Prysmian Group

Linking the sustainable future

Annual Report 2021


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Prysmian Group

Prysmian Group

Linking the sustainable future

Annual Report 2021

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Letter from the CEO

2021 has been a another year of unprecedented uncertainty and challenges for global businesses and industries, as we continue to see the impacts of global macroeconomic, political and societal change.

This year has also provided considerable challenges and uncertainty for all of our people and communities across the world, and I would like to thank all of our employees for their incredible resilience and commitment during the year.

The world is changing and climate change is one of the core global challenges that human societies are presently facing. Deep decarbonization must be achieved to tackle this challenge and the collective response has been a call for the expansion and integration of renewables. Prysmian constant technological innovation is at the core of the response.

Our smart, efficient and green solutions, coupled with our people's expertise, commitment and passion positions Prysmian as the leading technological enabler with game changing offerings and solutions for both now and generations to come.

Our strong performance in 2021 across our all of our business has been driven by the strong demand for our solutions across every region of the world. As a result, we remain the driving force in the energy transition, global digitalisation and the electrification of society.

A YEAR OF STRONG GROWTH AND RECORD ORDERS

For the first time in our history, the Group sales exceeded €12 billion, a record milestone, with an organic change of 10.9%, driven by strong performances across the resilient Energy segment and a recovery in the Telecom.

Adjusted EBITDA grew sharply by 16.2% to €976 million, exceeding the Group's upper range of expectations and revised guidance of €920-€970 million.

The Energy segment has once again demonstrated its resilience, with sound organic growth of 10.7% and stable margins within the business division. This included strong performances from both Energy & Infrastructure and Industrial & Network Components

The Projects segment reported positive organic growth of 10.2%, mainly attributable to the excellent execution of Submarine Power Cables projects in H2. The Group has also reaffirmed its technological and market leadership, acquiring record orders worth approximately €4.8 billion in the year.

Another highlight has been the recovery in the Telecom segment during 2021, which has been driven by the strong demand for our solutions in the US, recording organic growth 12.7%.

The Group continues to generate strong cash flow, with recorded Free Cash Flow of €365m for the year, ± 20% higher than previous guidance.

Given the strength of the results for 2021, the Board of Directors will recommend at dividend of €0.55 per share be distributed, with a total pay-out of approximately €145 million if approved by at the forthcoming AGM.

ACCELERATING THE ROLLOUT OF GLOBAL PROJECTS

We have been breaking boundaries in delivery of cable projects throughout 2021. Our execution capabilities, production capacity and equipment investments mean we are second to none and we continue to provide state-of-the-art solutions for High Voltage. Underground and Submarine cable links in some of the world's most challenging environments and major offshore wind farms. The launch of the Leonardo Da Vinci, a state-of-the-art cable-laying vessel represents a unique asset for the development of efficient and sustainable power grids to support the energy transition.

There have been several major developments within the Projects division in 2021 including the Viking Link, the world's longest submarine interconnection between the UK and Denmark, where the Leonardo da Vinci is starting operations.

We have also accelerated our offering across several significant US projects. This included the mega land power cable SOO Green HVDC Link, the first of its kind in the US and new contract awards with Dominion Energy Group for the largest submarine project ever awarded in the US and the Vineyard offshore wind farm, the first large scale offshore windfarm in the US. The US remains significantly underserved by renewable energy and we expect continued strong growth in investment in US energy infrastructure for a number of years.

OUR FOCUS ON SUSTAINABILITY AND SOCIAL AMBITION

2021 has seen Prysmian take accelerated steps in the process of integrating environmental, social and governance factors across its company strategies. This is a critical part of our journey in building out the Group's sustainability identity for future years.

Throughout the course of the year, we have reinforced our continued commitment to being a credible and transparent ESG-focused company – dedicated to a business model that integrates economic, social and environmental responsibility across our Group activities and scientific-based targets to tackle climate change.

The launch of our new and ambitious sustainability strategy has seen the Group adopt science-based targets aligned with the requirements of the Paris Agreement and also endorse the Climate Change Ambition, and Prysmian also reinforced its commitment to its social purpose through the formal announcement of the Group's Social Ambition.

This includes a set of new 2030 targets, committing to improving diversity, equality and inclusion (DE&I), digital inclusion, community empowerment, employee engagement and upskilling.

Prysmian is proactively developing as an organisation which recognises the need for diversity, inclusion and gender equality at all levels. We are empowering more women to pursue careers within Prysmian in technical and scientific roles – committing to 30% of senior leadership roles to be held by women and more than 500 new female hires with STEM backgrounds by 2030.

Valerio Battista
CEO Prysmian Group

Group Annual Report

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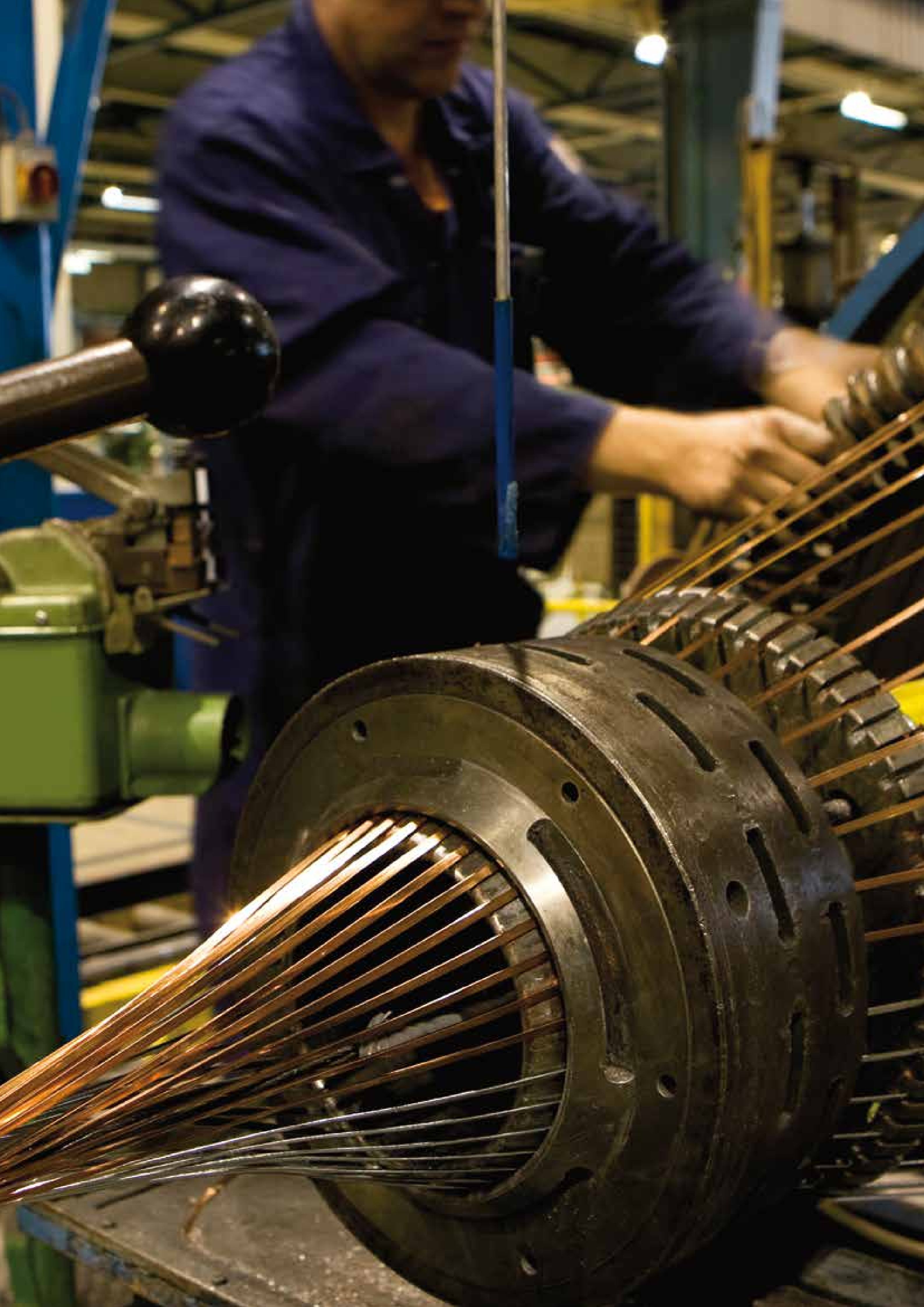


01_DIRECTORS' REPORT

Directors and auditors

BOARD OF DIRECTORS(4)	
Chairman	Claudio De Conto(*)(2)
Chief Executive Officer	Valerio Battista
Directors	Francesco Gori(**)(1) Maria Letizia Mariani(**)(3) Jaska Marianne de Bakker(**)(1) Massimo Battaini Tarak Mehta(**)(1) Pier Francesco Facchini Ines Kolmsee(**)(3) Annalisa Stupenengo(**)(2) Paolo Amato(**)(2) Mimi Kung(**)(3)
BOARD OF STATUTORY AUDITORS(5)	
Chairman	Pellegrino Libroia
Standing Statutory Auditors	Laura Gualtieri Paolo Francesco Lazzati
Alternative Statutory Auditors	Michele Milano Claudia Mezzabotta
Independent Auditors(6)	EY S.p.A.

