 April 2019, the Group renewed a Euro 1,000 million five-year revolving credit facility with a syndicate of leading Italian and international banks. The funds are available for business and working capital needs, including the refinancing of existing facilities. The Revolving Credit Facility 2019 can also be used for the issue of guarantees. At 30 September 2021, this facility was not being used.

#### *CDP Loans*

On 28 October 2019, the Group entered into an agreement with Cassa Depositi e Prestiti S.p.A. (CDP) for a Euro 100 million long-term loan for 4 years and 6 months from the date of signing, with a bullet repayment at maturity. The purpose of this loan is to finance part of the Group's capital expenditure and expenditure on research, development and innovation in Italy and Europe. Interest rate swaps have been arranged in respect of this loan, for an overall notional value of Euro 100 million, with the objective of hedging variable rate interest flows over the period 2020-2024.

On 28 January 2021, a second loan was agreed with CDP for Euro 75 million for a term of 4 years and 6 months, for the purpose of financing part of the Group's expenditure to purchase the "Leonardo Da Vinci" cable-laying vessel.

This loan was drawn down in its entirety on 9 February 2021, with a bullet repayment envisaged at maturity on 28 July 2025. Interest rate swaps have been arranged in respect of this loan, for an overall notional value of Euro 75 million, with the objective of hedging variable rate interest flows over the period 2021-2025.

At 30 September 2021, the fair value of the CDP Loans approximates their related carrying amount.

### *EIB Loans*

On 18 December 2013, Prysmian S.p.A. entered into a first loan agreement with the European Investment Bank (EIB) for Euro 100 million, to fund the Group's research & development (R&D) programmes in Europe over the period 2013-2016.

The EIB Loan was particularly intended to support projects developed in the Group's R&D centres in six countries (France, Great Britain, the Netherlands, Spain, Germany and Italy) and represented about 50% of the Prysmian Group's investment expenditure in Europe during the period concerned.

The EIB Loan, received on 5 February 2014, was repayable in 12 equal half-yearly instalments commencing 5 August 2015 and ending 5 February 2021, when it was repaid in full.

On 10 November 2017, Prysmian S.p.A. entered into a second loan agreement with the EIB for Euro 110 million to support the Group's R&D programmes in Europe over the period 2017-2020. The loan was received on 29 November 2017 and involves a bullet repayment at maturity on 29 November 2024. Interest rate swaps have been arranged in respect of this loan, for an overall notional value of Euro 110 million, with the objective of hedging variable rate interest flows over the period 2018-2024.

At 30 September 2021, the fair value of the remaining EIB Loan approximates its related carrying amount.

### *Term Loan*

The Term Loan was drawn down by the Group in June 2018 for the purpose of having the necessary financial resources to pay the General Cable purchase consideration, to refinance the existing debt of General Cable and its subsidiaries and to finance acquisition-related fees, commissions, costs and expenses. The Term Loan is for Euro 1 billion and is repayable on the fifth anniversary of the acquisition closing date (6 June 2023).

The interest rates applied are indexed to 6M and 3M Euribor, depending on the company's choice. The line was drawn down in full upon acquiring General Cable.

At 30 September 2021, the fair value of the Term Loan approximates its carrying amount.

Interest rate swaps have been arranged in respect of this loan, for an overall notional value of Euro 1,000 million, with the objective of hedging variable rate interest flows.

### *Unicredit Loan*

On 15 November 2018, Prysmian S.p.A. entered into an agreement with Unicredit for a long-term cash loan for a maximum amount of Euro 200 million for 5 years from the date of signing. The loan was drawn down in full on 16 November 2018 and is repayable in a lump sum at maturity. The interest rate applied is indexed to 6M and 3M Euribor, depending on the company's choice. At 30 September 2021, the fair value of this loan approximates its carrying amount.



*Mediobanca Loan*

On 20 February 2019, the Group entered into an agreement with Mediobanca for a Euro 100 million long-term loan for 5 years from the date of signing. The loan was drawn down in full on 22 February 2019 and is repayable in a lump sum at maturity. The interest rate applied is indexed to 6M and 3M Euribor, depending on the company's choice. The fair value of the loan approximates its carrying amount.

*Intesa Loan*

On 11 October 2019, the Group entered into an agreement with Intesa Sanpaolo for a Euro 150 million long-term loan for 5 years from the date of signing. The loan was drawn down in full on 18 October 2019 and is repayable in a lump sum at maturity. The fair value of the loan approximates its carrying amount.

The fair value of loans has been determined using valuation techniques that refer to observable market data (Level 2 of the fair value hierarchy).

The following tables summarise the committed lines available to the Group at 30 September 2021 and 31 December 2020:

(Euro/million)

|                                |                    |                | <b>30.09.2021</b> |
|--------------------------------|--------------------|----------------|-------------------|
|                                | <b>Total lines</b> | <b>Drawn</b>   | <b>Undrawn</b>    |
| Revolving Credit Facility 2019 | 1,000              | -              | 1,000             |
| Term Loan                      | 1,000              | (1,000)        | -                 |
| CDP Loans                      | 175                | (175)          | -                 |
| Unicredit Loan                 | 200                | (200)          | -                 |
| Intesa Loan                    | 150                | (150)          | -                 |
| EIB Loan                       | 110                | (110)          | -                 |
| Mediobanca Loan                | 100                | (100)          | -                 |
| <b>Total</b>                   | <b>2,735</b>       | <b>(1,735)</b> | <b>1,000</b>      |

(Euro/million)

|                                |                    |                | <b>31.12.2020</b> |
|--------------------------------|--------------------|----------------|-------------------|
|                                | <b>Total lines</b> | <b>Drawn</b>   | <b>Undrawn</b>    |
| Revolving Credit Facility 2019 | 1,000              | -              | 1,000             |
| Term Loan                      | 1,000              | (1,000)        | -                 |
| CDP Loan                       | 100                | (100)          | -                 |
| Unicredit Loan                 | 200                | (200)          | -                 |
| Intesa Loan                    | 150                | (150)          | -                 |
| EIB Loans                      | 118                | (118)          | -                 |
| Mediobanca Loan                | 100                | (100)          | -                 |
| <b>Total</b>                   | <b>2,668</b>       | <b>(1,668)</b> | <b>1,000</b>      |

## Bonds

As at 30 September 2021, Prysmian Group had the bond issues in place described in the following paragraphs.

### *Non-convertible bond issued in 2015*

On 30 March 2015, Prysmian S.p.A. completed the placement with institutional investors of an unrated bond, on the Eurobond market, for a total nominal value of Euro 750 million. The bond, with an issue price of Euro 99.002, has a 7-year maturity and pays a fixed annual coupon of 2.50%. The individual bonds, maturing on 11 April 2022, have minimum denominations of Euro 100,000, plus integral multiples of Euro 1,000.

The bond settlement date was 9 April 2015. The bond was admitted to the Luxembourg Stock Exchange, where it is traded on the related regulated market.

At 30 September 2021, the non-convertible bond has a fair value of Euro 760 million. Fair value has been determined with reference to the quoted price in the relevant market (Level 1 of the fair value hierarchy).

### *Convertible Bond 2017*

On 12 January 2017, the Board of Directors approved the placement of an equity-linked bond, known as "Prysmian S.p.A. Euro 500 million Zero Coupon Equity Linked Bonds due 2022" maturing 17 January 2022 and reserved for institutional investors. The bond settlement date was 17 January 2017.

At the meeting held on 12 April 2017, the Company's shareholders authorised:

- the convertibility of the Equity-Linked Bond;
- the proposal to increase share capital for cash, in single or multiple issues with the exclusion of pre-emptive rights, by a maximum nominal amount of Euro 1,457,942.70, by issuing, in single or multiple instalments, up to 14,579,427 ordinary shares of the Company, with the same characteristics as its other outstanding ordinary shares, exclusively and irrevocably to serve the Bond's conversion.

The bond conversion price of Euro 34.2949 was set by applying a 41.25% premium to the weighted average price of the Company's ordinary shares recorded on the Milan Stock Exchange between the start and end of the book-building process during the morning of 12 January 2017. The bond matures in 2022.

In addition there is an option to call all (but not just a part) of the outstanding bonds at their principal amount from 1 February 2020, should the value of the shares exceed 130% of the conversion price for a specified period of time.

On 30 May 2017, the Bond was admitted to trading on the Third Market (a multilateral trading facility or MTF) on the Vienna Stock Exchange.

The accounting treatment for the five-year Convertible Bond 2017 resulted in the recognition of an equity component of Euro 48 million and a debt component of Euro 452 million, determined at the bond issue date.

On 26 January 2021, the Group announced a partial redemption of its Euro 500 million zero-coupon equity-linked bond due in 2022 (the "2017 Bonds"), up to a face value of Euro 250 million, representing 50% of the bonds in issue. The partial redemption of the 2017 Bonds took place at a price of Euro 104.25 each.

This partial redemption involved an outlay of Euro 261 million, accounted for by reducing financial debt by Euro 246 million and equity by Euro 13 million and recognising Euro 2 million in expense through profit or loss.

The following table summarises the values of the Convertible Bond 2017 as at 30 September 2021:

| (Euro/million)                        |            |
|---------------------------------------|------------|
| Issue value of convertible bond       | 500        |
| Equity reserve for convertible bond   | (48)       |
| <b>Issue date net balance</b>         | <b>452</b> |
| Interest - non-monetary               | 45         |
| Redemption of 50% of convertible bond | (261)      |
| Change in equity upon redemption      | 13         |
| <b>Balance at 30 September 2021</b>   | <b>249</b> |

At 30 September 2021, the fair value of the Convertible Bond 2017 (equity component and debt component) is Euro 252 million, almost all of which attributable to the debt component. In the absence of trading on the relevant market, the fair value of the bond's debt and equity components has been determined using valuation techniques that refer to observable market data (Level 2 of the fair value hierarchy).

#### *Convertible Bond 2021*

On 26 January 2021, the Group announced the successful placement of an equity-linked bond (the "Bonds") for an amount of Euro 750 million.

The Bonds have a 5-year maturity and denomination of Euro 100,000 each and are zero coupon. The issue price is Euro 102.50, representing a yield to maturity of minus 0.49% per annum. The initial price for the conversion of the Bonds into the Company's ordinary shares is Euro 40.2355, representing a 47.50% premium on the weighted average price by volume of Prysmian ordinary shares on the Milan Stock Exchange between the start and end of the book-building process on 26 January 2021.

The Shareholders' Meeting held on 28 April 2021 authorised the convertibility of the equity-linked bond and approved the proposal for a share capital increase serving the conversion of the convertible bond for a maximum nominal amount of Euro 1,864,025.50 by issuing up to 18,640,255 ordinary shares with a nominal value of Euro 0.10 each.

As provided for in the Bond regulations, the Group has the option to call all - but not just a part - of the Bonds at their principal amount from 12 February 2024, should the share price exceed 130% of the conversion price for at least 20 days within a period of 30 consecutive trading days. On 14 June, the Bond was admitted to listing on the multilateral trading facility of the Vienna Stock Exchange.

On the issue date, cash and cash equivalents increased by a total of Euro 768 million, against a corresponding increase in financial debt, of which Euro 703 million for the bond's debt component and Euro 65 million for the conversion option.

The fair value of the conversion option on 28 April 2021, the date the Shareholders' Meeting authorised the bond's convertibility, of Euro 49 million has been reclassified to equity, while its change of Euro 16 million between the bond issue date and the date of the extraordinary Shareholders' Meeting has been recognised as income in profit or loss.

The following table summarises the values of the Convertible Bond 2021 as at 30 September 2021:

| (Euro/million)   |            |
|--|------------|
| Value of Equity Linked bond 2021 (now convertible) at issue date | 768        |
| Equity reserve for convertible bond                              | (49)       |
| Change in conversion option                                      | (16)       |
| <b>Issue date net balance</b>                                    | <b>703</b> |
| Interest - non-monetary  | 5          |
| Related costs  | (4)        |
| <b>Balance at 30 September 2021</b>                              | <b>704</b> |

At 30 September 2021, the fair value of the Convertible Bond 2021 (equity component and debt component) is Euro 773 million, of which Euro 699 million attributable to the debt component and Euro 74 million to the equity component. In the absence of trading on the relevant market, the fair value of the bond's debt and equity components has been determined using valuation techniques that refer to observable market data (Level 2 of the fair value hierarchy).