(*) Independent Director as per Italian Legislative Decree 58/1998
(**) 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)
(1) Members of the Control and Risks Committee
(2) Members of the Remuneration and Nominations Committee
(3) Members of the Sustainability Committee
(4) Appointed by the Shareholders' Meeting on 28 April 2021
(5) Appointed by the Shareholders' Meeting on 5 June 2019
(6) Appointed by the Shareholders' Meeting on 16 April 2015

Preface

In compliance with the provisions of art. 5, par. 3 (b) of Italian Legislative Decree 254/2016, the Group has prepared its Consolidated Non-Financial Information Statement in a separate document (Sustainability Report 2021). This document, containing information about environmental and social matters, human resources, respect for human rights and the fight against active and passive corruption, aims to provide its users with an understanding of the Group's business, its performance, results and impact. The Consolidated Non-Financial Information Statement 2021, drawn up in accordance with the GRI Sustainability Reporting Standards, was approved by the Board of Directors on 1 March 2022. As required by Italian Legislative Decree 254/2016, this document is submitted to a limited review by the independent auditors, in accordance with the International Standard on Assurance Engagement (ISAE 3000 Revised). The document is available on the Group's website at www.prysmiangroup.com.

This Financial Report does not meet the obligation arising from the ESEF Regulation for which an additional document has been prepared in iXBRL and XHTML format.

Financial highlights

KEY FINANCIAL AND OPERATING DATA(*)

(Euro/million)	2021	2020	% Change	2019
Sales	12,736	10,016	27.1%	11,519
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	958	822	16.5%	983
Adjusted EBITDA[(1)]	976	840	16.2%	1,007
EBITDA[(2)]	927	781	18.7%	907
Adjusted operating income[(3)]	647	515	25.6%	689
Operating income	572	353	62.0%	569
Profit/(loss) before taxes	476	252	88.9%	444
Net profit/(loss)	310	174	78.2%	296

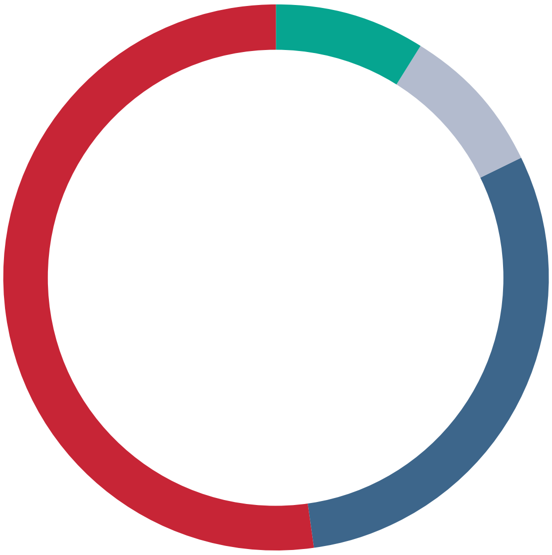
(Euro/million)	31.12.2021	31.12.2020	Change	31.12.2019
Net capital employed	5,295	4,915	380	5,236
Employee benefit obligations	446	506	(60)	494
Equity	3,089	2,423	666	2,602
- of which attributable to non-controlling interests	174	164	10	187
Net financial debt	1,760	1,986	(226)	2,140

(Euro/million)	2021	2020	% Change	2019
Net capital expenditure[(4)]	275	244	12.7%	248
Employees (at period-end)	29,763	28,321	5.1%	28,714
Earnings/(loss) per share				
- basic	1.17	0.68		1.11
- diluted	1.17	0.68		1.11
Number of patents[(5)]	5,539	5,581		5,881
Number of plants	108	104		106

(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 year, 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.
(5) These are the total number of patents, comprising patents granted plus patent applications pending worldwide.

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

2021 SALES BY GEOGRAPHICAL AREA

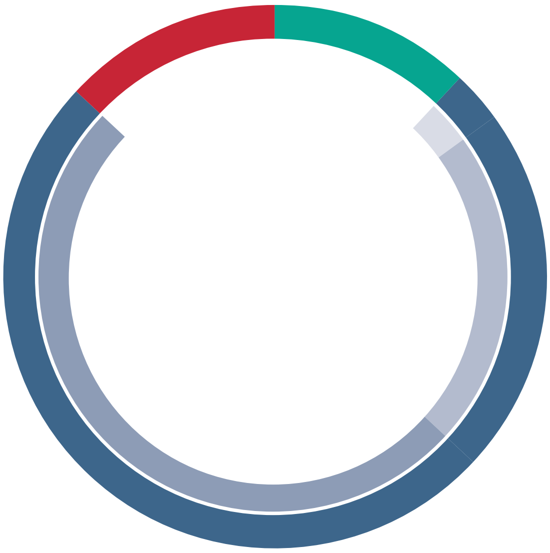


€12,736 million

- 52% EMEA (*)
- 30% North America
- 9% Latin America
- 9% Asia Pacific

(*) Europe, Middle East, Africa.

2021 SALES BY BUSINESS AREA

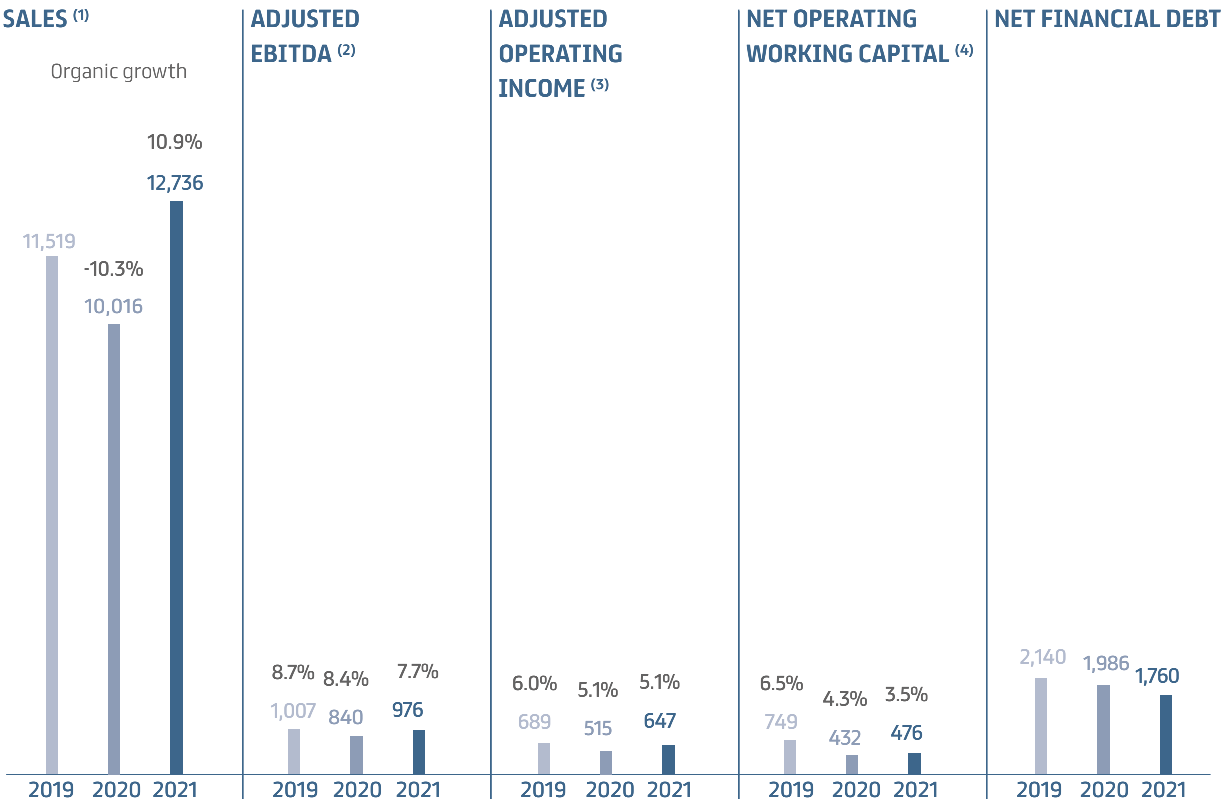


€12,736 million

- 13% Projects
- 75% Energy
  - 50% of which Energy & Infrastructure
  - 22% of which Industrial & Network Components
  - 3% of which Others
- 12% Telecom

KEY FINANCIALS

Amounts in millions of Euro – percentages on sales



(1) Organic growth is defined as growth in sales calculated net of changes in the scope of consolidation, changes in commodity prices and exchange rate effects. The results of General Cable have been consolidated with effect from 1 June 2018.
(2) Adjusted EBITDA is defined as EBITDA before income and expense for company reorganisation, non-recurring items and other non-operating income and expense. The results of General Cable have been consolidated with effect from 1 June 2018.
(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. The results of General Cable have been consolidated with effect from 1 June 2018.
(4) Net Operating Working Capital is defined as Net Working Capital excluding the effect of derivatives. The percentage is calculated as Net Working Capital/Annualised last-quarter sales.

Prysmian Group

HIGHLIGHTS 2021

1. Intelligent virtual assistant for managing drums and electrical cables

ALESEA is the new IoT solution that provides virtual assistance in the management of drums: this is the first innovation from Corporate Hangar, the innovation hub of Prysmian.
An intelligent device is installed on the drum and cloud infrastructure makes it possible to file and process the data, accessible via an intuitive web platform. To date, over 1,000 Alesea devices have been tested in 7 countries.

2. Breakthrough technology for the monitoring of power grids

PRY-CAM is a data gathering and analysis technology based on artificial intelligence algorithms and on sensing technologies patented by the Group, that allows the accurate and reliable measurement of the main parameters of an electrical system while in service, as well as system diagnosis and fault location from remote, thanks to a portfolio of products and services that promote the efficient management of power systems and grids using a predictive approach.

3. PRY-CAM HOME

Prysmian Group enters for the first time the "intelligent home" market with PRY-CAM HOME, launched in May in Italy and The Netherlands. More a primary good rather than a luxury accessory, PRY-CAM HOME is a unique and cost-effective solution aimed at managing and increasing active power safety in homes, resulting from years of know-how and expertise developed in HV & MV power systems' monitoring and deployed to the residential market. The need to responsibly monitor residential power safety and efficiency has become a fact and PRY-CAM HOME is the ideal solution and the perfect complement to an outstanding product range for the construction sector. PRY-CAM HOME combines innovation and technology primacy into an easy to install, manage and use solution that provides extensive and straight-forward information, as well as real-time response, to improve work procedures for electricians and make power safety and efficiency easier for homeowners.

4. Omnisens acquistion

In November, Prysmian Group completed the acquisition of Omnisens S.A., a leader in high performance fiber-optic based monitoring solutions for a safer and more efficient use of critical infrastructures. The acquisition is in line with Prysmian Group's strategy to grow and reinforce its value-added businesses, continuously increasing its drive towards a digital, remote and electrified global industrial transformation. Omnisens' advanced DTS/DAS technology is a complementary add-on to the Group's monitoring solutions range, enhancing opportunities to target a business with a long-term growth trend and unlocking significant commercial synergies.

5. Sirocco HD

The Sirocco High Density range delivers record diameters and fibre density for blown mini-cables. Sirocco HD cables provide once again world record diameters and fibre densities for blown microduct cables. The new cable boasts 576 fibres in a diameter of 9.5mm, providing a fibre density of 8.1 fibres per mm2, and is installable into a 12mm duct. Sirocco HD mini-cables use Prysmian BendBright-A2 200μm (ITU-T G.657.A2), a single-mode fibre insensitive to bending, to provide a truly future-proof solution that is ready to support advanced systems.

6.
Sirocco Extreme

The first cable with 180μm fibre for FTTx and 5G networks. The Sirocco Extreme cable delivers record diameter and fibre density for mini-cables, ensuring faster, cheaper and more sustainable installations. The newest cable boasts 576 fibres in a diameter of 8.2mm, providing a fibre density of 10.9 fibres per mm2, and can be installed into a 10mm duct.

7.
P-Laser

P-Laser is the first technology to offer fully-recyclable, eco-sustainable, high performance cables based on HPTE (High Performance Thermoplastic Elastomer). P-Laser is suitable for higher voltages, offering advanced thermal performance and high reliability for more flexible and sustainable solutions. Fully recyclable with higher productivity, P-Laser lowers production CO_2 emissions by 35%.

8.
525 kV extruded cable system for HVDC applications

This innovation in cable technology enables a massive increase of the maximum transmission capacity of bi-pole systems up to more than 2.6 GW (depending on thermal environmental and installation conditions), which is more than double the value achieved with 320 kV DC systems currently in service. For this new voltage class Prysmian leveraged an extensive and in-depth knowledge of materials and the capability to improve manufacturing processes, thus facing successfully the challenge of optimising a reliable industrial process with strict technological parameters and providing an entire system of cable and accessories with the best dielectric properties. HVDC cable links are key components of sustainable energy systems, to transmit large bulks of electricity over long distances, often across or between countries.

9.
ERS Project "Arena del Futuro". Green mobility made reality with dynamic wireless power transmission

Imagine a world with highways where you can charge your vehicle as you drive. Sounds futuristic? The Progetto ERS 'Arena del Futuro' shows it is possible. Prysmian Group is part of the Consortium realizing this breakthrough mobility idea. For the first time the innovative P-Laser technology has been used in a LVDC (Low Voltage Direct Current) application allowing to combine high performance with sustainability. Prysmian Group developed and supplied 10 km of P-Laser LVDC cabling infrastructure that guarantees higher efficiency, product circularity and low environmental footprint.

10.
Prysmian launches the first optical fibre network with 90% recycled plastic and record low diameter cable

With a cable diameter of 4.5 mm in a 10 mm conduit, compared with the traditional 6 mm cable in a 14 mm conduit, the volume of plastic used is reduced by about 50%. The reduced diameters mean that each drum contains a longer length of cable, thus lowering transportation, storage and packaging costs significantly.

11
First 180µm optical fibre cable installed in Germany

This was the first project to use the new Sirocco Extreme optical cable. The world's first installation of 180µm optical fibre cable will enable a large number of private dwellings and businesses located in Germany to benefit from access to high performance FTTx and 5G networks. Sirocco Extreme is the first 180µm optical fibre cable available on the market.

12.
SOO Green HVDC Link

Prysmian Group has announced the finalisation of the contract with SOO Green HVDC Link for the supply and installation of high-voltage direct current cable systems for this first-of-its-kind transmission project to be installed underground along existing railroad rights of way. The 2,100-megawatt interregional project, considered the first link in a national clean energy grid, will connect two of the largest energy markets in the US, delivering abundant, low-cost renewable energy to population centers from Chicago to the mid-Atlantic region.

13.
Viking Link

It is the first submarine cable interconnection between the UK and Denmark. Worth close to Euro 700 million, the contract includes the turn-key design, manufacture and installation of the world's longest power interconnector with 1,250 km of cables for the entire submarine route and all approximately 135 km of land cables on the UK route, corresponding to four of the five tender lots. The High Voltage Direct Current (HVDC) interconnector will operate at ± 525 kV and will allow up to 1,400 MW of power to be transferred between the two countries passing through UK, Dutch, German and Danish waters, using single-core, mass-impregnated paper-insulated cables.

14.
The Coastal Virginia Offshore Wind Farm

Prysmian Group secured the largest ever awarded submarine cable contract in the US. The contract has been awarded by Dominion Energy Virginia, a subsidiary of Dominion Energy Inc., to a consortium made up of Prysmian and the DEME Group, a leader in the offshore wind industry. The Balance of Plant (BoP) contract includes the complete package for the transportation and installation of the foundations and the substations and the EPCI (Engineering, Procurement, Construction, Installation) services for the inter-array and export cables for the future largest commercial offshore windfarm in the United States. The total value of the contract is approximately €1.6 billion, of which around €630 million related to Prysmian for the cable supply and the installation works under its responsibility.

15.
Commonwealth Wind & Park Wind City

Prysmian Group secured two new milestones offshore wind farm projects in the US for a total of approximately $900M. Both projects have been awarded by Vineyard Wind, a joint venture between Avangrid Renewables and Copenhagen Infrastructure Partners (CIP), thus strengthening Prysmian's partnership with one of the leading developers in the growing offshore wind industry in the US.

16.
Tyrrhenian Link

Prysmian Group has been awarded a framework contract worth around €1.71 billion by Terna Rete Italia S.p.A., a company fully owned by Terna S.p.A., the Italian electricity grid operator (TSO). The framework contract includes the Tyrrhenian Link project, envisaging the design, supply, submarine and land installation, and commissioning of a total of over 1,500 km of submarine cables to support the power exchange among Sardinia, Sicily and Campania, thus reinforcing the Mediterranean energy hub. The Tyrrhenian Link project involves the turn-key installation of one to three 500 kV HVDC links, each one 500 km long, of single-core cables with Mass Impregnated insulation and double wire armouring.

17.
Dow Jones Sustainability Index 2021

The Prysmian Group was confirmed as part of the Dow Jones Sustainability World in 2021. This is the most important international index for the assessment of performance in environmental, social and governance (ESG) terms and for the first time ranked 1st in Electrical Components & Equipments (ELQ). Inclusion in this index recognises the efforts made by Prysmian to define a sustainable business approach and serve as an enabler in developing the best cable and optical fibre technologies, thus supporting the transition towards a more sustainable use of energy resources, digitalisation and the decarbonisation of economies.

18.
The "Leonardo da Vinci"

Prysmian Group has announced the delivery of the record-breaking vessel Leonardo da Vinci, working since the second half of 2021. A unique asset to be added to the existing Group's state-of-the-art vessel fleet, Leonardo da Vinci will allow more efficient and sustainable project execution for the development of smarter and greener power grids worldwide to support the energy transition. The official launching ceremony will take place by Q2 2022 so as to demonstrate Leonardo da Vinci's superior performances and cable installation capabilities, supported by a solid projects' execution track record.