## Other borrowings from banks and other lenders and Lease liabilities

The following tables report movements in Borrowings from banks and other lenders:

(Euro/million)

|  | CDP<br>Loans | EIB<br>Loans | Conv.<br>Bonds | Non-conv.<br>Bond | Term<br>Loan | Unicredit,<br>Mediobanca<br>and Intesa<br>Loans | Other<br>borrowings/<br>Lease<br>liabilities | Total        |
|--|--------------|--------------|----------------|-------------------|--------------|---|--|--------------|
| <b>Balance at 31<br/>December 2020</b>                           | <b>100</b>   | <b>118</b>   | <b>489</b>     | <b>762</b>        | <b>997</b>   | <b>450</b>                                      | <b>256</b>                                   | <b>3,172</b> |
| Business combinations  | -            | -            | -              | -                 | -            | -   | 3  | 3            |
| Currency translation<br>differences                              | -            | -            | -              | -                 | -            | -   | 6  | 6            |
| New funds  | 75           | -            | 703            | -                 | -            | -   | 23   | 801          |
| Repayments   | -            | (8)          | (245)          | -                 | -            | -   | (68)   | (321)        |
| Amortisation of bank and<br>financial fees and other<br>expenses | (1)          | -            | (4)            | 1                 | 1            | -   | -  | (3)          |
| New agreements under<br>IFRS 16                                  | -            | -            | -              | -                 | -            | -   | 33   | 33           |
| Interest and other<br>movements                                  | -            | -            | 10             | (6)               | 2            | 1   | -  | 7            |
| <b>Balance at 30<br/>September 2021</b>                          | <b>174</b>   | <b>110</b>   | <b>953</b>     | <b>757</b>        | <b>1,000</b> | <b>451</b>                                      | <b>253</b>                                   | <b>3,698</b> |

(Euro/million)

|  | CDP<br>Loan | EIB<br>Loans | Conv.<br>Bond | Non-conv.<br>Bond | Term<br>Loan | Unicredit,<br>Mediobanca<br>and Intesa<br>Loans | Other<br>borrowings/<br>Lease<br>liabilities | Total        |
|--|-------------|--------------|---------------|-------------------|--------------|---|--|--------------|
| <b>Balance at 31<br/>December 2019</b>                           | <b>200</b>  | <b>135</b>   | <b>478</b>    | <b>760</b>        | <b>996</b>   | <b>448</b>                                      | <b>227</b>                                   | <b>3,244</b> |
| Currency translation<br>differences                              | -           | -            | -             | -                 | -            | -   | (11)   | (11)         |
| New funds  | -           | -            | -             | -                 | -            | -   | 32   | 32           |
| Repayments   | (100)       | (16)         | -             | -                 | -            | -   | (53)   | (169)        |
| Amortisation of bank<br>and financial fees and<br>other expenses | -           | -            | 1             | 2                 | 1            | 1   | -  | 5            |
| New agreements under<br>IFRS 16                                  | -           | -            | -             | -                 | -            | -   | 50   | 50           |
| Interest and other<br>movements                                  | -           | -            | 7             | (5)               | 2            | 2   | -  | 6            |
| <b>Balance at 30<br/>September 2020</b>                          | <b>100</b>  | <b>119</b>   | <b>486</b>    | <b>757</b>        | <b>999</b>   | <b>451</b>                                      | <b>245</b>                                   | <b>3,157</b> |

## NET FINANCIAL DEBT

(Euro/million)

|   | Note | 30.09.2021   | 31.12.2020   |
|---|------|--------------|--------------|
| CDP Loans   | 9    | 174          | 100          |
| EIB Loan  | 9    | 110          | 110          |
| Non-convertible bond  | 9    | -            | 748          |
| Convertible Bond 2021   | 9    | 704          | -            |
| Convertible Bond 2017   | 9    | -            | 489          |
| Term Loan   | 9    | 997          | 996          |
| Unicredit Loan  | 9    | 200          | 200          |
| Mediobanca Loan   | 9    | 100          | 100          |
| Intesa Loan   | 9    | 150          | 150          |
| Lease liabilities   | 9    | 139          | 143          |
| Interest rate swaps   | 5    | 5            | 12           |
| Other financial payables  | 9    | 11           | 9            |
| <b>Total long-term financial payables</b>                         |      | <b>2,590</b> | <b>3,057</b> |
| EIB Loan  | 9    | -            | 8            |
| Non-convertible bond  | 9    | 757          | 14           |
| Convertible Bond 2017   | 9    | 249          | -            |
| Term Loan   | 9    | 3            | 1            |
| Intesa Loan   | 9    | 1            | -            |
| Lease liabilities   | 9    | 52           | 52           |
| Interest rate swaps   | 5    | 8            | 7            |
| Forward currency contracts on financial transactions              | 5    | 3            | 9            |
| Other financial payables  | 9    | 51           | 52           |
| <b>Total short-term financial payables</b>                        |      | <b>1,124</b> | <b>143</b>   |
| <b>Total financial liabilities</b>                                |      | <b>3,714</b> | <b>3,200</b> |
| Long-term financial receivables                                   | 3    | 3            | 2            |
| Long-term bank fees   | 3    | 2            | 3            |
| Financial assets at amortised cost                                |      | 3            | 4            |
| Forward currency contracts on financial transactions (current)    | 5    | 10           | 4            |
| Short-term financial receivables                                  | 3    | 10           | 4            |
| Short-term bank fees  | 3    | 2            | 2            |
| Financial assets at fair value through profit or loss             | 6    | 217          | 20           |
| Financial assets at fair value through other comprehensive income |      | 11           | 11           |
| Financial assets held for sale                                    |      | 2            | 1            |
| Cash and cash equivalents   | 7    | 791          | 1,163        |
| <b>Total financial assets</b>                                     |      | <b>1,051</b> | <b>1,214</b> |
| <b>Net financial debt</b>   |      | <b>2,663</b> | <b>1,986</b> |

The following table presents a reconciliation of the Group's net financial debt to the amount reported in accordance with the requirements of CONSOB advice notice no. 5/21 of 29 April 2021 concerning compliance with the "Guidelines on disclosure requirements under the Prospectus Regulation" published by ESMA on 4 March 2021 (reference ESMA32-382-1138):

(Euro/million)

|   | Note | 30.09.2021   | 31.12.2020   |
|---|------|--------------|--------------|
| <b>Net financial debt - as reported above</b>   |      | <b>2,663</b> | <b>1,986</b> |
| <b>Adjustments to exclude:</b>  |      |              |              |
| Long-term financial receivables and other assets  | 3    | 6            | 6            |
| Long-term bank fees   | 3    | 2            | 3            |
| <b>Adjustments to include:</b>  |      |              |              |
| Net non-hedging forward currency contracts on commercial transactions, excluding non-current assets | 5    | 2            | 6            |
| Net non-hedging metal derivatives, excluding non-current assets                                     | 5    | (27)         | (16)         |
| <b>Recalculated net financial debt</b>  |      | <b>2,646</b> | <b>1,985</b> |

## 10. TRADE AND OTHER PAYABLES

Details are as follows:

(Euro/million)

|                                  | 30.09.2021  |              |              |
|----------------------------------|-------------|--------------|--------------|
|                                  | Non-current | Current      | Total        |
| Trade payables                   | -           | 2,346        | 2,346        |
| <b>Total trade payables</b>      | -           | <b>2,346</b> | <b>2,346</b> |
| <b>Other payables:</b>           |             |              |              |
| Tax and social security payables | 1           | 165          | 166          |
| Advances from customers          | -           | 412          | 412          |
| Payables to employees            | 1           | 163          | 164          |
| Accrued expenses                 | -           | 131          | 131          |
| Other                            | 5           | 137          | 142          |
| <b>Total other payables</b>      | <b>7</b>    | <b>1,008</b> | <b>1,015</b> |
| <b>Total</b>                     | <b>7</b>    | <b>3,354</b> | <b>3,361</b> |

(Euro/million)

|                                  | 31.12.2020  |              |              |
|----------------------------------|-------------|--------------|--------------|
|                                  | Non-current | Current      | Total        |
| Trade payables                   | -           | 1,958        | 1,958        |
| <b>Total trade payables</b>      | -           | <b>1,958</b> | <b>1,958</b> |
| <b>Other payables:</b>           |             |              |              |
| Tax and social security payables | 1           | 218          | 219          |
| Advances from customers          | -           | 408          | 408          |
| Payables to employees            | 1           | 134          | 135          |
| Accrued expenses                 | -           | 105          | 105          |
| Other                            | 4           | 130          | 134          |
| <b>Total other payables</b>      | <b>6</b>    | <b>995</b>   | <b>1,001</b> |
| <b>Total</b>                     | <b>6</b>    | <b>2,953</b> | <b>2,959</b> |

Trade payables include around Euro 286 million (Euro 340 million at 31 December 2020) for the supply of strategic metals (copper, aluminium and lead), whose payment terms are longer than normal for this type of transaction.

Advances from customers include the liability for construction contracts, amounting to Euro 359 million at 30 September 2021 (Euro 367 million at 31 December 2020). This liability represents the excess of amounts invoiced over costs incurred plus accumulated profits (or losses), recognised using the percentage of completion method.

## 11. PROVISIONS FOR RISKS AND CHARGES

Details are as follows:

(Euro/million)

|                                    | 30.09.2021 (*) |            |            |
|------------------------------------|----------------|------------|------------|
|                                    | Non-current    | Current    | Total      |
| Restructuring costs                | -              | 21         | 21         |
| Legal, contractual and other risks | 24             | 321        | 345        |
| Environmental risks                | 5              | 90         | 95         |
| Tax risks                          | 12             | 84         | 96         |
| <b>Total</b>                       | <b>41</b>      | <b>516</b> | <b>557</b> |

(\*) Provisions for risks at 30 September 2021 include Euro 128 million for contingent liabilities.

(Euro/million)

|                                    | <b>31.12.2020 (*)</b> |                |              |
|------------------------------------|-----------------------|----------------|--------------|
|                                    | <b>Non-current</b>    | <b>Current</b> | <b>Total</b> |
| Restructuring costs                | -                     | 31             | 31           |
| Legal, contractual and other risks | 22                    | 349            | 371          |
| Environmental risks                | 5                     | 92             | 97           |
| Tax risks                          | 12                    | 80             | 92           |
| <b>Total</b>                       | <b>39</b>             | <b>552</b>     | <b>591</b>   |

(\*) Provisions for risks at 31 December 2020 include Euro 124 million for contingent liabilities.

The following table presents the movements in these provisions during the reporting period:

(Euro/million)

|                                     | <b>Restructuring costs</b> | <b>Legal, contractual and other risks</b> | <b>Environmental risks</b> | <b>Tax risks</b> | <b>Total</b> |
|-------------------------------------|----------------------------|---|----------------------------|------------------|--------------|
| <b>Balance at 31 December 2020</b>  | <b>31</b>                  | <b>371</b>                                | <b>97</b>                  | <b>92</b>        | <b>591</b>   |
| Business combinations               | -                          | 1   | -                          | -                | 1            |
| Increases                           | 4                          | 25  | -                          | 3                | 32           |
| Uses                                | (14)                       | (34)                                      | -                          | (1)              | (49)         |
| Releases                            | (1)                        | (18)                                      | (5)                        | (1)              | (25)         |
| Currency translation differences    | 1                          | 5   | 3                          | 2                | 11           |
| Other                               | -                          | (5)                                       | -                          | 1                | (4)          |
| <b>Balance at 30 September 2021</b> | <b>21</b>                  | <b>345</b>                                | <b>95</b>                  | <b>96</b>        | <b>557</b>   |

The provision for contractual, legal and other risks amounts to Euro 345 million at 30 September 2021 (Euro 371 million at 31 December 2020). This provision mainly includes provisions related to and arising from business combinations, provisions for risks on ongoing and completed contracts and the provision for Antitrust investigations, details of which now follow.

#### *Antitrust - European Commission proceedings in the high voltage underground and submarine cables business*

The European Commission started an investigation in late January 2009 into several European and Asian electrical cable manufacturers to verify the existence of alleged anti-competitive practices in the high voltage underground and submarine cables markets.

On 2 April 2014, the European Commission adopted a decision under which it found that, between 18 February 1999 and 28 January 2009, the world's largest cable producers, including Prysmian Cavi e Sistemi S.r.l., had engaged in anti-competitive practices in the European market for high voltage submarine and underground power cables. The European Commission held Prysmian Cavi e Sistemi S.r.l. jointly liable with Pirelli & C. S.p.A. for the alleged infringement in the period 18 February 1999 - 28 July 2005, ordering them to pay a fine of Euro 67.3 million, and it held Prysmian Cavi e Sistemi S.r.l. jointly liable with Prysmian S.p.A. and The Goldman Sachs Group Inc. for the alleged infringement in the period 29 July 2005 - 28 January 2009, ordering them to pay a fine of Euro 37.3 million. Prysmian filed an appeal against this decision with the General Court of the European Union along with an application to intervene in the appeals respectively lodged by Pirelli & C. S.p.A. and The Goldman Sachs Group Inc. against the



same decision. Both Pirelli & C. S.p.A. and The Goldman Sachs Group Inc. in turn submitted applications to intervene in the appeal brought by Prysmian against the European Commission's decision. The applications to intervene presented by Prysmian, Pirelli and The Goldman Sachs Group Inc. were accepted by the General Court of the European Union. Prysmian did not incur any financial outlay as a result of this decision having elected, pending the outcome of the appeals, to provide bank guarantees as security against payment of 50% of the fine imposed by the European Commission (amounting to approximately Euro 52 million) for the alleged infringement in both periods. As far as Prysmian is aware, Pirelli & C. S.p.A. also provided the European Commission with a bank guarantee for 50% of the value of the fine imposed for the alleged infringement in the period 18 February 1999 - 28 July 2005. On 12 July 2018, the General Court of the European Union handed down its rulings on the appeals lodged by the Prysmian Group, including General Cable. These rulings dismissed the appeals and confirmed the previously imposed fines. Prysmian Group, including General Cable, disagreeing with the conclusions reached by the General Court of the European Union, presented an appeal to the Court of Justice of the European Union. The appeal filed by Prysmian was heard on 23 October 2019. In a ruling handed down on 14 November 2019, the Court of Justice of the European Union dismissed General Cable's appeal, thus conclusively confirming the fine previously imposed by the European Commission. As a result, the Group went ahead and paid a fine for Euro 2 million.