19.
EHC Global

Prysmian Group has acquired EHC Global, Canadian leader in the supply of strategic components and integrated solutions for vertical mobility.

20.
ECO CABLE

The Group launched of its ECO CABLE label, the first proprietary green product label in the cable industry. The ECO CABLE product label is aimed at proactively addressing the greener and greener expectations of the market and of all stakeholders. The ECO CABLE label can be easily cross-referenced and paired with additional certified sustainability protocols like the EPD (Environmental Product Declaration) and the EU Ecolabel (the environmental excellence label for products and services meeting high environmental standards throughout their life cycle). The ECO CABLE label assignment is based on an automatic calculation system using recognized and measurable criteria derived from the EU Ecolabel Regulation no 66/2010 and in line with the main regulatory frameworks and requirements, with a very specific focus on cable products: Carbon Footprint, Absence of Substances of Very High Concern, Recyclability/Circularity, Recycling input rate, Environmental benefits and Cable transmission efficiency.

THE PRYSMIAN GROUP, A GLOBAL LEADER

Leadership in strategic sectors

Our identity is underpinned by solid leadership in the power and telecom cable systems industry. As such, we are at the centre of the transition to a low carbon economy. Our vision of the future is founded on this role.

Prysmian Group is world leader in the power and telecom cable systems industry.
With sales in excess of 12 billion euro and about 29,000 employees, our heavily international presence is evidenced by 108 plants in more than 50 countries. The Group has a consolidated presence in technologically advanced markets, offering a broad range of products, services, technologies and know how are offered to manufacturers that use cabling systems in the production and distribution of energy and telecommunications.

Established as Pirelli Cables at the end of the 1800s, the Group has grown by acquisitions: from integration of the power cables manufactured by Siemens and Nokia, to acquisition of the Draka group based in the Netherlands, and, in 2018, absorption of General Cable, a US group. These aggregations sustained expansion of the range of products and services, with innovations to improve standards and a greater geographical presence, which is a strength when serving regional market needs. This evolution over time evidences the expansion of our know-how and technological capabilities, as well as our operational ability, enabling us to become an industry leader in the area of operational efficiency as well. Operations are guided at all times by strong convictions that support our ESG Identity in what we do, how we do it and with what vision for the future, as embodied in our Values, Mission and Vision.

A history of innovation

At the start of the 20th century, Prysmian Group laid the first submarine cables for telecommunications that linked the Americas and Europe.
Cables and optical fibres supplied by Prysmian Group comprise a significant part of the main electricity grids and telecommunications networks around the world, with installations in such iconic buildings as the Burj Khalifa in Dubai, The Shard in London, the World Trade Center in New York and the Guggenheim Museum in Bilbao.

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.

The key projects underway in the Submarine Power Cable business were: the Crete-Peloponnese region (installing for the first time at a 1,000-metre depth a new synthetic-armoured cable, which is 30% lighter than steel-wrapped cables) and Crete-Attica interconnection projects in Greece; the Viking Link (Great Britain–Denmark), which saw the new cable-laying vessel Leonardo da Vinci starting operations; the Offshore Wind projects in France and Germany (Dolwin5), the connection between Sicily and the Italian peninsula and the new submarine cable links between Capri and the mainland to supply the island with energy form renewable sources, in order to decommission its fossil-fuelled electricity plant and thereby reduce CO_2 emissions.

Other relevant projects acquired by Prysmian in 2021 are: the mega land power cable SOO Green HVDC Link, the first of its kind in the USA; the Egypt-Saudi and Turkish Crossing submarine power cable links; and the cabling of the Sofia, Gode Wind Burkum & Riffgrund 3 and Grussian offshore wind farms. There was a further boost in the last months of 2021 with the €630 million project for cabling the Coastal Virginia Offshore Wind Farm, the largest submarine cable project ever awarded in the USA, that will have a total capacity of 2.6 GW. This project confirmed the Group's leadership in the US energy transition and supported by the Biden administration's plans.

PRYSMIAN

1879
Prysmian Group's history has its roots in the history of the Pirelli Group. Società Cavi Pierelli is established in Italy as the able division of the recently founded company.

1998
The commpany begins targeted acquisitions, including the power cable business of Siemens, BICC, Metal Manufacturers Ltd and NKF.

2005
Prysmian is founded in July 2005 through the acquisition of the energy and Telecom cables and system activities of Pirelli.

2007
Prysmian becomes a listed company quoted in the Milan stock exchange after the sale of 46% of the shares held by the Goldman Sachs Group.

DRAKA

1910
Draka was founded under the name or Hollandsche Draad 8 Kabel Fabriek.

1970
The company is acquired by Philips and became part of the Wire and Cable Division.

1986
The business became independednt throught a buyout financed by Parcom and Flinet Beheer. The name Draka was born.

1987
A spree of global acquisitions over a 20 year period followed including Philips Optical Fiber and Alcatel.

GENERAL CABLE

1927
Originally incorporated in New Jersey bringing together several older companies founded in the 1800s.

1990
Acquired the Carol Cable Company and industry Leading Carol® Brand cord, cordset and automotive product lines.

2005
Acquired Silec, a leader energy and industrial business, and Helix/HiTemp, a manufacturer of high-end enterprise networks products.

2007
Acquired NSW, an offshore submarine cable supplier and installer in Germany.

2012
Acquired Stabiloy and Nual aluminium building wire brands, acquired Procables of Colombia, and aquired Prestolite Wire, serving predominately origina equipment manufacturerts (DEM) and distributors.

2011
The combination of the two market leading companies culminated in Prysmian Group.

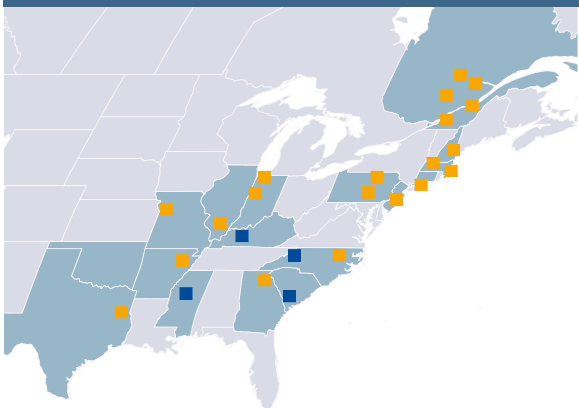
2018
General Cable joins Prysmian Group.

PRYSMIAN GROUP IN THE WORLD

We are present in more than 50 countries around the world, with 108 plants and over 29,000 employees. Our business model is diversified by portfolio and geographical area.

NORTH AMERICA

24 plants

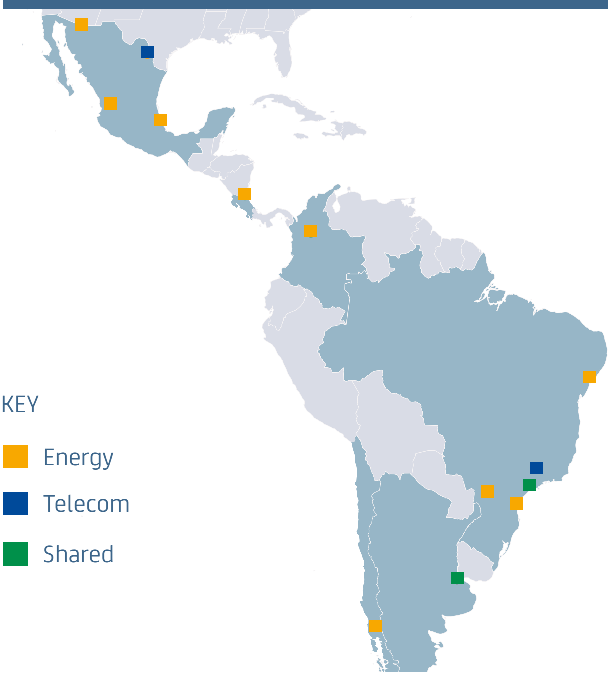


Canada
St. Maurice
St. Jerome
Oshawa
Saguenay QC - Lapointe
Prescott

U.S.A.
Rocky Mountain
Du Quoin
Lincoln
Indianapolis
Jackson
Manchester
Marion
Marshall
Paragould
Sedalia
Williamsport
Willimantic
Lawrenceburg
Abbeville
Bridgewater
Claremont
Lexington
North Dighton
Schuylkill Haven

LATIN AMERICA

13 plants



KEY
Energy
Telecom
Shared

Argentina
La Rosa

Brazil
Joinville factory
Poços de Caldas
Sorocaba Fiber
Sorocaba Eden
Vila Velha

Chile
Santiago

Colombia
Bogotá

Costa Rica
Heredia

Mexico
Durango
Tetla
Piedras Negras
Nogales

+50 countries

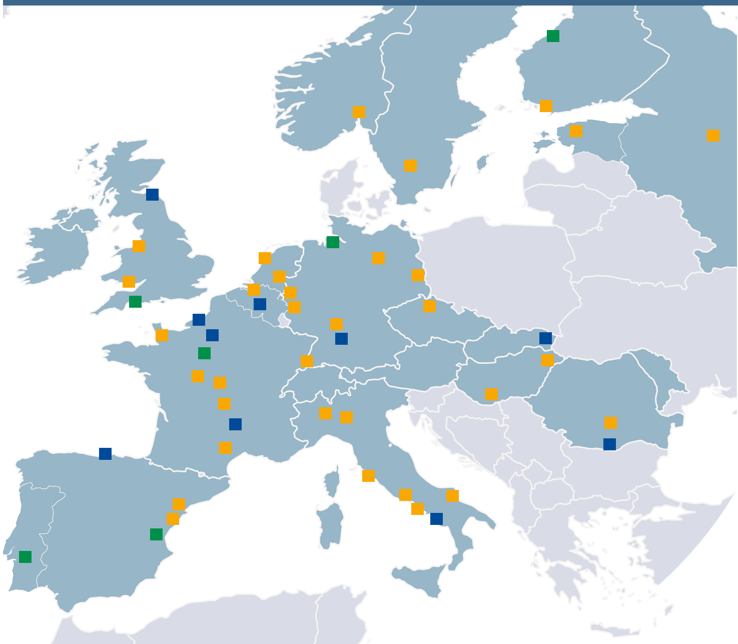
108 plants

26 R&D centers

about **29,000** employees

4 cable-laying ships

EUROPE 49 plants



Czech Republic
Velké Meziříčí

Estonia
Keila

Finland
Pikkala
Oulu

Italy
Battipaglia
Giovinazzo
Livorno
Merlino
Pignataro M.
Quattordio
Arco Felice

Norway
Drammen

U.K.
Washington
Wrexham
Bishopstoke
Aberdare

France
Calais
Billy - Berclau - Douvrin
Sainte Geneviève
Amfreville
Paron
Pont de Cheruy - Charvieu
Cornimont - Xoulces
Gron
Pont de Cheruy - Chavanoz
Montreau

Portugal
Morelena

Romania
Milcov
Slatina

Russia
Rybinsk

Slovakia
Presov

Germany
Wuppertal
Berlin
Nurnberg
Nordenham
Neustadt
Schwerin
Baesweiler

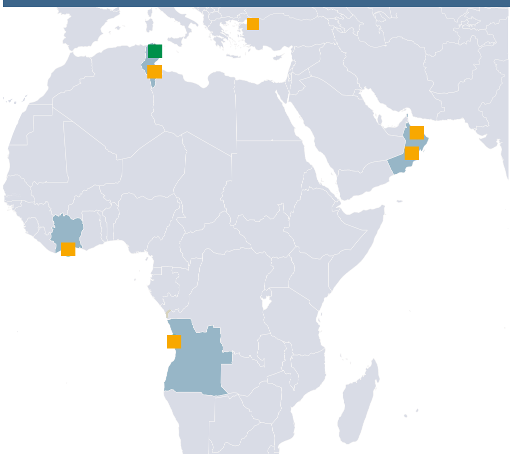
Hungary
Kistelek
Balassagyarmat

Spain
Abrera
Santa Perpetua
Vilanova
Santander

Sweden
Nassjo

The Netherlands
Eindhoven
Nieuw Berger
Delft
Emmen

MEAT 7 plants



Angola
Luanda

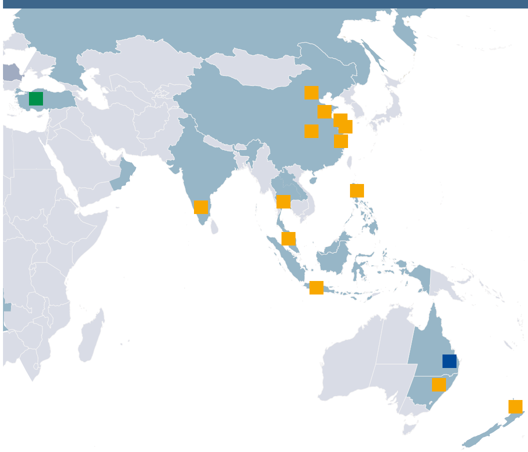
Ivory Coast
Abidjian

Oman
Sohar
Muscat

Tunisia
Grombalia
Menzel Bouzelfa

Turkey
Mudanya

APAC 15 plants



Australia
Liverpool
Dee Why

China
Zhongyao
Haixun
Yixing
Tianjin
Suzhou
Shangai 1
Shangai 2

India
Chiplun

Indonesia
Cikampek

Malaysia
Melaka

New Zealand
New Lynn

Philippines
Cebu

Thailand
Rayong

BUSINESS AREAS

The Group is organised in a matrix structure by reference market and business unit, identifying three macro-areas of activity.

Energy

Comprising business segments that offer a complete and innovative portfolio of products designed to satisfy the many needs of the markets served. This macro-area is organised as follows:

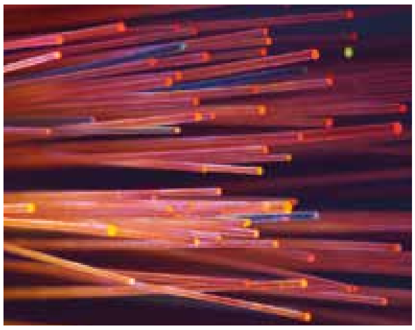
- Energy & Infrastructure, which includes Trade & Installers, Power Distribution and Overhead Transmission Lines;
- Industrial & Network Components, which includes Oil & Gas, Elevators, Automotive, Network Components, Specialties & OEM (serving in turn the following sectors: Cranes, Mining, Railways, Rolling Stock, Marine and Renewables - cables for the solar energy industry and for the operation and connection of wind turbines) and Electronics (Asset Monitoring Solutions).

The **ENERGY** segment generated
9,557 million euro in 2021, representing
75% of the total revenues
of the Group.

Projects

Comprising high-tech and high value-added businesses focused on the design, production and customisation of HV and EHV cabling systems for terrestrial and submarine applications. The Group develops pioneering "turnkey" submarine cable systems for installation at depths of up to 3,000 metres, assisted by its cable-laying fleet comprising the Giulio Verne, the Cable Enterprise, the Ulisse and the Leonardo da Vinci (operational from July 2021). Prysmian Group also offers advanced services for terrestrial and submarine interconnections between various countries and between offshore wind farms and the mainland, used for both the generation and distribution of electricity.

The **PROJECTS** segment generated
1,594 million euro in 2021, representing
13% of the total revenues
of the Group.



Telecom

Comprising businesses devoted to making the cabling systems and connectivity products used in TLC networks. The product portfolio includes optical fibre, optical cables, connectivity components and accessories, OPGW (Optical Ground Wire) and copper cables. The Group is also among the leaders in the production of optical fibre - the essential component of all types of optical cables. A wide range of optical fibres is designed and made using proprietary technology to cater to the broadest possible spectrum of customer applications: single-mode, multimode and specialty fibres. In both cables and connectivity, the Group focuses on the design of products that provided greater density in a smaller diameter, with ease of use and optimal fibre management.

The **TELECOM** segment generated
1,585 million euro in 2021, representing
12% of the total revenues
of the Group.

The diversified portfolio of activities is a strength for the Prysmian Group, as the only global leader with a business model balanced among areas with differing profiles, where each segment plays a precise role in the overall strategy, considering stability, growth potential and the generation of opportunities.

Historically, the Energy area has delivered the most stable results, while the Projects and Telecom areas have been marked by greater dynamism. Acquisitions have always fit in with the strategy of maintaining balance: General Cable enabled the Group to diversify geographically, with strong exposure to the North American market, which is structured differently with more consolidated dynamics. Additionally, while the positioning of the Prysmian Group as a cable manufacturer remains central, part of our activities makes us a network solution provider, drawing on the ability to integrate ever more closely the various components - engineering, installation, network monitoring and after-sales services - to provide value-added services that ensure recurring revenue streams and build long-term partnerships with customers.

Alongside this, the Group is also able to identify and develop value-added market niches - such as solutions for the elevator industry, cables for multimedia applications, monitoring solutions developed by Prysmian Electronics - while releasing the synergies needed to be cost-effective and offer end-to-end solutions integrated with advanced digital equipment.

SUSTAINABILITY IS IN OUR DNA

We are a public company focused on generating value for our stakeholders and our people. This distinguishing element means that we have always sought to integrate the various environmental, social and governance factors within our DNA, developing ambitious objectives that position us as a sustainability champion.

Positioning as SUSTAINABILITY CHAMPION

SOCIAL AMBITION

- D&I programs
- Women in STEM
- Measurement of impacts on communities
- Health and Safety as a top priority
- Gender Equality

CLIMATE CHANGE AMBITION

- **Net zero target**
- **Science Based Target Initiatives**
- New climate strategy (in line with COP26), **endorsing the Business Ambition** (1.5°C) with "net zero" target:
  - by 2035 Scope 1 and 2
  - by 2050 Scope 3

ENERGY TRANSITION & DIGITALIZATION

- **Role of cables** in enabling energy transition
- **Role of fibres & innovative solutions** in the digitalisation and decarbonisation of economy

Implementing a sustainability strategy means building today the conditions for the resilience of the entire industrial value chain of tomorrow. In view of this commitment, which characterises our DNA as a public company, we have defined an ambitious and measurable strategic sustainability plan that is consistent with international standards and creates value for all our stakeholders.