In rulings handed down on 24 September 2020, 28 October 2020 and 27 January 2021 respectively, the Court of Justice dismissed the appeals brought by Prysmian, Pirelli & C. S.p.A. and The Goldman Sachs Group Inc., thus upholding the liability and fine envisaged under the European Commission's original decision. Further to the ruling dismissing Prysmian's appeal, the European Commission requested Prysmian Group to pay the sum of approximately Euro 20 million, corresponding to half of the fine for the period from 29 July 2005 to 28 January 2009. Following the ruling dismissing the Pirelli appeal, the European Commission requested the Prysmian Group to pay the sum of approximately Euro 37 million, corresponding to half of the fine for the period from 18 February 1999 to 28 July 2005. Using the provisions already set aside in previous years, the Group made these payments within the required timeframe.

Pirelli & C. S.p.A. has brought a civil action against Prysmian Cavi e Sistemi S.r.l. in the Court of Milan, seeking to be held harmless for all claims made by the European Commission in implementation of its decision and for any expenses related to such implementation. Prysmian Cavi e Sistemi S.r.l. started legal proceedings in February 2015, requesting that the claims brought by Pirelli & C. S.p.A. be dismissed in their entirety and that it should be Pirelli & C. S.p.A. which holds harmless Prysmian Cavi e Sistemi S.r.l., with reference to the alleged infringement in the period 18 February 1999 - 28 July 2005, for all claims made by the European Commission in implementation of its decision and for any expenses related to such implementation. The proceedings were then stayed by order of the court concerned in April 2015, pending the

outcome of the appeals lodged against the European Commission's decision by both Prysmian and Pirelli in the European Courts. Pirelli challenged this decision before the Court of Cassation, Italy's highest court of appeal, which confirmed the stay of execution ordered by the Court of Milan. Following the conclusion of the appeal proceedings before the European Court of Justice, Pirelli has resumed the legal action brought in the Court of Milan. This action has been recently combined with that brought by Pirelli & C. S.p.A. in October 2019, also before the Court of Milan, and which is discussed in the subsequent paragraph on *"Antitrust - Claims for damages resulting from the European Commission's 2014 decision"*.

*Antitrust - Other proceedings in the high voltage underground and submarine cables business in jurisdictions other than the European Union*

In Brazil, the local antitrust authority started an investigation into several manufacturers of high voltage underground and submarine cables, amongst whom Prysmian, notified of this investigation in 2011. Prysmian's preliminary defence was rejected by the local competition authority in a statement issued in February 2015. On 3 January 2019, the authority informed Prysmian that the pre-trial phase had been completed, in response to which Prysmian submitted its brief on 18 January 2019. On 11 February 2019, as a result of its investigation the general superintendence of the Brazilian antitrust authority (Administrative Council for Economic Defense – "CADE") published a statement of objections (Technical Note) in the Brazilian Federal Official Gazette.

On 15 April 2020, the CADE Tribunal issued the operative part of the decision under which it held Prysmian liable for the contested infringement in the period from February 2001 to March 2004 and ordered it to pay a fine of BRL 10.2 million (approximately Euro 1.8 million). Prysmian Group has filed an appeal against the CADE ruling.

*Antitrust - Claims for damages resulting from the European Commission's 2014 decision*

During the first few months of 2017, operators belonging to the Vattenfall Group filed claims in the High Court of London against certain cable manufacturers, including companies in the Prysmian Group, to obtain compensation for damages purportedly suffered as a result of the alleged anti-competitive practices fined by the European Commission.

During the month of June 2020, the Prysmian companies concerned presented their defence as well as serving a summons on another party to whom the EU decision was addressed.

On 2 April 2019, a writ of summons was served, on behalf of Terna S.p.A., on Pirelli, Nexans and companies in the Prysmian Group, demanding compensation for damages purportedly suffered as a result of the alleged anti-competitive practices fined by the European Commission in its April 2014 decision. This action has been brought before the Court of Milan. On 24 October 2019, the Prysmian Group companies concerned responded by presenting their preliminary

defence. By an order dated 3 February 2020, the Court upheld the points raised by the defendants, giving Terna until 11 May 2020 to complete its writ of summons and scheduling a hearing for 20 October 2020. Terna duly completed its summons, which was filed within the required deadline. The proceedings are at a pre-trial stage.

In addition, on 4 April 2019, the Group learned that the following legal actions had been brought in the Court of London, both of which involving claims for damages purportedly suffered as a result of the alleged anti-competitive practices fined by the European Commission:

- action by Scottish and Southern Energy (SSE) Group companies against certain Prysmian Group companies involving a series of onshore and submarine projects. On 5 September 2019, a writ of summons was served in which the plaintiffs substantiated and quantified their claim for damages. On 5 November 2019, the Prysmian Group companies concerned responded by presenting their preliminary defence. On 5 November 2019, the Prysmian Group companies concerned responded by presenting their preliminary defence. On 31 July 2021, an agreement was finalised between Prysmian Group and SSE to settle the dispute out of court. The pending legal action has therefore been abandoned and will no longer be pursued.
- action by Greater Gabbard Offshore Winds Limited and Scottish and Southern Energy (SSE) Group companies against certain Group companies. On 5 September 2019, a writ of summons was served in which the plaintiffs substantiated and quantified their claim for damages. This case is now at a pre-trial stage.

On 2 April 2019, a writ of summons was served, on behalf of Electricity & Water Authority of Bahrain, GCC Interconnection Authority, Kuwait Ministry of Electricity and Water and Oman Electricity Transmission Company, on certain cable manufacturers, including companies in the Prysmian Group, on Pirelli & C. S.p.A. and The Goldman Sachs Group Inc. This action, brought in the Court of Amsterdam, once again involved a claim for compensation for damages purportedly suffered as a result of the alleged anti-competitive practices fined by the European Commission. On 18 December 2019, the Prysmian Group companies concerned presented their preliminary defence, the hearing of which took place on 8 September 2020, at the end of which the judge reserved passing judgement. On 25 November 2020, the Court of Amsterdam handed down a ruling under which it upheld the submissions made and declined jurisdiction over defendants not based in the Netherlands, thus excluding them from the proceedings. On 19 February 2021, the plaintiffs announced that they had filed an appeal against this ruling. The Prysmian Group companies concerned, together with the other third-party first-instance defendants, have entered an appearance in court contesting the plaintiff's claims.

In view of the circumstances described, the Directors, also assisted by their legal advisors, have recognised a level of provisions deemed appropriate to cover the potential liabilities related to the matters in question.

Prysmian S.p.A. and Prysmian Cavi e Sistemi S.r.l. were summoned by Nexans France SAS and Nexans SA to appear before the Court of Dortmund (Germany) in notifications dated 24 and 25 May 2018 respectively. The plaintiffs have asked the Court concerned to ascertain the existence of joint and several liability between Prysmian S.p.A. and Prysmian Cavi e Sistemi S.r.l., on the one hand, and Nexans France SAS and Nexans SA, on the other, for any damages suffered by third parties in Germany as a result of the alleged cartel in the market for high voltage underground and submarine power cables condemned in the European Commission's decision. The Court concerned issued a stay of execution dated 3 June 2019 pending the outcome of the appeal against the European Commission's decision brought before the European Courts by both Prysmian and Nexans. Following the conclusion of the appeal proceedings pending before the European Court of Justice, Nexans has resumed the previously stayed legal action.

On 2 April 2019, certain Group companies received a letter sent on behalf of Tennet TSO BV claiming compensation for damages purportedly suffered as a result of the alleged anti-competitive practices fined by the European Commission. However, the letter does not include any quantification of the damages and explicitly states that its purpose, among others, is to avoid expiry of the statute of limitations.

Even though a negative outcome is considered likely, the Directors have been unable to estimate the amount to provide against this and the other actions listed above because the plaintiffs have not quantified their claims.

Lastly, Prysmian Cavi e Sistemi S.r.l. and Prysmian S.p.A. were served with a writ of summons on 24 October 2019 from Pirelli & C. S.p.A. in which the latter seeks to be released from any third-party claim for damages relating to the practices forming the subject of the European Commission's decision and to be compensated for the damages allegedly incurred and quantified, which it has suffered through Prysmian having sought, in certain pending proceedings, to attribute liability to Pirelli for the illegal practices determined by the European Commission in the period from 1999 to 2005. In November 2020, the Group companies filed an action requesting that the claims brought by Pirelli & C. S.p.A. be rejected in their entirety and that it be Pirelli & C. S.p.A. which should hold the Group companies harmless from any third-party claim for damages relating to the practices forming the subject of the European Commission's decision. This action has been recently combined with that brought by Pirelli & C. S.p.A. in November 2014, also before the Court of Milan, and which is discussed in the earlier

paragraph on "*Antitrust - European Commission proceedings in the high voltage underground and submarine cables business*". The proceedings are at a pre-trial stage.

Based on the information currently available, and believing this potential liability unlikely to crystallise, the Directors are of the opinion not to make any provision.

#### *Antitrust - Other investigations*

At the end of February 2016, the Spanish antitrust authorities initiated proceedings to verify the existence of anti-competitive practices by local low voltage cable manufacturers and distributors, including the Group's local subsidiaries. The Spanish competition authority then sent a statement of objections to some of the Group's local subsidiaries in January 2017.

On 24 November 2017, the local competition authority notified the Group's Spanish subsidiaries of a decision under which they were held liable for the alleged infringements in the period from June 2002 to June 2015 and were jointly and severally ordered to pay a fine of Euro 15.6 million. The Group's Spanish subsidiaries have appealed against this decision. The appeal decision is still pending.

The decision of 24 November 2017 also held the Spanish subsidiaries of General Cable liable for breach of local antitrust law. However, they have obtained immunity from paying the related fine (quantified at about Euro 12.6 million) having filed for leniency and collaborated with the local competition authority in its investigations. The Spanish subsidiaries of General Cable have also appealed against the decision of the local competition authority; the appeal decision is still pending.

As at the date of writing the present report, the Chilean Antitrust Authority is conducting an investigation into the Chilean subsidiary Colada Continua Chilena S.A.

In view of the circumstances described, the Directors, also assisted by their legal advisors and in consistency with the accounting policies, have adjusted the related provisions for risks to a level deemed appropriate to cover the potential liabilities for the matters in question.

#### *Antitrust - Claims for damages ensuing from other investigations*

In February 2020, a writ of summons was served on a number of cable manufacturers, including Prysmian Group's Spanish subsidiaries, under which companies belonging to the Iberdrola Group have claimed compensation for damages supposedly suffered as a result of the alleged anti-competitive practices condemned by the Spanish competition authority in its decision of 24 November 2017. The case is pending before the Court of Barcelona.

In July 2020, a writ of summons was served on a number of cable manufacturers, including Prysmian Group's Spanish subsidiaries, under which companies belonging to the Endesa Group have claimed compensation for damages supposedly suffered as a result of the alleged anti-competitive practices condemned by the Spanish competition authority in its decision of 24 November 2017. The case is pending before the Court of Barcelona.

Based on the information currently available, and believing these potential liabilities unlikely to crystallise, the Directors are of the opinion not to make any provision.

As at 30 September 2021, the provision for the above Antitrust matters amounts to approximately Euro 117 million. Despite the uncertainty of the outcome of the investigations and legal actions in progress, the amount of this provision is considered to represent the best estimate of the liability based on the information now available.

#### *Provisions for legal, contractual and other risks*

Provisions for legal, contractual and other risks include those for warranties against completed projects, among which the most significant is the warranty provision for the Western Link contract. In light of the agreement reached with the customer in January 2021, which revised the terms of the original contract and helped reduce the Group's risk exposure in this regard, potential liabilities arising from events that could occur during the warranty period are considered to be adequately covered by the provisions already set aside.

## **12. EMPLOYEE BENEFIT OBLIGATIONS**

Details are as follows:

(Euro/million)

|                                     | <b>30.09.2021</b> | <b>31.12.2020</b> |
|-------------------------------------|-------------------|-------------------|
| Pension plans                       | 394               | 419               |
| Italian statutory severance benefit | 16                | 15                |
| Medical benefit plans               | 32                | 30                |
| Termination and other benefits      | 42                | 42                |
| <b>Total</b>                        | <b>484</b>        | <b>506</b>        |

Movements in employee benefit obligations have had an overall impact of Euro 13 million on the period's income statement, of which Euro 9 million classified in Personnel costs and Euro 4 million in Finance costs.

The period average headcount and period-end closing headcount are shown below:

|                | 9 months 2021 | 9 months 2020 |
|----------------|---------------|---------------|
| Average number | 29,501        | 28,442        |
|                | 30.09.2021    | 31.12.2020    |
| Closing number | 30,096        | 28,321        |

### 13. OPERATING INCOME

Operating income is a profit of Euro 448 million in the first nine months of 2021 (compared with a profit of Euro 294 million in the first nine months of 2020) and is stated after the following adjustments:

(Euro/million)

|  | 9 months 2021 | 9 months 2020 |
|--|---------------|---------------|
| Company reorganisation <sup>(1)</sup>                | (13)          | (17)          |
| Non-recurring (expenses)/income <sup>(2)</sup>       | (1)           | (16)          |
| Other non-operating (expenses)/income <sup>(3)</sup> | (11)          | (13)          |
| <b>Total adjustments</b>                             | <b>(25)</b>   | <b>(46)</b>   |

<sup>(1)</sup> Income and expense for company reorganisation: these refer to income and expense that arise as a result of the closure of production facilities and/or as a result of projects to enhance the organisational structure's efficiency;

<sup>(2)</sup> Non-recurring income and expense: these refer to income and expense related to unusual events that have not affected the income statement in past periods and that will probably not affect the results in future periods;

<sup>(3)</sup> Other non-operating income and expense: these refer to income and expense that management considers should not be taken into account when measuring business performance.

### 14. FINANCE COSTS AND INCOME

Finance costs are detailed as follows:

(Euro/million)

|  | 9 months 2021 | 9 months 2020 |
|--|---------------|---------------|
| Interest on loans  | 13            | 11            |
| Interest on non-convertible bond                               | 14            | 14            |
| Interest on Convertible Bond 2021 - non-monetary component     | 6             | -             |
| Interest on Convertible Bond 2017 - non-monetary component     | 4             | 7             |
| Interest Rate Swaps  | 5             | 5             |
| Interest on lease liabilities                                  | 4             | 4             |
| Amortisation of bank and financial fees and other expenses     | 5             | 5             |
| Employee benefit interest costs net of interest on plan assets | 3             | 5             |
| Other bank interest  | 2             | 3             |
| Costs for undrawn credit lines                                 | 3             | 2             |
| Sundry bank fees   | 12            | 12            |
| Non-recurring other finance costs                              | 2             | 2             |
| Other  | 6             | 5             |
| <b>Finance costs</b>   | <b>79</b>     | <b>75</b>     |
| Net losses on forward currency contracts                       | -             | 5             |
| <b>Losses on derivatives</b>                                   | <b>-</b>      | <b>5</b>      |
| Foreign currency exchange losses                               | 432           | 344           |
| <b>Total finance costs</b>                                     | <b>511</b>    | <b>424</b>    |

Finance income is detailed as follows:

(Euro/million)

|   | 9 months 2021 | 9 months 2020 |
|---|---------------|---------------|
| Interest income from banks and other financial institutions | 4             | 3             |
| Non-recurring finance income                                | 16            | -             |
| Other finance income  | 1             | 2             |
| <b>Finance income</b>                                       | <b>21</b>     | <b>5</b>      |
| Net gains on forward currency contracts                     | 17            | -             |
| <b>Gains on derivatives</b>                                 | <b>17</b>     | <b>-</b>      |
| Foreign currency exchange gains                             | 404           | 340           |
| <b>Total finance income</b>                                 | <b>442</b>    | <b>345</b>    |

Non-recurring finance income of Euro 16 million has been recognised after approving the convertibility of the Bond issued during the period.

## 15. TAXES

Taxes have been estimated on the basis of the expected average tax rate for the full year. The tax charge for the first nine months of 2021 is Euro 122 million, while the tax rate is approximately 32%.

## 16. EARNINGS/(LOSS) PER SHARE

Both basic and diluted earnings (loss) per share have been calculated by dividing the net result for the period attributable to owners of the parent by the average number of the Company's outstanding shares.

Diluted earnings/(loss) per share have been affected by the options under the employee stock ownership plan (YES Plan) as well as by the deferred shares and matching shares that have vested for 2020 under the Long-Term Incentive Plan 2020-2022. Diluted earnings/(loss) per share have not however been impacted by the Convertible Bond 2017 or the Convertible Bond 2021, whose conversion is currently out of the money or by the deferred shares and matching shares for 2021 and 2022 and the performance bonus options under the Long-Term Incentive Plan 2020-2022, since the target results achieved at 30 September 2021 have not yet triggered their allotment.

(Euro/million)

|   | 9 months 2021 | 9 months 2020 |
|---|---------------|---------------|
| Net profit/(loss) attributable to owners of the parent  | 255           | 140           |
| Weighted average number of ordinary shares (thousands)  | 263,389       | 263,259       |
| <b>Basic earnings per share (in Euro)</b>   | <b>0.97</b>   | <b>0.53</b>   |
| Net profit/(loss) attributable to owners of the parent for purposes of diluted earnings per share | 255           | 140           |
| Weighted average number of ordinary shares (thousands)  | 263,389       | 263,259       |
| <b>Adjustments for:</b>   |               |               |
| Dilution from incremental shares arising from exercise of stock options (thousands)               | 663           | 97            |
| Weighted average number of ordinary shares to calculate diluted earnings per share (thousands)    | 264,052       | 263,356       |
| <b>Diluted earnings per share (in Euro)</b>   | <b>0.97</b>   | <b>0.53</b>   |



## 17. CONTINGENT LIABILITIES

As a global operator, the Group is exposed to legal risks primarily, by way of example, in the areas of product liability and environmental, antitrust and tax rules and regulations. The outcome of legal disputes and proceedings currently in progress cannot be predicted with certainty. An adverse outcome in one or more of these proceedings could result in the payment of costs that are not covered, or not fully covered, by insurance, which would therefore have a direct effect on the Group's financial position and results.

## 18. RECEIVABLES FACTORING

The Group has factored some of its trade receivables on a without-recourse basis. The amount of receivables factored but not yet paid by customers was Euro 235 million at 30 September 2021 (Euro 256 million at 31 December 2020).

## 19. SEASONALITY

The Group's business features a certain degree of seasonality in its revenues, which are usually higher in the second and third quarters. This is due to the fact that utilities projects in the northern hemisphere are mostly concentrated in the warmer months of the year. The Group's level of debt is generally higher in the period May-September, with funds being absorbed by the growth in working capital.

## 20. RELATED PARTY TRANSACTIONS

Transactions between Prysmian S.p.A. and its subsidiaries with associates mainly refer to:

- trade relations involving purchases and sales of raw materials and finished goods;
- services (technical, organisational and general) provided by head office for the benefit of Group companies;
- recharge of royalties for the use of trademarks, patents and technological know-how by Group companies.

All the above transactions form part of the Group's continuing operations.

The following tables provide a summary of related party transactions in the nine months ended 30 September 2021:

(Euro/million)

|                                  | <b>30.09.2021</b>                 |   |                              |                              |                                 |
|----------------------------------|-----------------------------------|---|------------------------------|------------------------------|---------------------------------|
|                                  | <b>Equity-accounted companies</b> | <b>Compensation of directors, statutory auditors and key management personnel</b> | <b>Total related parties</b> | <b>Total reported amount</b> | <b>Related party % of total</b> |
| Equity-accounted investments     | 343                               | -   | <b>343</b>                   | 343                          | 100.0%                          |
| Trade receivables                | 7                                 | -   | <b>7</b>                     | 1,970                        | 0.4%                            |
| Other receivables                | 2                                 | -   | <b>2</b>                     | 641                          | 0.3%                            |
| Trade payables                   | 5                                 | -   | <b>5</b>                     | 2,346                        | 0.2%                            |
| Other payables                   | -                                 | 3   | <b>3</b>                     | 1,015                        | 0.3%                            |
| Provisions for risks and charges | -                                 | 7   | <b>7</b>                     | 557                          | 1.3%                            |

(Euro/million)

|                                  | <b>31.12.2020</b>                 |   |                              |                              |                                 |
|----------------------------------|-----------------------------------|---|------------------------------|------------------------------|---------------------------------|
|                                  | <b>Equity-accounted companies</b> | <b>Compensation of directors, statutory auditors and key management personnel</b> | <b>Total related parties</b> | <b>Total reported amount</b> | <b>Related party % of total</b> |
| Equity-accounted investments     | 312                               | -   | <b>312</b>                   | 312                          | 100.0%                          |
| Trade receivables                | 3                                 | -   | <b>3</b>                     | 1,374                        | 0.2%                            |
| Other receivables                | 3                                 | -   | <b>3</b>                     | 522                          | 0.6%                            |
| Trade payables                   | 2                                 | -   | <b>2</b>                     | 1,958                        | 0.1%                            |
| Other payables                   | -                                 | 5   | <b>5</b>                     | 1,001                        | 0.5%                            |
| Provisions for risks and charges | -                                 | 9   | <b>9</b>                     | 591                          | 1.5%                            |

(Euro/million)

|  | <b>9 months 2021</b>              |   |                              |                              |                                 |
|--|-----------------------------------|---|------------------------------|------------------------------|---------------------------------|
|  | <b>Equity-accounted companies</b> | <b>Compensation of directors, statutory auditors and key management personnel</b> | <b>Total related parties</b> | <b>Total reported amount</b> | <b>Related party % of total</b> |
| Sales  | 27                                | -   | <b>27</b>                    | 9,294                        | 0.3%                            |
| Other income   | 4                                 | -   | <b>4</b>                     | 50                           | 8.0%                            |
| Raw materials, consumables and supplies                  | (2)                               | -   | <b>(2)</b>                   | (6,630)                      | 0.0%                            |
| Personnel costs  | -                                 | (7)   | <b>(7)</b>                   | (1,111)                      | 0.6%                            |
| Other expenses   | (4)                               | (1)   | <b>(5)</b>                   | (1,213)                      | 0.4%                            |
| Share of net profit/(loss) of equity-accounted companies | 21                                | -   | <b>21</b>                    | 21                           | 100.0%                          |

(Euro/million)

|  | <b>9 months 2020</b>              |   |                              |                              |                                 |
|--|-----------------------------------|---|------------------------------|------------------------------|---------------------------------|
|  | <b>Equity-accounted companies</b> | <b>Compensation of directors, statutory auditors and key management personnel</b> | <b>Total related parties</b> | <b>Total reported amount</b> | <b>Related party % of total</b> |
| Sales  | 17                                | -   | <b>17</b>                    | 7,488                        | 0.2%                            |
| Other income   | 4                                 | -   | <b>4</b>                     | 59                           | 6.8%                            |
| Raw materials, consumables and supplies                  | (5)                               | -   | <b>(5)</b>                   | (4,746)                      | 0.1%                            |
| Personnel costs  | -                                 | (7)   | <b>(7)</b>                   | (1,048)                      | 0.7%                            |
| Other expenses   | (6)                               | -   | <b>(6)</b>                   | (1,203)                      | 0.5%                            |
| Share of net profit/(loss) of equity-accounted companies | 15                                | -   | <b>15</b>                    | 15                           | 100.0%                          |

**Transactions with associates**

Trade and other payables refer to goods and services provided in the ordinary course of the Group's business. Trade and other receivables refer to transactions carried out in the ordinary course of the Group's business.

**Compensation of Directors, Statutory Auditors and Key Management Personnel**

The compensation of the Directors, Statutory Auditors and Key Management Personnel totals Euro 8 million at 30 September 2021 (Euro 7 million in the first nine months of 2020).

**21. ATYPICAL AND/OR UNUSUAL TRANSACTIONS**

In accordance with the disclosures required by Consob Communication DEM/6064293 dated 28 July 2006, it is reported that no atypical and/or unusual transactions were carried out during the first nine months of 2021.

**22. COMMITMENTS**

Contractual commitments, already given to third parties at 30 September 2021 and not yet reflected in the financial statements, amount to Euro 126 million for Property, plant and equipment and Euro 8 million for Intangible assets.

As at 30 September 2021, there are no outstanding loans or guarantees by the Parent Company or its subsidiaries to any of the directors, senior managers or statutory auditors.

**23. DIVIDEND DISTRIBUTION**

On 28 April 2021, the shareholders of Prysmian S.p.A. approved the financial statements for 2020 and the distribution of a gross dividend of Euro 0.50 per share, for a total of some Euro 132 million. The dividend was paid out from 26 May 2021, with record date 25 May 2021 and ex-dividend date 24 May 2021.