Public Company

Prysmian Group is, in primis, a public company included in the FTSE MIB index of the Milan stock exchange: a company with a broad shareholder base for which it is fundamental to align the interests of the Group with those of all stakeholders. This special nature requires an ability to develop open and transparent dialogue with our shareholders, employees, customers and suppliers, with the institutions and with the communities in which we work.

Prysmian Group has always invested in the values of stakeholder capitalism, striving to comply with the highest international standards of governance. For example, 75% of Board members are independent and 42% are women. Corporate integrity is expressed using a series of instruments and policies disseminated throughout the entire organisation, including the Code of Ethics, the anti-corruption policy, privacy and data protection, and the helpline programme.

People Company

Prysmian Group is people-centric, supporting and recognising the abilities of those who work for the Group and for the community in which it operates. To achieve this, continuous multi-disciplinary and specialist training programmes have been adopted for our employees. Developing in full the global know-how of our people, who represent the greatest asset of the Group, is an integral part of our long-term sustainability strategy.

Out of around 29,000 employees, about one third are stable shareholders. Together with management, these employees own more than 3% of the share capital, investing directly in the Company and demonstrating their confidence in us.

VALUES, MISSION, VISION

The ESG Identity of a leading group must be supported by Values, Mission and Vision that guide operations, translate into products made and fuel the ambitions for our role in tomorrow's world.

Values

Drive - Our objective is to guide the evolution of our sector: we develop our people and our business, following a clear strategy while anticipating customer needs.

Trust - We intend to create an environment that inspires trust, where diversity and collaboration are recognised and people are empowered to make decisions with integrity.

Simplicity - Our challenge is to simplify all that we can, focusing on activities that generate considerable value and timely decisions that enhance the results achieved by the Group.

Vision

We believe in the efficient, effective and sustainable supply of energy and information as the main driver for the development of community.

Mission

The Prysmian Group provides its customers worldwide with superior cable solutions based on pioneering technology and consistent excellence in execution, ultimately delivering sustainable growth and profit.

SDGS - SUSTAINABLE DEVELOPMENT GOALS

Here we discuss the priorities of our ESG strategy and the actions that we intend to take, as well as how our commitment translates into a concrete contribution towards the sustainability goals of the United Nations.

NIn 2017, Prysmian published its own Sustainability Policy, which defines the vision and reference values for the various areas of Business Integrity, Governance, Product, Social and Environmental Responsibility. The policy aims to provide sustainability guidelines for all Group companies and operations, based on the strategic priorities as part of a medium to long-term vision.

The ESG strategy of Prysmian Group consists of three priorities that were defined in 2016, taking into consideration the main global and industry trends, the 17 Sustainable Development Goals for 2030 (SDGs) defined by the United Nations, requests from major International Sustainability Indexes (Dow Jones Sustainability Index, FTSE4GOOD, CDP, Bloomberg ESG, etc.) and the needs and expectations of our stakeholders.

THE THREE PRIORITIES		
SUSTAINABLE AND INNOVATIVE SOLUTIONS FOR THE BUSINESS	RESPONSIBLE USE OF ENERGY AND WATER RESOURCES	DEVELOPMENT OF PEOPLE AND COMMUNITIES
Facilitate the deployment of accessible energy and innovation in telecommunications and infrastructure	Pursue the responsible consumption of natural resources and sustainable supplies	Contribute to the development of people and local communities

ACTION

1. Develop innovative products and solutions that support improvement of the sustainability of telecommunication and energy infrastructures.
2. Boost the sale of high quality, reliable and "green" products and services.
3. Contribute to the universal dissemination of energy and telecommunications via reliable and accessible infrastructure.
4. Facilitate access to clean energy, via the development of solutions for the producers of renewable energy and support for the research into sustainable technologies.
5. Facilitate access to clean energy, via the development of solutions for the producers of renewable energy and support for the research into sustainable technologies.
6. Promote sustainable business practices between our suppliers and business partners.
7. Participate in and contribute to the socio-economic development of the communities in which the Group operates, via the adoption of an appropriate Corporate Citizenship and Philanthropy policy.
8. Promote ethical conduct and the training and professional growth of personnel, protect diversity and the rights of workers and develop a healthy workplace environment.
9. Develop effective, transparent and responsible communications with stakeholders.

The Prysmian sustainability strategy takes a long-term view that seeks constant equilibrium among three main factors:

- **ORGANIZATION**, the adoption of innovative and efficient processes.
- **OPERATION**, the responsible management of performance throughout the entire value chain.
- **PEOPLE**, the protection of individuals and the advancement of talent.

ELEMENTS UNDERLYING THE GROUP'S SUSTAINABILITY STRATEGY

SUSTAINABILITY INDICES

- DOW JONES SUSTAINABILITY INDEXES
- CDP
- STANDARD ETHICS
- FTSE4GOOD
- ECOVADIS - SUPPLIER SUSTAINABILITY RATINGS
- STOXX
- BLOOMBERG
- CLEAN 200
- MSCI
- SUSTAINALYTICS

UN SDGS

STAKEHOLDERS

Employees

Customers and Business Partners

Institutions and Governments

Universities and Research Centers

Society and Communities

Shareholders and Financial institutions

Suppliers and sub-contractors

The Prysmian Group strategy includes concrete actions that make a targeted contribution to the following UN SDGs. In particular:

MAKE CITIES AND HUMAN SETTLEMENTS INCLUSIVE, SAFE, RESILIENT AND SUSTAINABLE
Increase the percentage of cables covered by the carbon footprint calculation: to this end, a platform has been implemented that can calculate the carbon footprint of various types of cable (Common Analysis).

ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY FOR ALL
Develop innovative solutions that contribute actively to the transition towards the use of renewable sources and the digitalisation of networks, such as cables for the production and distribution of solar and wind energy, undersea cables for interconnections between countries and optical fibre cables.

TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS, REGULATING EMISSIONS AND PROMOTING THE DEVELOPMENT OF RENEWABLE ENERGY
ncrease the number of plants with environmental, health and safety management certification. Investments and other initiatives designed to reduce GHG emissions. Preparation of the new Climate Change Ambition and the definition of new Scope 1 and 2 emission-reduction targets, consistent with the COP26 Paris Agreements (SBTi).

ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS
Increase third-party audits in specific areas, such as governance, the environment and human resources.

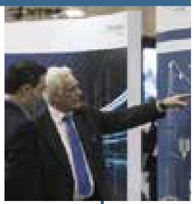
ACHIEVE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS
Increase the percentage of women in executive positions via the adoption of specific "diversity and inclusion" programmes, such as the "Side-by-Side" project for the promotion of diversity within the business, and the mentoring of female talents, such as the WLP (Women Leadership Programme). Preparation of the new Social Ambition.

STAKEHOLDER VALUE CREATION

The creation of value for stakeholders is an essential element of the ESG Identity of Prysmian.

This element is sustained by a series of activities designed to involve stakeholders throughout the entire value chain, with specific actions to promote active listening and sustainable behaviours.

Customers



Listen and engage with our customers to better serve them and to drive innovation

Actions:

- Customer satisfaction survey
- Cable App & Customer Portal

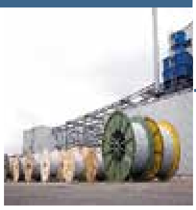
Shareholders

Public company with broad shareholders base

Actions:

- Long-term and sustainable value creation
- Shareholders' meetings and participation

Suppliers

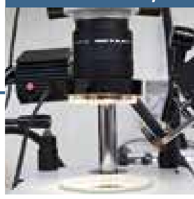


Proactively promote the decarbonization of our supply chain incorporating ESG drivers in the suppliers selection

Actions:

- ESG evaluation of suppliers base
- Sustainability audits
- CDP partnership

Schools, Universities & Research Centers



Invest and promote learning and education as a key driver of improvement and innovation

Actions:

- PG's Academy
- Local mentoring programs for 500 students

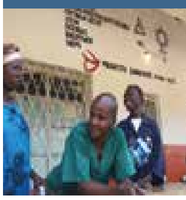
People

Create and nurture a diverse, inclusive, equal opportunities working environment where meritocracy is at the core

Actions:

- Internal projects of upskilling, mobility and workforce development
- Health & Safety focus

Local Communities



Promote and contribute to the social and economic development of the communities where we operate

Actions:

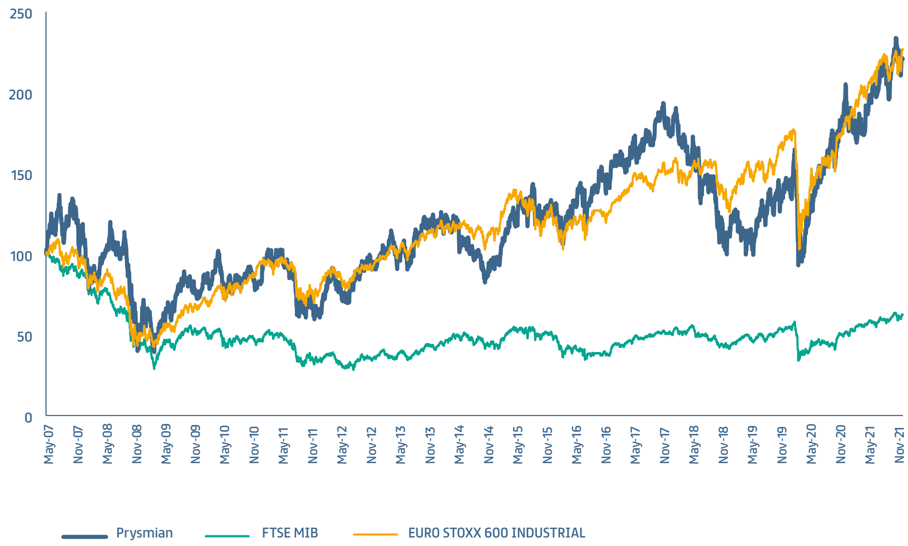
- Construction of nursery/school projects
- Donation of cables to improve local development

The creation of sustainable value for all stakeholders also depends heavily on how the supply chain is managed, with Prysmian adopting an ever more pro-active role in decarbonisation efforts by including ESG KPIs in the appraisal of suppliers. The procurement of raw materials and the performance of activities are subject to rigid sustainability policies that address their environment impact and their respect for human rights and business ethics. Particular attention is dedicated to the engagement and satisfaction of customers and all significant stakeholders, as well as to the impact of our activities on the communities in which we operate. On-time delivery in the Telecom segment is around 91%, while the Energy segment achieves about 93%.

The resilience demonstrated by the business in tackling the effects of the pandemic made it possible to defend the economic and financial strength of the Group, ensuring the creation of economic value for our shareholders.

The Prysmian stock price rose by 13.9% during 2021, closing the year at € 33.11 per share compared with € 29.08 at the end of 2020.

PERFORMANCE OF PRYSMIAN STOCK

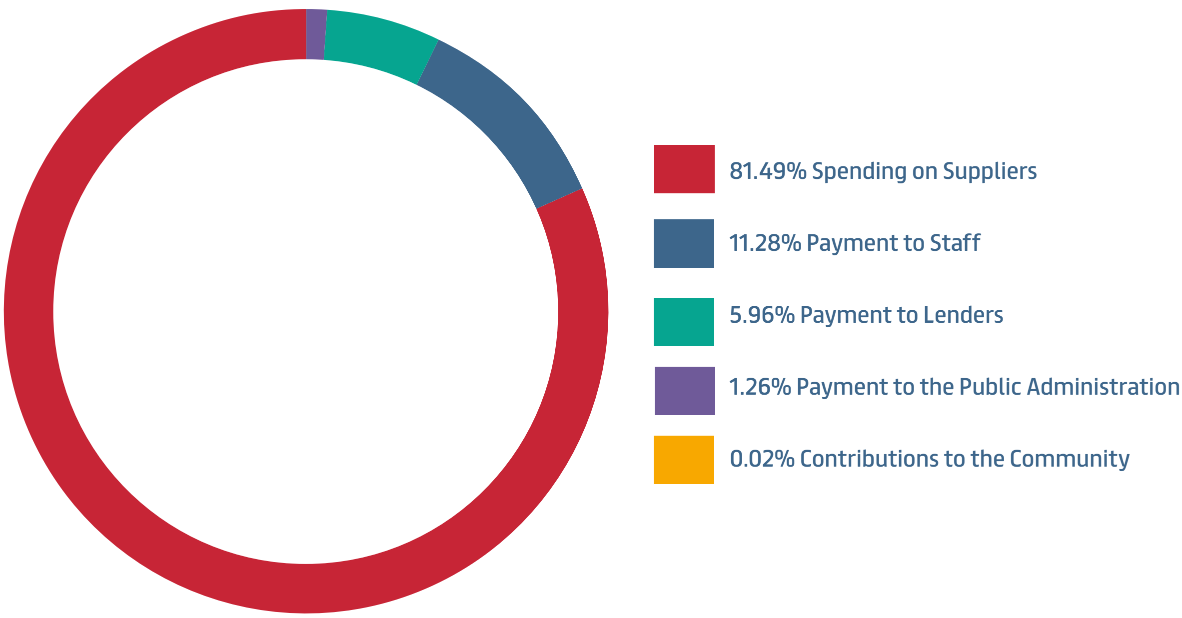


TOTAL SHAREHOLDER RETURN

+15.90%
IN 2021

+196.0%
SINCE ITS DATE OF LISTING

The economic value generated, being the overall wealth created by the Group for all stakeholders, totalled 13,484 million euro in 2021. Much of this value, 13,174 million euro, was redistributed in the form of:



NEW GROUP OBJECTIVES: CLIMATE CHANGE & SOCIAL AMBITION

We seek to become a global leader in sustainability. This ambition has caused us to establish challenging climate and social objectives that promote the transition towards a low-carbon world and a more equal and inclusive working environment.

Prysmian introduced two new strategic ambitions during 2021 that will guide the actions of the Group over the medium-long term: the climate change ambition and the social ambition. Linking the social ambition with our environmental objectives is a fundamental element of the ESG identity of Prysmian, alongside the intention of the Group to contribute actively to the energy transition, promote actively the transition towards a more equal, diversified, inclusive and rich working environment, and impact positively the development of the communities and societies in which we are present.

The climate change ambition seeks to position the Group as one of the main technological players in the transition to low-carbon energy. The climate strategy adopts "science-based" targets aligned with the requirements of the Paris Agreement, which calls for net-zero emissions within 2035 for those generated by internal activities (Scopes 1 and 2) and by 2050 for those generated by the value chain (Scope 3). In September 2021, Prysmian obtained approval for its targets from the Science-Based Target Initiative (SBTI), which is an organisation founded in 2015 to help businesses establish emission reduction objectives in line with the Paris Agreement objectives.

CLIMATE CHANGE AMBITION

- **100 MILLION EURO INVESTED** over the next ten years **TO IMPROVE THE ENVIRONMENTAL PERFORMANCE** of the Group's assets;
- **46% REDUCTION** in Scope 1 and 2 emissions, in absolute terms compared with 2019, **BY 2030** and **NET-ZERO EMISSIONS BY 2040;**
- **21% REDUCTION** in Scope 3 emissions **BY 2030** and **NET-ZERO EMISSIONS BY 2050**, based on a targeted strategy for the supply chain.

The social ambition of the Group mainly concentrates on the commitment to improve diversity, equality and inclusion (DE&I), digital inclusion, the empowerment of communities, employee engagement and upskilling. The Group promotes programmes designed to enhance the digital inclusion of all employees, eliminating at the same time discrimination based on their role or position. By adopting a pro-active approach, the Group is evolving into an organisation that recognises diversity, inclusion and gender equality at all levels, committed to facilitating the empowerment of a larger number of women, so that they can pursue further their technical and scientific positions within Prysmian.

The new targets for 2030, as better illustrated into Non-Financial Disclosure 2021, promote achievement of the social ambition objectives of Prysmian and further align the Group with the UN Social Development Goals.

GROUP STRATEGY: LEADERSHIP IN KEY SECTORS

Network infrastructures play a role of strategic importance in the great challenges posed by the energy transition and digitalisation. In detail, cable technology is a key component of infrastructure networks for power transmission and telecommunications. The crucial challenges set by the US Build Back Better Plan introduced by the Biden Administration and the European Union's Green Deal also attach great importance to infrastructural development, and thus open up significant opportunities for Prysmian Group. The Group's strategy is thus strongly focused on three main drivers:

- **ENERGY TRANSITION:** from fossil fuels to renewable resources for a low-carbon future;
- **DIGITALISATION OF THE WORLD:** channelling and transporting the explosion of big data;
- **ELECTRIFICATION OF SOCIETY:** enabling the application of electrical power throughout the world.

Supply chain efficiency and flexibility, customer proximity, technological innovation, and ongoing knowledge and skill development are the pillars of Prysmian's strategy aimed at grasping these growth opportunities. In addition, there are also other transversal factors such as the Group's financial solidity and its ability to generate resources to support investment in businesses with the greatest technological content and added value, as well as the continuous improvement of product and production process sustainability.

PRYSMIAN GROUP FOR THE ENERGY TRANSITION

Our vision and our ambition lead us into a world of cleaner energy that is more intelligent and efficient. Our technology enables us to play a key role in accelerating the energy transition, digitalisation and electrification. Here we explain why and how we seek to be a game changer for tomorrow's world..

Climate change is the main global challenge faced by humanity. 40%[1] of the world's CO_2 emissions are generated by energy production processes and a profound decarbonisation of the system is necessary. The collective response has been a call for the expansion and integration of renewables. The European Union was one of the first economies to make a formal commitment by establishing objectives for 2030, seeking to become carbon neutral by 2050 and highlighting the priority need for an integrated energy market that is both digitalised and interconnected with renewable sources. The ambition of Prysmian Group is to be a game changer in this scenario, acting as an enabler in accelerating the energy transition while, at the same time, creating business value. In fact, over the past decade it has become more economic to invest in new sources of wind or solar energy than to build new carbon-consuming plants. However, a solid and interconnected grid is essential for a complete transition to renewables, so that energy can be constantly transmitted everywhere from one place to another: from where it is produced (including offshore wind farms) to where it is consumed (communities and inhabited centres).