## 24. EXCHANGE RATES

The main exchange rates used to translate financial statements in foreign currencies for consolidation purposes are reported below:

|                             | Closing rates<br>at |            |               | Period average<br>rates |
|-----------------------------|---------------------|------------|---------------|-------------------------|
|                             | 30.09.2021          | 31.12.2020 | 9 months 2021 | 9 months 2020           |
| <b>Europe</b>               |                     |            |               |                         |
| British Pound               | 0.861               | 0.899      | 0.864         | 0.885                   |
| Swiss Franc                 | 1.083               | 1.080      | 1.090         | 1.068                   |
| Hungarian Forint            | 360.190             | 363.890    | 356.502       | 348.127                 |
| Norwegian Krone             | 10.165              | 10.470     | 10.228        | 10.711                  |
| Swedish Krona               | 10.168              | 10.034     | 10.153        | 10.558                  |
| Czech Koruna                | 25.495              | 26.242     | 25.732        | 26.384                  |
| Danish Krone                | 7.436               | 7.441      | 7.437         | 7.458                   |
| Romanian Leu                | 4.948               | 4.868      | 4.912         | 4.827                   |
| Turkish Lira                | 10.332              | 9.024      | 9.696         | 7.571                   |
| Polish Zloty                | 4.620               | 4.560      | 4.547         | 4.422                   |
| Russian Rouble              | 84.339              | 91.467     | 88.534        | 79.960                  |
| <b>North America</b>        |                     |            |               |                         |
| US Dollar                   | 1.158               | 1.227      | 1.196         | 1.125                   |
| Canadian Dollar             | 1.475               | 1.563      | 1.497         | 1.522                   |
| <b>South America</b>        |                     |            |               |                         |
| Colombian Peso              | 4,441               | 4,202      | 4,426         | 4,165                   |
| Brazilian Real              | 6.298               | 6.377      | 6.378         | 5.714                   |
| Argentine Peso              | 114.331             | 103.260    | 111.750       | 76.082                  |
| Chilean Peso                | 937.410             | 872.520    | 882.537       | 901.327                 |
| Costa Rican Colón           | 724.591             | 750.556    | 737.782       | 650.551                 |
| Mexican Peso                | 23.744              | 24.416     | 24.077        | 24.523                  |
| Peruvian Sol                | 4.782               | 4.443      | 4.586         | 3.894                   |
| <b>Oceania</b>              |                     |            |               |                         |
| Australian Dollar           | 1.610               | 1.590      | 1.577         | 1.663                   |
| New Zealand Dollar          | 1.686               | 1.698      | 1.682         | 1.762                   |
| <b>Africa</b>               |                     |            |               |                         |
| CFA Franc                   | 655.957             | 655.957    | 655.957       | 655.957                 |
| Angolan Kwanza              | 698.097             | 800.345    | 768.121       | 622.765                 |
| Tunisian Dinar              | 3.267               | 3.294      | 3.295         | 3.179                   |
| <b>Asia</b>                 |                     |            |               |                         |
| Chinese Renminbi (Yuan)     | 7.485               | 8.023      | 7.738         | 7.866                   |
| United Arab Emirates Dirham | 4.252               | 4.507      | 4.393         | 4.132                   |
| Hong Kong Dollar            | 9.018               | 9.514      | 9.291         | 8.727                   |
| Singapore Dollar            | 1.576               | 1.622      | 1.602         | 1.564                   |
| Indian Rupee                | 86.077              | 89.661     | 88.042        | 83.495                  |
| Indonesian Rupiah           | 16,572              | 17,241     | 17,132        | 16,455                  |
| Japanese Yen                | 129.670             | 126.490    | 129.832       | 120.911                 |
| Thai Baht                   | 39.235              | 36.727     | 37.726        | 35.444                  |
| Philippine Peso             | 59.066              | 59.125     | 58.501        | 56.284                  |
| Omani Rial                  | 0.445               | 0.472      | 0.460         | 0.433                   |
| Malaysian Ringgit           | 4.848               | 4.934      | 4.941         | 4.761                   |
| Qatari Riyal                | 4.215               | 4.467      | 4.354         | 4.095                   |
| Saudi Riyal                 | 4.342               | 4.602      | 4.486         | 4.219                   |

## 25. EVENTS AFTER THE REPORTING PERIOD

### ***Work on Vineyard offshore wind farm in USA to commence after receiving Notice to Proceed with the Euro 200 million project***

On 1 October 2021, the Group announced that it had received Notice to Proceed with the contract worth approximately Euro 200 million to supply a submarine cable system for the Vineyard Wind 1 offshore wind farm. A milestone in the development of offshore wind farms in the US, Vineyard will consist of an array of 62 wind turbines and generate 800 MW of electricity per year, powering over 400,000 homes.

Under the contract awarded in 2019 by Vineyard Wind, LLC, a US offshore wind developer owned by Copenhagen Infrastructure Partners and Avangrid Renewables (part of the Iberdrola Group), Prysmian Group will develop a submarine power cable system that will deliver clean energy to the mainland power grid.

The Group is responsible for the engineering, manufacture, installation and commissioning of an HVAC (High Voltage Alternating Current) cable system consisting of two 220 kV three-core XLPE-insulated cables, requiring a total of 134 km in submarine cable which will be manufactured at Prysmian Group's centres of excellence in Pikkala (Finland) and Arco Felice (Italy).

Prysmian Group will also provide a PRY-CAM system for permanent monitoring.

### ***USD 100 million investment announced to boost power cable production capacity in the US to meet growing demand by utilities and TSOs***

On 7 October 2021, the Group announced it was investing another USD 100 million over the next two and a half years to increase production capacity at its plants in North America. This investment is intended to support the expected growth in power distribution and transmission markets, thus helping meet the need for infrastructure upgrades in the region and the growing demand for clean energy sources. It follows on from the Group's recent announcement of an USD 85 million investment programme for its North American plants to further cement its leadership as an enabler of energy transition and digital transformation across North America.

### ***Continued partnership with Openreach in the UK to support Full Fibre broadband programme***

On 11 October 2021, the Group announced the extension of its partnership with Openreach, the UK's largest digital network business, with a new three-year contract. Prysmian Group will provide its expertise and innovation to support Openreach's Full Fibre broadband build programme, which will be essential for the UK government to achieve its target of delivering "gigabit capable broadband" to 85% of the UK by 2025.

***Award of Dominion Energy Euro 630 million submarine cable project, the largest ever awarded in the USA***

On 5 November 2021, the Group announced to have secured the largest contract ever awarded in the United States for a submarine cable system. The contract has been awarded by Dominion Energy Virginia, a subsidiary of Dominion Energy Inc., to a consortium formed by Prysmian and the DEME Group, a leader in the offshore wind industry. The Balance of Plant (BoP) contract includes a complete package for the transportation and installation of foundations and substations and EPCI (Engineering, Procurement, Construction, Installation) services for the inter-array and export cables for what will be the largest commercial offshore wind farm in the United States. This is a major milestone for Prysmian Group, being the first cable company in the offshore wind industry to sign a Balance of Plant services agreement. The total value of the contract is approximately Euro 1.6 billion, of which Prysmian's share for cable supply and installation is around Euro 630 million. The project is expected to be completed by 2026.

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Milan, 11 November 2021

ON BEHALF OF THE BOARD OF DIRECTORS  
THE CHAIRMAN  
Claudio De Conto

## SCOPE OF CONSOLIDATION – APPENDIX A

The following companies have been consolidated line-by-line:

| Legal name                                     | Office               | Currency      | Share Capital | % ownership | Direct parent company                      |
|--|----------------------|---------------|---------------|-------------|--|
| <b>Europe</b>                                  |                      |               |               |             |  |
| <b>Austria</b>                                 |                      |               |               |             |  |
| Prysmian OEKW GmbH                             | Wien                 | Euro          | 2,053,007.56  | 100.00%     | Prysmian Cavi e Sistemi S.r.l.             |
| <b>Belgium</b>                                 |                      |               |               |             |  |
| Draka Belgium N.V.                             | Leuven               | Euro          | 61,973.38     | 98.52%      | Draka Holding B.V.                         |
|  |                      |               |               | 1.48%       | Draka Kabel B.V.                           |
| <b>Denmark</b>                                 |                      |               |               |             |  |
| Prysmian Group Denmark A/S                     | Albertslund          | Danish Krone  | 40,001,000    | 100.00%     | Draka Holding B.V.                         |
| <b>Estonia</b>                                 |                      |               |               |             |  |
| Prysmian Group Baltics AS                      | Keila                | Euro          | 1,664,000     | 100.00%     | Prysmian Group Finland OY                  |
| <b>Finland</b>                                 |                      |               |               |             |  |
| Prysmian Group Finland OY                      | Kirkkonummi          | Euro          | 100,000       | 77.7972%    | Prysmian Cavi e Sistemi S.r.l.             |
|  |                      |               |               | 19.9301%    | Draka Holding B.V.                         |
|  |                      |               |               | 2.2727%     | Draka Comteq B.V.                          |
| <b>France</b>                                  |                      |               |               |             |  |
| Prysmian (French) Holdings S.A.S.              | Paron                | Euro          | 129,026,210   | 100.00%     | Prysmian Cavi e Sistemi S.r.l.             |
| Prysmian Cables et Systèmes France S.A.S.      | Sens                 | Euro          | 136,800,000   | 100.00%     | Prysmian (French) Holdings S.A.S.          |
| Draka Comteq France S.A.S.                     | Paron                | Euro          | 246,554,316   | 100.00%     | Draka France S.A.S.                        |
| Draka Fileca S.A.S.                            | Sainte Geneviève     | Euro          | 5,439,700     | 100.00%     | Draka France S.A.S.                        |
| Draka Paricable S.A.S.                         | Marne La Vallée      | Euro          | 5,177,985     | 100.00%     | Draka France S.A.S.                        |
| Draka France S.A.S.                            | Marne La Vallée      | Euro          | 261,551,700   | 100.00%     | Draka Holding B.V.                         |
| P.O.R. S.A.S.                                  | Marne La Vallée      | Euro          | 100,000       | 100.00%     | Draka France S.A.S.                        |
| Silec Cable, S. A. S.                          | Montreau-Fault-Yonne | Euro          | 60,037,000    | 100.00%     | Grupo General Cable Sistemas, S.L.         |
| EHC France s.a.r.l.                            | Sainte Geneviève     | Euro          | 310,717       | 100.00%     | EHC Global Inc.                            |
| <b>Germany</b>                                 |                      |               |               |             |  |
| Prysmian Kabel und Systeme GmbH                | Berlin               | Euro          | 15,000,000    | 93.75%      | Draka Deutschland GmbH                     |
|  |                      |               |               | 6.25%       | Prysmian S.p.A.                            |
| Prysmian Unterstuetzungseinrichtung Lynen GmbH | Eschweiler           | Deutsche Mark | 50,000        | 100.00%     | Prysmian Kabel und Systeme GmbH            |
| Draka Comteq Berlin GmbH & Co. KG              | Berlin               | Deutsche Mark | 46,000,000    | 50.10%      | Prysmian Netherlands B.V.                  |
|  |                      | Euro          | 1             | 49.90%      | Draka Deutschland GmbH                     |
| Draka Comteq Germany Verwaltungs GmbH          | Köln                 | Euro          | 25,000        | 100.00%     | Draka Comteq B.V.                          |
| Draka Comteq Germany GmbH & Co. KG             | Köln                 | Euro          | 5,000,000     | 100.00%     | Draka Comteq B.V.                          |
| Draka Deutschland Erste Beteiligungs GmbH      | Wuppertal            | Euro          | 25,000        | 100.00%     | Draka Holding B.V.                         |
| Draka Deutschland GmbH                         | Wuppertal            | Euro          | 25,000        | 90.00%      | Draka Deutschland Erste Beteiligungs GmbH  |
|  |                      |               |               | 10.00%      | Draka Deutschland Zweite Beteiligungs GmbH |
| Draka Deutschland Verwaltungs GmbH             | Wuppertal            | Deutsche Mark | 50,000        | 100.00%     | Prysmian Kabel und Systeme GmbH            |
| Draka Deutschland Zweite Beteiligungs GmbH     | Wuppertal            | Euro          | 25,000        | 100.00%     | Prysmian Netherlands B.V.                  |
| Draka Service GmbH                             | Norimberga           | Euro          | 25,000        | 100.00%     | Draka Deutschland GmbH                     |
| Höhn GmbH                                      | Wuppertal            | Deutsche Mark | 1,000,000     | 100.00%     | Draka Deutschland GmbH                     |
| Kaiser Kabel GmbH                              | Wuppertal            | Deutsche Mark | 9,000,000     | 100.00%     | Draka Deutschland GmbH                     |
| NKF Holding (Deutschland) GmbH i.L             | Wuppertal            | Euro          | 25,000        | 100.00%     | Prysmian Netherlands B.V.                  |
| Norddeutsche Seekabelwerke GmbH                | Nordenham            | Euro          | 50,025,000    | 100.00%     | Grupo General Cable Sistemas, S.L.         |
| EHC Germany GmbH                               | Baesweiler           | Euro          | 25,200        | 100.00%     | EHC Global Inc.                            |

PRYSMIAN GROUP | CONSOLIDATED FINANCIAL STATEMENTS AND EXPLANATORY NOTES

| Legal name  | Office         | Currency        | Share Capital | % ownership | Direct parent company                                       |
|---|----------------|-----------------|---------------|-------------|---|
| <b>U.K.</b>   |                |                 |               |             |   |
| Prysmian Cables & Systems Ltd.                              | Eastleigh      | British Pound   | 113,901,120   | 100.00%     | Prysmian UK Group Ltd.                                      |
| Prysmian Construction Company Ltd.                          | Eastleigh      | British Pound   | 1             | 100.00%     | Prysmian Cables & Systems Ltd.                              |
| Prysmian Cables (2000) Ltd.                                 | Eastleigh      | British Pound   | 1             | 100.00%     | Prysmian Cables & Systems Ltd.                              |
| Cable Makers Properties & Services Ltd.                     | Esher          | British Pound   | 39.08         | 75.00%      | Prysmian Cables & Systems Ltd.                              |
|   |                |                 |               | 25.00%      | Third Parties   |
| Comergy Ltd.  | Eastleigh      | British Pound   | 1             | 100.00%     | Prysmian Cavi e Sistemi S.r.l.                              |
| Prysmian Pension Scheme Trustee Ltd.                        | Eastleigh      | British Pound   | 1             | 100.00%     | Prysmian S.p.A.   |
| Prysmian UK Group Ltd.                                      | Eastleigh      | British Pound   | 70,011,000    | 100.00%     | Draka Holding B.V.  |
| Draka Comteq UK Ltd.  | Eastleigh      | British Pound   | 14,000,002    | 100.00%     | Prysmian UK Group Ltd.                                      |
| Draka UK Ltd.   | Eastleigh      | British Pound   | 1             | 100.00%     | Prysmian UK Group Ltd.                                      |
| Prysmian PowerLink Services Ltd.                            | Eastleigh      | British Pound   | 48,000,100    | 100.00%     | Prysmian UK Group Ltd.                                      |
| General Cable Holdings (UK) Limited                         | London         | British Pound   | 24,891,054    | 100.00%     | GK Technologies, Incorporated                               |
| General Cable Services Europe Limited                       | London         | British Pound   | 1,540,080     | 100.00%     | General Cable Holdings (UK) Limited                         |
| NSW Technology Limited                                      | Aberdeen       | British Pound   | 1             | 100.00%     | Norddeutsche Seekabelwerke GmbH                             |
| Prysmian Telecom Cables and Systems UK Ltd.                 | Eastleigh      | British Pound   | 1             | 100.00%     | Prysmian Cables & Systems Ltd.                              |
| Escalator Handrail (UK) Ltd.                                | Eastleigh      | British Pound   | 2             | 100.00%     | EHC Global Inc.   |
| <b>Ireland</b>  |                |                 |               |             |   |
| Prysmian Re Company Designated Activity Company             | Dublin         | Euro            | 20,000,000    | 100.00%     | Draka Holding B.V.  |
| <b>Italy</b>  |                |                 |               |             |   |
| Prysmian Cavi e Sistemi S.r.l.                              | Milan          | Euro            | 50,000,000    | 100.00%     | Prysmian S.p.A.   |
| Prysmian Cavi e Sistemi Italia S.r.l.                       | Milan          | Euro            | 77,143,249    | 100.00%     | Prysmian S.p.A.   |
| Prysmian Treasury S.r.l.                                    | Milan          | Euro            | 80,000,000    | 100.00%     | Prysmian S.p.A.   |
| Prysmian PowerLink S.r.l.                                   | Milan          | Euro            | 100,000,000   | 100.00%     | Prysmian S.p.A.   |
| Fibre Ottiche Sud - F.O.S. S.r.l.                           | Battipaglia    | Euro            | 47,700,000    | 100.00%     | Prysmian S.p.A.   |
| Prysmian Electronics S.r.l.                                 | Milan          | Euro            | 10,000        | 100.00%     | Prysmian Cavi e Sistemi S.r.l.                              |
| <b>Norway</b>   |                |                 |               |             |   |
| Prysmian Group Norge AS                                     | Drammen        | Norwegian Krone | 22,500,000    | 100.00%     | Draka Holding B.V.  |
| General Cable Nordic A/S                                    | Drammen        | Norwegian Krone | 1,674,000     | 100.00%     | Grupo General Cable Sistemas, S.L.                          |
| <b>The Netherlands</b>                                      |                |                 |               |             |   |
| Draka Comteq B.V.   | Amsterdam      | Euro            | 1,000,000     | 100.00%     | Draka Holding B.V.  |
| Draka Comteq Fibre B.V.                                     | Eindhoven      | Euro            | 18,000        | 100.00%     | Prysmian Netherlands Holding B.V.                           |
| Draka Holding B.V.  | Amsterdam      | Euro            | 52,229,320.50 | 100.00%     | Prysmian S.p.A.   |
| Draka Kabel B.V.  | Amsterdam      | Euro            | 2,277,978.88  | 100.00%     | Prysmian Netherlands B.V.                                   |
| Donne Draad B.V.  | Nieuw Bergen   | Euro            | 28,134.37     | 100.00%     | Prysmian Netherlands B.V.                                   |
| NKF Vastgoed I B.V.   | Delft          | Euro            | 18,151.21     | 99.00%      | Draka Holding B.V.  |
|   |                |                 |               | 1.00%       | Prysmian Netherlands B.V.                                   |
| NKF Vastgoed III B.V.                                       | Delft          | Euro            | 18,151.21     | 99.00%      | Draka Deutschland GmbH                                      |
|   |                |                 |               | 1.00%       | Prysmian Netherlands B.V.                                   |
| Prysmian Netherlands B.V.                                   | Delft          | Euro            | 1             | 100.00%     | Prysmian Netherlands Holding B.V.                           |
| Prysmian Netherlands Holding B.V.                           | Amsterdam      | Euro            | 1             | 100.00%     | Draka Holding B.V.  |
| General Cable Holdings Netherlands C.V.                     | Amsterdam      | Euro            | 159,319,137   | 95.50%      | GK Technologies, Incorporated                               |
|   |                |                 |               | 1.00%       | GC Global Holdings, Inc.                                    |
|   |                |                 |               | 3.50%       | Phelps Dodge National Cables Corporation                    |
| <b>Portugal</b>   |                |                 |               |             |   |
| General Cable Investments, SGPS, Sociedade Unipessoal, S.A. | Funchal        | Euro            | 8,500,020     | 100.00%     | GK Technologies, Incorporated                               |
| General Cable Celcat, Energia e Telecomunicações SA         | Pero Pinheiro  | Euro            | 13,500,000    | 100.00%     | General Cable Investments, SGPS, Sociedade Unipessoal, S.A. |
| <b>Czech Republic</b>                                       |                |                 |               |             |   |
| Draka Kabely, s.r.o.  | Velké Meziříčí | Czech Koruna    | 255,000,000   | 100.00%     | Draka Holding B.V.  |
| <b>Romania</b>  |                |                 |               |             |   |
| Prysmian Cabluri Si Sisteme S.A.                            | Slatina        | Leu rumeno      | 103,850,920   | 99.9995%    | Draka Holding B.V.  |
|   |                |                 |               | 0.0005%     | Prysmian Cavi e Sistemi S.r.l.                              |



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|---|--------------------------|--------------------|----------------|-------------|--|
| <b>Russia</b>   |                          |                    |                |             |  |
| Limited Liability Company Prysman RUS                         | Rybinsk city             | Russian Rouble     | 230,000,000    | 99.00%      | Draka Holding B.V.                     |
|   |                          |                    |                | 1.00%       | Prysman Cavi e Sistemi S.r.l.          |
| Limited Liability Company "Rybinskelektrokabel"               | Rybinsk city             | Russian Rouble     | 90,312,000     | 100.00%     | Limited Liability Company Prysman RUS  |
| <b>Slovakia</b>   |                          |                    |                |             |  |
| Prysman Kablo s.r.o.  | Bratislava               | Euro               | 21,246,001     | 99.995%     | Prysman Cavi e Sistemi S.r.l.          |
|   |                          |                    |                | 0.005%      | Prysman S.p.A.                         |
| <b>Spain</b>  |                          |                    |                |             |  |
| Prysman Cables Spain, S.A. (Sociedad Unipersonal)             | Vilanova I la Geltrú     | Euro               | 58,178,234.22  | 100.00%     | Draka Holding, S.L.                    |
| Draka Holding, S.L. (Sociedad Unipersonal)                    | Santa Perpetua de Mogoda | Euro               | 24,000,000     | 100.00%     | Draka Holding B.V.                     |
| GC Latin America Holdings, S.L.                               | Abreva                   | Euro               | 151,042,030    | 100%        | General Cable Holdings (Spain), S.L.   |
| General Cable Holdings (Spain), S.L.                          | Abreva                   | Euro               | 138,304,698.48 | 99.349%     | GK Technologies, Incorporated          |
|   |                          |                    |                | 0.6510%     | General Cable Overseas Holdings, LLC   |
| Grupo General Cable Sistemas, S.L.                            | Abreva                   | Euro               | 22,116,018.7   | 100.00%     | Draka Holding B.V.                     |
| EHC Spain and Portugal, S.L.                                  | Sevilla                  | Euro               | 3,897,315.20   | 100.000%    | EHC Global Inc.                        |
| <b>Sweden</b>   |                          |                    |                |             |  |
| Prysman Group North Europe AB                                 | Nässjö                   | Swedish Krona      | 100,100        | 100.00%     | Draka Holding B.V.                     |
| Prysman Group Sverige AB                                      | Nässjö                   | Swedish Krona      | 100,000        | 100.00%     | Prysman Group North Europe AB          |
| <b>Turkey</b>   |                          |                    |                |             |  |
| Türk Prysman Kablo Ve Sistemleri A.S.                         | Mudanya                  | Turkish new Lira   | 216,733,652    | 83.7464%    | Draka Holding B.V.                     |
|   |                          |                    |                | 0.4614%     | Türk Prysman Kablo Ve Sistemleri A.S.  |
|   |                          |                    |                | 15.7922%    | Third Parties                          |
| EHC Turkey Asansör ve Yürüyen Merdiven Sanayi Limited Şirketi | Istanbul                 | Turkish new Lira   | 10,000         | 100.00%     | EHC Global Inc.                        |
| <b>Hungary</b>  |                          |                    |                |             |  |
| Prysman MKM Magyar Kabel Muvek Kft.                           | Budapest                 | Hungarian Forint   | 5,000,000,000  | 100.00%     | Prysman Cavi e Sistemi S.r.l.          |
| <b>North America</b>  |                          |                    |                |             |  |
| <b>Canada</b>   |                          |                    |                |             |  |
| Prysman Cables and Systems Canada Ltd.                        | New Brunswick            | Canadian Dollar    | 1,000,000      | 100.00%     | Draka Holding B.V.                     |
| Draka Elevator Products Incorporated                          | New Brunswick            | Canadian Dollar    | n/a            | 100.00%     | Prysman Cables and Systems USA, LLC    |
| General Cable Company Ltd.                                    | Halifax                  | Canadian Dollar    | 131,600,846    | 100.00%     | General Cable Canada Holdings LLC      |
| EHC Global Inc.   | Oshawa                   | Canadian Dollar    | 1,511,769      | 100.00%     | Prysman Cables and Systems Canada Ltd. |
| EHC Canada Inc.   | Oshawa                   | Canadian Dollar    | 39,308         | 99.9997%    | EHC Global Inc.                        |
|   |                          |                    |                | 0.0003%     | Prysman Cables and Systems Canada Ltd. |
| Elator Inc.   | Oshawa                   | Canadian Dollar    | 100            | 100.00%     | EHC Global Inc.                        |
| EHC Management Company Inc.                                   | Oshawa                   | Canadian Dollar    | 1              | 100.00%     | EHC Global Inc.                        |
| <b>Dominican Republic</b>                                     |                          |                    |                |             |  |
| General Cable Caribbean, S.R.L                                | Santa Domingo Oeste      | Dominican Peso     | 2,100,000      | 99.995%     | GK Technologies, Incorporated          |
|   |                          |                    |                | 0.005%      | Diversified Contractors, Inc.          |
| <b>Trinidad and Tobago</b>                                    |                          |                    |                |             |  |
| General Cable Trinidad Limited                                | Port of Spain            | Trinidadian Dollar | 100            | 100.00%     | GK Technologies, Incorporated          |

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| Legal name  | Office                          | Currency           | Share Capital | % ownership | Direct parent company                                |
|---|---------------------------------|--------------------|---------------|-------------|--|
| <b>U.S.A.</b>   |                                 |                    |               |             |  |
| Prysmian Cables and Systems (US) Inc.                         | Carson City                     | US Dollar          | 330,517,608   | 100.00%     | Draka Holding B.V.                                   |
| Prysmian Cables and Systems USA, LLC                          | Wilmington                      | US Dollar          | 10            | 100.00%     | Prysmian Cables and Systems (US) Inc.                |
| Prysmian Construction Services Inc.                           | Wilmington                      | US Dollar          | 1,000         | 100.00%     | Prysmian Cables and Systems USA, LLC                 |
| Draka Elevator Products, Inc.                                 | Boston                          | US Dollar          | 1             | 100.00%     | Prysmian Cables and Systems USA, LLC                 |
| Draka Transport USA, LLC                                      | Boston                          | US Dollar          | 0             | 100.00%     | Prysmian Cables and Systems USA, LLC                 |
| Diversified Contractors, Inc.                                 | Wilmington                      | US Dollar          | 1,000         | 100.00%     | General Cable Industries, Inc.                       |
| GC Global Holdings, Inc.                                      | Wilmington                      | US Dollar          | 1,000         | 100.00%     | General Cable Overseas Holdings, LLC                 |
| General Cable Canada Holdings LLC                             | Wilmington                      | US Dollar          | 0             | 100.00%     | General Cable Industries, Inc.                       |
| General Cable Corporation                                     | Wilmington                      | US Dollar          | 1             | 100.00%     | Prysmian Cables and Systems (US) Inc.                |
| General Cable Industries LLC                                  | Wilmington                      | US Dollar          | 0             | 100.00%     | General Cable Industries, Inc.                       |
| General Cable Industries, Inc.                                | Wilmington                      | US Dollar          | 10            | 100.00%     | GK Technologies, Incorporated                        |
| General Cable Overseas Holdings, LLC                          | Wilmington                      | US Dollar          | 0             | 100.00%     | GK Technologies, Incorporated                        |
| General Cable Technologies Corporation                        | Wilmington                      | US Dollar          | 1,000         | 100.00%     | General Cable Industries, Inc.                       |
| Phelps Dodge Enfield Corporation                              | Wilmington                      | US Dollar          | 800,000       | 100.00%     | General Cable Industries, Inc.                       |
| Phelps Dodge National Cables Corporation                      | Wilmington                      | US Dollar          | 10            | 100.00%     | General Cable Industries, Inc.                       |
| GK Technologies, Incorporated                                 | West Trenton                    | US Dollar          | 1,000         | 100.00%     | General Cable Corporation                            |
| EHC USA Inc.  | Oshawa                          | US Dollar          | 1             | 100.00%     | EHC Global Inc.                                      |
| <b>Central/South America</b>                                  |                                 |                    |               |             |  |
| <b>Argentina</b>  |                                 |                    |               |             |  |
| Prysmian Energia Cables y Sistemas de Argentina S.A.          | Buenos Aires                    | Argentine Peso     | 992,359,215   | 40.01%      | Prysmian Consultora Conductores e Instalaciones SAIC |
|   |                                 |                    |               | 59.74%      | Draka Holding B.V.                                   |
|   |                                 |                    |               | 0.11%       | Prysmian Cabos e Sistemas do Brasil S.A.             |
|   |                                 |                    |               | 0.13%       | Third Parties  |
| Prysmian Consultora Conductores e Instalaciones SAIC          | Buenos Aires                    | Argentine Peso     | 543,219,572   | 95.00%      | Draka Holding B.V.                                   |
|   |                                 |                    |               | 5.00%       | Prysmian Cavi e Sistemi S.r.l.                       |
| <b>Brazil</b>   |                                 |                    |               |             |  |
| Prysmian Cabos e Sistemas do Brasil S.A.                      | Sorocaba                        | Brazilian Real     | 910,044,391   | 94.543%     | Prysmian Cavi e Sistemi S.r.l.                       |
|   |                                 |                    |               | 0.027%      | Prysmian S.p.A.                                      |
|   |                                 |                    |               | 1.129%      | Draka Holding B.V.                                   |
|   |                                 |                    |               | 4.301%      | Draka Comteq B.V.                                    |
| Draka Comteq Cabos Brasil S.A.                                | Santa Catarina                  | Brazilian Real     | 27,467,522    | 49.352%     | Draka Comteq B.V.                                    |
|   |                                 |                    |               | 50.648%     | Prysmian Cabos e Sistemas do Brasil S.A.             |
| EHC Brazil Ltda.  | Cambé (Estado do Paraná)        | Brazilian Real     | 864,183       | 98.90%      | EHC Global Inc.                                      |
|   |                                 |                    |               | 1.10%       | EHC Canada Inc.                                      |
| <b>Chile</b>  |                                 |                    |               |             |  |
| Prysmian Cables Chile SpA                                     | Santiago                        | Chile Peso         | 1,900,000,000 | 100.00%     | Prysmian Cabos e Sistemas do Brasil S.A.             |
| Cobre Cerrillos S.A.  | Cerrillos                       | US Dollar          | 74,574,400    | 99.80%      | General Cable Holdings (Spain), S.L.                 |
|   |                                 |                    |               | 0.20%       | Third Parties  |
| <b>Colombia</b>   |                                 |                    |               |             |  |
| Productora de Cables Procables S.A.S.                         | Bogotá                          | Colombian Peso     | 1,902,964,285 | 99.96%      | GC Latin America Holdings, S.L.                      |
|   |                                 |                    |               | 0.04%       | GK Technologies, Incorporated                        |
| <b>Costa Rica</b>   |                                 |                    |               |             |  |
| Conducen, S.R.L.  | Heredia                         | Costa Rican Colón  | 1,845,117,800 | 73.52%      | GC Latin America Holdings, SL                        |
|   |                                 |                    |               | 26.48%      | Cahosa S.A.  |
| <b>Ecuador</b>  |                                 |                    |               |             |  |
| Cables Electricos Ecuatorianos C.A. CABLEC                    | Quito                           | US Dollar          | 243,957       | 67.14%      | General Cable Holdings (Spain), S.L.                 |
|   |                                 |                    |               | 32.86%      | Third Parties  |
| <b>El Salvador</b>  |                                 |                    |               |             |  |
| Conducen Phelps Dodge Centroamerica-El Salvador, S.A. de C.V. | Antiguo Cuscatlan (La Libertad) | US Dollar          | 22,858        | 99.95%      | Conducen, S.R.L.                                     |
|   |                                 |                    |               | 0.05%       | Third Parties  |
| <b>Guatemala</b>  |                                 |                    |               |             |  |
| Proveedora de Cables y Alambres PDCA Guatemala, S.A.          | Guatemala City                  | Guatemalan Quetzal | 100,000       | 99.00%      | Conducen, S.R.L.                                     |
|   |                                 |                    |               | 1.00%       | Third Parties  |
| <b>Honduras</b>   |                                 |                    |               |             |  |
| Electroconductores de Honduras, S.A. de C.V.                  | Tegucigalpa                     | Honduran Lempira   | 27,600,000    | 59.39%      | General Cable Holdings (Spain), S.L.                 |
|   |                                 |                    |               | 40.61%      | Cahosa S.A.  |

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| Legal name   | Office                  | Currency             | Share Capital | % ownership  | Direct parent company                               |
|--|-------------------------|----------------------|---------------|--------------|---|
| <b>Mexico</b>  |                         |                      |               |              |   |
| Draka Durango S. de R.L. de C.V.                             | Durango                 | Mexican Peso         | 163,471,787   | 99.996%      | Draka Mexico Holdings S.A. de C.V.                  |
|  |                         |                      |               | 0.004%       | Draka Holding B.V.                                  |
| Draka Mexico Holdings S.A. de C.V.                           | Durango                 | Mexican Peso         | 57,036,501    | 99.999998%   | Draka Holding B.V.                                  |
|  |                         |                      |               | 0.000002%    | Draka Comteq B.V.                                   |
| NK Mexico Holdings S.A. de C.V.                              | Città del Messico       | Mexican Peso         | n/a           | 100.00%      | Prysmian Group Finland OY                           |
| Prysmian Cables y Sistemas de Mexico S. de R. L. de C. V.    | Durango                 | Mexican Peso         | 173,050,500   | 99.9983%     | Draka Holding B.V.                                  |
|  |                         |                      |               | 0.0017%      | Draka Mexico Holdings S.A. de C.V.                  |
| General Cable de Mexico, S.A de C.V.                         | Tetla                   | Mexican Peso         | 1,329,821,471 | 80.41733809% | General Cable Industries, Inc.                      |
|  |                         |                      |               | 19.58266381% | Conducen, S.R.L.                                    |
|  |                         |                      |               | 0.00000015%  | General Cable Technologies Corporation              |
|  |                         |                      |               | 0.00000015%  | GK Technologies, Incorporated                       |
| General de Cable de Mexico del Norte, S.A. de C.V.           | Piedras Negras          | Mexican Peso         | 10,000        | 99.80%       | GK Technologies, Incorporated                       |
|  |                         |                      |               | 0.20%        | General Cable Industries, Inc.                      |
| PDIC Mexico, S.A. de C.V.                                    | San Jose                | Mexican Peso         | 50,000        | 99.998%      | Conducen, S.R.L.                                    |
|  | San Jose                | Mexican Peso         |               | 0.002%       | Third Parties                                       |
| Prestolite de Mexico, S.A. de C.V.                           | Sonora                  | Mexican Peso         | 50,000        | 99.80%       | General Cable Industries, Inc.                      |
|  |                         |                      |               | 0.20%        | GK Technologies, Incorporated                       |
| Servicios Latinoamericanos GC, S.A. de C.V.                  | Puebla                  | Mexican Peso         | 50,000        | 99.998%      | General Cable de Mexico, S.A de C.V.                |
|  |                         |                      |               | 0.002%       | General Cable Technologies Corporation              |
| <b>Panama</b>  |                         |                      |               |              |   |
| Alambres y Cables de Panama, S.A.                            | Panama                  | US Dollar            | 800,000       | 78.08%       | General Cable Industries, Inc.                      |
|  |                         |                      |               | 21.92%       | Cahosa S.A.   |
| Alcap Comercial S.A.   | Panama                  | US Dollar            | 10,000        | 100.00%      | Conducen, S.R.L.                                    |
| Cahosa S.A.  | Panama                  | US Dollar            | n/a           | 100.00%      | GK Technologies, Incorporated                       |
| <b>Perù</b>  |                         |                      |               |              |   |
| General Cable Peru S.A.C.                                    | Santiago de Surco(Lima) | Nuevo sol peruviiano | 90,327,867.50 | 99.99999%    | GC Latin America Holdings, S.L.                     |
|  |                         |                      |               | 0.00001%     | Third Parties                                       |
| <b>Africa</b>  |                         |                      |               |              |   |
| <b>Angola</b>  |                         |                      |               |              |   |
| General Cable Condel, Cabos de Energia e Telecomunicações SA | Luanda                  | Kwanza angolano      | 20,000,000    | 99.80%       | General Cable Celcat, Energia e Telecomunicações SA |
|  |                         |                      |               | 0.20%        | Third Parties                                       |
| <b>Ivory Coast</b>   |                         |                      |               |              |   |
| SICABLE - Société Ivoirienne de Cables S.A.                  | Abidjan                 | CFA Franc            | 740,000,000   | 51.00%       | Prysmian Cables et Systèmes France S.A.S.           |
|  |                         |                      |               | 49.00%       | Third Parties                                       |
| <b>South Africa</b>  |                         |                      |               |              |   |
| General Cable Phoenix South Africa Pty. Ltd.                 | Illovo                  | South African Rand   | 1,000         | 100.00%      | GK Technologies, Incorporated                       |
| National Cables (Pty) Ltd.                                   | Illovo                  | South African Rand   | 101           | 69.30%       | Phelps Dodge National Cables Corporation            |
|  |                         |                      |               | 30.70%       | General Cable Holdings Netherlands C.V.             |
| <b>Tunisia</b>   |                         |                      |               |              |   |
| Auto Cables Tunisie S.A.                                     | Grombalia               | Tunisian Dinar       | 4,050,000     | 50.998%      | Prysmian Cables et Systèmes France S.A.S.           |
|  |                         |                      |               | 49.002%      | Third Parties                                       |
| Prysmian Cables and Systems Tunisia S.A.                     | Menzel Bouzelfa         | Tunisian Dinar       | 1,850,000     | 99.97%       | Prysmian Cables et Systèmes France S.A.S.           |
|  |                         |                      |               | 0.005%       | Prysmian (French) Holdings S.A.S.                   |
|  |                         |                      |               | 0.005%       | Prysmian Cavi e Sistemi S.r.l.                      |
|  |                         |                      |               | 0.02%        | Third Parties                                       |
| <b>Oceania</b>   |                         |                      |               |              |   |
| <b>Australia</b>   |                         |                      |               |              |   |
| Prysmian Australia Pty Ltd.                                  | Liverpool               | Australian Dollar    | 56,485,736    | 100.00%      | Prysmian Cavi e Sistemi S.r.l.                      |
| <b>New Zealand</b>   |                         |                      |               |              |   |
| Prysmian New Zealand Ltd.                                    | Auckland                | New Zealand Dollar   | 10,000        | 100.00%      | Prysmian Australia Pty Ltd.                         |
| <b>Asia</b>  |                         |                      |               |              |   |
| <b>Saudi Arabia</b>  |                         |                      |               |              |   |
| Prysmian Powerlink Saudi LLC                                 | Al Khoabar              | Saudi Arabian Riyal  | 500,000       | 95.00%       | Prysmian PowerLink S.r.l.                           |
|  |                         |                      |               | 5.00%        | Third Parties                                       |

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| Legal name   | Office                    | Currency                | Share Capital | % ownership | Direct parent company                        |
|--|---------------------------|-------------------------|---------------|-------------|--|
| <b>China</b>   |                           |                         |               |             |  |
| Prysmian Tianjin Cables Co. Ltd.                       | Tianjin                   | US Dollar               | 36,790,000    | 67.00%      | Prysmian (China) Investment Company Ltd.     |
|  |                           |                         |               | 33.00%      | Third Parties                                |
| Prysmian Cable (Shanghai) Co. Ltd.                     | Shanghai                  | US Dollar               | 5,000,000     | 100.00%     | Prysmian (China) Investment Company Ltd.     |
| Prysmian Wuxi Cable Co. Ltd.                           | Yixing (Jiangsu Province) | US Dollar               | 29,941,250    | 100.00%     | Prysmian (China) Investment Company Ltd.     |
| Prysmian Hong Kong Holding Ltd.                        | Hong Kong                 | Euro                    | 72,000,000    | 100.00%     | Prysmian Cavi e Sistemi S.r.l.               |
| Prysmian (China) Investment Company Ltd.               | Beijing                   | Euro                    | 74,152,961    | 100.00%     | Prysmian Hong Kong Holding Ltd.              |
| Nantong Haixun Draka Elevator Products Co. LTD         | Nantong                   | US Dollar               | 2,400,000     | 75.00%      | Draka Elevator Products, Inc.                |
|  |                           |                         |               | 25.00%      | Third Parties                                |
| Nantong Zhongyao Draka Elevator Products Co. LTD       | Nantong                   | US Dollar               | 2,000,000     | 60.00%      | Draka Elevator Products, Inc.                |
|  |                           |                         |               | 40.00%      | Third Parties                                |
| Shanghai Guang Ye Optical Fibre Cable Co. Ltd.         | Shanghai                  | US Dollar               | 15,580,000    | 55.00%      | Draka Comteq Germany GmbH & Co. KG           |
|  |                           |                         |               | 45.00%      | Third Parties                                |
| Suzhou Draka Cable Co. Ltd.                            | Suzhou                    | Chinese Renminbi (Yuan) | 304,500,000   | 100.00%     | Draka Cableteq Asia Pacific Holding Pte Ltd. |
| Prysmian Technology Jiangsu Co. Ltd.                   | Yixing                    | Euro                    | 53,300,000    | 100.00%     | Prysmian (China) Investment Company Ltd.     |
| Prestolite Wire (Shanghai) Company, Ltd                | Shanghai                  | US Dollar               | 300,000       | 100.00%     | General Cable Industries, Inc.               |
| EHC Escalator Handrail (Shanghai) Co. Ltd.             | Shanghai                  | US Dollar               | 2,100,000     | 100.00%     | EHC Global Inc.                              |
| EHC Engineered Polymer (Shanghai) Co. Ltd.             | Shanghai                  | US Dollar               | 1,600,000     | 100.00%     | EHC Global Inc.                              |
| EHC Lift Components (Shanghai) Co. Ltd.                | Shanghai                  | US Dollar               | 200,000       | 100.00%     | EHC Global Inc.                              |
| EHC Technology Development (Shanghai) Co. Ltd.         | Shanghai                  | Chinese Renminbi (Yuan) | 0             | 100.00%     | EHC Escalator Handrail (Shanghai) Co. Ltd.   |
| <b>Philippines</b>                                     |                           |                         |               |             |  |
| Draka Philippines Inc.                                 | Cebu                      | Philippine Peso         | 253,652,000   | 99.9999975% | Draka Holding B.V.                           |
|  |                           |                         |               | 0.0000025%  | Third Parties                                |
| <b>India</b>   |                           |                         |               |             |  |
| Associated Cables Pvt. Ltd.                            | Mumbai                    | Indian Rupee            | 61,261,900    | 100.00%     | Oman Cables Industry (SAOG)                  |
| Jaguar Communication Consultancy Services Private Ltd. | Mumbai                    | Indian Rupee            | 122,268,218   | 99.99999%   | Prysmian Cavi e Sistemi S.r.l.               |
|  |                           |                         |               | 0.000001%   | Prysmian S.p.A.                              |
| <b>Indonesia</b>                                       |                           |                         |               |             |  |
| PT.Prysmian Cables Indonesia                           | Cikampek                  | US Dollar               | 67,300,000    | 99.48%      | Draka Holding B.V.                           |
|  |                           |                         |               | 0.52%       | Prysmian Cavi e Sistemi S.r.l.               |
| <b>Malaysia</b>  |                           |                         |               |             |  |
| Sindutch Cable Manufacturer Sdn Bhd                    | Malacca                   | Malaysian Ringgit       | 500,000       | 100.00%     | Draka Cableteq Asia Pacific Holding Pte Ltd. |
| Draka Marketing and Services Sdn Bhd                   | Malacca                   | Malaysian Ringgit       | 500,000       | 100.00%     | Cable Supply and Consulting Company Pte Ltd. |
| Draka (Malaysia) Sdn Bhd                               | Malacca                   | Malaysian Ringgit       | 8,000,002     | 100.00%     | Cable Supply and Consulting Company Pte Ltd. |
| <b>Oman</b>  |                           |                         |               |             |  |
| Oman Cables Industry (SAOG)                            | Al Rusayl                 | Omani Riyal             | 8,970,000     | 51.17%      | Draka Holding B.V.                           |
|  |                           |                         |               | 48.83%      | Third Parties                                |
| Oman Aluminium Processing Industries (SPC)             | Sohar                     | Omani Riyal             | 4,366,000     | 100.00%     | Oman Cables Industry (SAOG)                  |
| <b>Singapore</b>                                       |                           |                         |               |             |  |
| Prysmian Cables Asia-Pacific Pte Ltd.                  | Singapore                 | Singapore Dollar        | 213,324,290   | 100.00%     | Draka Holding B.V.                           |
| Prysmian Cable Systems Pte Ltd.                        | Singapore                 | Singapore Dollar        | 25,000        | 50.00%      | Draka Holding B.V.                           |
|  |                           |                         |               | 50.00%      | Prysmian Cables & Systems Ltd.               |
| Draka Offshore Asia Pacific Pte Ltd.                   | Singapore                 | Singapore Dollar        | 51,000        | 100.00%     | Draka Cableteq Asia Pacific Holding Pte Ltd. |
| Draka Cableteq Asia Pacific Holding Pte Ltd.           | Singapore                 | Singapore Dollar        | 28,630,503.70 | 100.00%     | Draka Holding B.V.                           |
| Singapore Cables Manufacturers Pte Ltd.                | Singapore                 | Singapore Dollar        | 1,500,000     | 100.00%     | Draka Cableteq Asia Pacific Holding Pte Ltd. |
| Cable Supply and Consulting Company Private Limited    | Singapore                 | Singapore Dollar        | 50,000        | 100.00%     | Draka Cableteq Asia Pacific Holding Pte Ltd. |
| Draka Comteq Singapore Pte Ltd.                        | Singapore                 | Singapore Dollar        | 500,000       | 100.00%     | Draka Comteq B.V.                            |
| Draka NK Cables (Asia) Pte Ltd.                        | Singapore                 | Singapore Dollar        | 200,000       | 100.00%     | Prysmian Group Finland OY                    |
| <b>Thailand</b>  |                           |                         |               |             |  |
| MCI-Draka Cable Co. Ltd.                               | Bangkok                   | Thai Baht               | 435,900,000   | 70.250172%  | Draka Cableteq Asia Pacific Holding Pte Ltd. |
|  |                           |                         |               | 0.000023%   | Draka (Malaysia) Sdn Bhd                     |
|  |                           |                         |               | 0.000023%   | Sindutch Cable Manufacturer Sdn Bhd          |
|  |                           |                         |               | 0.000023%   | Singapore Cables Manufacturers Pte Ltd.      |
|  |                           |                         |               | 29.749759%  | Third Parties                                |

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| Legal name              | Office          | Currency | Share Capital | % ownership | Direct parent company |
|-------------------------|-----------------|----------|---------------|-------------|-----------------------|
| Japan<br>EHC Japan K.K. | Chiyoda-kuTokyo | Yen      | 4,000         | 100.00%     | EHC Global Inc.       |

The following companies have been accounted for using the equity method:

| Legal name  | Office               | Currency                | Share Capital | % ownership | Direct parent company                                   |
|---|----------------------|-------------------------|---------------|-------------|---|
| <b>Europe</b>   |                      |                         |               |             |   |
| <b>Germany</b>  |                      |                         |               |             |   |
| Kabeltrommel GmbH & Co.KG                               | Troisdorf            | Euro                    | 10,225,837.65 | 43.18%      | Prysmian Kabel und Systeme GmbH                         |
|   |                      |                         |               | 1.75%       | Norddeutsche Seekabelwerke GmbH                         |
|   |                      |                         |               | 55.07%      | Third parties   |
| Kabeltrommel GmbH                                       | Troisdorf            | Deutsche Mark           | 51,000        | 41.18%      | Prysmian Kabel und Systeme GmbH                         |
|   |                      |                         |               | 5.82%       | Norddeutsche Seekabelwerke GmbH                         |
|   |                      |                         |               | 53.00%      | Third parties   |
| Nostag GmbH & Co. KG                                    | Oldenburg            | Euro                    | 540,000       | 33.00%      | Norddeutsche Seekabelwerke GmbH                         |
|   |                      |                         |               | 67.00%      | Third parties   |
| <b>U.K.</b>   |                      |                         |               |             |   |
| Rodco Ltd.  | Woking               | British Pound           | 5,000,000     | 40.00%      | Prysmian Cables & Systems Ltd.                          |
|   |                      |                         |               | 60.00%      | Third parties   |
| <b>Poland</b>   |                      |                         |               |             |   |
| Eksa Sp.z.o.o   | Sokolów              | Polish Zloty            | 394,000       | 29.949%     | Prysmian Cavi e Sistemi S.r.l.                          |
|   |                      |                         |               | 70.051%     | Third parties   |
| <b>Russia</b>   |                      |                         |               |             |   |
| Elkat Ltd.  | Moscow               | Russian Rouble          | 10,000        | 40.00%      | Prysmian Group Finland OY                               |
|   |                      |                         |               | 60.00%      | Third parties   |
| <b>Central/South America</b>                            |                      |                         |               |             |   |
| <b>Chile</b>  |                      |                         |               |             |   |
| Colada Continua Chilena S.A.                            | Quilicura (Santiago) | Chile Peso              | 100           | 41.00%      | Cobre Cerrillos S.A.                                    |
|   |                      |                         |               | 59.00%      | Third parties   |
| <b>Asia</b>   |                      |                         |               |             |   |
| <b>China</b>  |                      |                         |               |             |   |
| Yangtze Optical Fibre and Cable Joint Stock Limited Co. | Wuhan                | Chinese Renminbi (Yuan) | 757,905,108   | 23.73%      | Draka Comteq B.V.                                       |
|   |                      |                         |               | 76.27%      | Third parties   |
| Yangtze Optical Fibre and Cable (Shanghai) Co. Ltd.     | Shanghai             | Chinese Renminbi (Yuan) | 100,300,000   | 75.00%      | Yangtze Optical Fibre and Cable Joint Stock Limited Co. |
|   |                      |                         |               | 25.00%      | Draka Comteq B.V.                                       |
| <b>Malaysia</b>   |                      |                         |               |             |   |
| Power Cables Malaysia Sdn Bhd                           | Selangor Darul Eshan | Malaysian Ringgit       | 18,000,000    | 40.00%      | Draka Holding B.V.                                      |
|   |                      |                         |               | 60.00%      | Third parties   |

List of unconsolidated other investments at fair value through other comprehensive income:

| <b>Legal name</b>                           | <b>% ownership</b> | <b>Direct parent company</b>   |
|---|--------------------|--------------------------------|
| <b>India</b>                                |                    |                                |
| Ravin Cables Limited                        | 51.00%             | Prysmian Cavi e Sistemi S.r.l. |
|   | 49.00%             | Third Parties                  |
| <b>United Arab Emirates</b>                 |                    |                                |
| Power Plus Cable CO. LLC                    | 49.00%             | Ravin Cables Limited           |
|   | 51.00%             | Third Parties                  |
| <b>Africa</b>                               |                    |                                |
| <b>South Africa</b>                         |                    |                                |
| Pirelli Cables & Systems (Proprietary) Ltd. | 100.00%            | Prysmian Cavi e Sistemi S.r.l. |