Power grids are the skeleton of an energy system dominated by renewables and, therefore, must be extended and strengthened in response to a net-zero world founded largely on renewable electricity, the demand for which is sure to increase with the progressive decarbonisation currently in progress.

1 Global energy-related CO_2 emissions by sector, International Energy Agency (IEA), March 2021.

In addition to the existing distribution of renewable electricity to homes and businesses, the electrification of building heating systems, the transportation sector and industrial processes will require considerable expansion of the existing grid. For example, according to the IEA outlook, the electrification of air transportation could by itself double the demand for electricity.

Prysmian supports the development of greener and more intelligent power grids, with innovative technologies that cover long distances and the ocean depths while assuring high performance, reliability and sustainability:

- **OFFSHORE WIND SOLUTIONS** bring power from sea to shore;
- **SUBMARINE CABLE SYSTEMS** go deeper and further;
- **LAND INTERCONNECTORS** bring power to where it's needed most.

PRYSMIAN GROUP FOR DIGITALISATION

The Prysmian Group seeks to be the go-to technology player, facilitating the production and transmission of cleaner, more intelligent, more efficient and more competitive energy.

Just as cables for power grids are an essential element of the energy transition, optical fibre will enable the digitalisation of society as an essential step in the development of a low-carbon economy and a new growth model.

The Group has established 3 main objectives for its role as an enabler of digitalisation:

FROM PURE CABLE SUPPLIER TO A #SOLUTIONPROVIDER

By scaling at full speed to accelerate value delivery

DIGITAL PRODUCT

Sustain growth creating & integrating software solutions at scale

LEVERAGING #DATAEXPLOITATION TO IMPROVE PRODUCT AND SERVICE QUALITY

By designing value roadmap and measuring its impact

DO MORE WITH LESS

Optimize business performance through digital solutions and automation

INVESTING IN DIGITAL TECHNOLOGY AND CULTURE TO SUPPORT A #NEWLEADERSHIP

By re-positioning our company as a digital player in the market

DIGITAL PLANKTON

Building next generation skills nurturing customers and people digital needs

THE ROLE OF CABLES

With a view to facilitating the ever more efficient development of sustainable and integrated grids, Prysmian Group strives constantly to improve the performance of its terrestrial and submarine HV cables.

The five main research objectives of Prysmian Group are:

1. Make cables that can be installed at ever greater depths and in any marine environment, even reaching a depth of 3,000 metres, partly as a result of lighter reinforcements.
2. Link countries that are far apart or cable the floating wind farms located far offshore, in windy areas that provide a constant flow of electricity, using ever longer interconnections.
3. Increase the intrinsic reliability of cables, limiting their dispersion, and equipping them with sensors capable of monitoring the system.
4. Increase cable productivity, contributing to a significant reduction in system installation costs. Higher performance and more reliable cables help to optimise installation costs.
5. Ensure ever greater levels of flexibility in the use of optical fibres without degrading the signal quality. The 5G challenge requires the market to make an infrastructure effort almost without historical precedent.

CORPORATE GOVERNANCE

Effective and efficient, in order to create long-term sustainable value and produce a virtuous circle with business integrity at its core.

Prysmian is aware of the importance of a good system of corporate governance system in achieving strategic objectives and creating long-term sustainable value, by ensuring governance that is effective in complying with the legal and regulatory framework, efficient in terms of cost-effectiveness, and fair towards all the Group's stakeholders.

Accordingly, Prysmian Group keeps its corporate governance system constantly in line with latest recommendations and regulations, adhering to national and international best practices.

In addition, the Group has adopted principles, rules and procedures that govern and guide the conduct of activities by all its organisational and operating units, as well as ensuring that all business transactions are carried out in an effective and transparent manner.

Once again in 2021, Prysmian continued to abide by Italy's Corporate Governance for listed companies, approved by the Corporate Governance Committee[1]. During the year ended 31 December 2021, the Board of Directors evaluated a number of actions to comply with the new recommendations introduced in the latest edition of the Corporate Governance Code, applicable from the first financial year beginning after 31 December 2020 and, therefore, with related disclosures in the Corporate Governance Report to be published in 2022.

Further information about:

- compliance with the principles and recommendations of the Corporate Governance Code and the reasons for any non-compliance with one or more of its provisions and;
- any corporate governance practices actually applied by the Company over and above its obligations under laws or regulations can be found in the "Report on Corporate Governance and Ownership Structure", approved by the Board of Directors and available in the Company/Governance section of the official website at www.prysmiangroup.com.

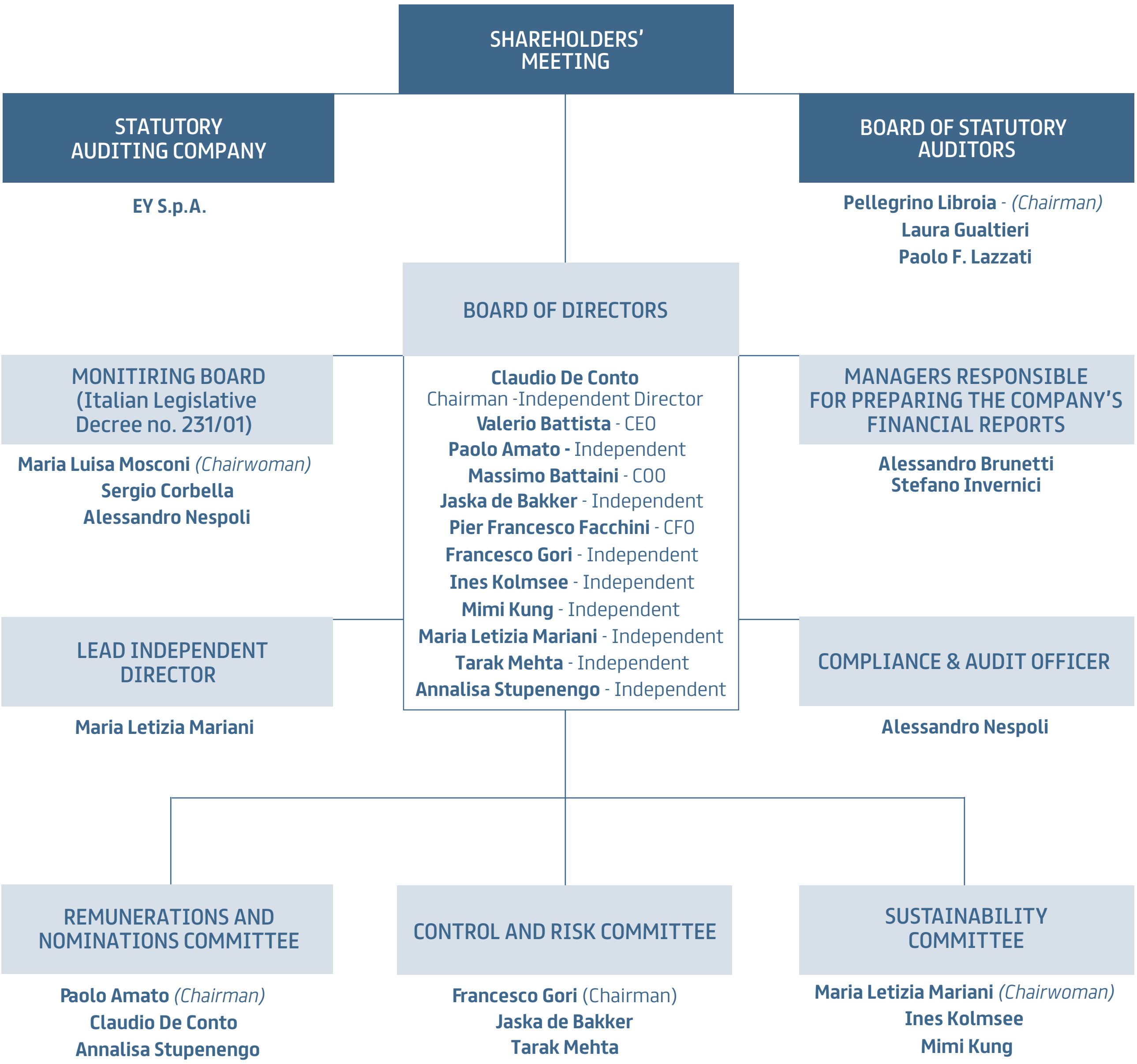
1 Italy's Corporate Governance Code for Listed Companies - January 2020 edition - approved by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.

CORPORATE GOVERNANCE STRUCTURE

The model of governance and control adopted by Prysmian is the traditional one, with the presence of a general meeting of the shareholders, a Board of Directors and a Board of Statutory Auditors. Prysmian's corporate governance structure is based on the central role of the Board of Directors (as the most senior body responsible for managing the company in the interests of shareholders) in shaping strategy, in ensuring the transparency of the decision-making process and in establishing an effective system of internal control and risk management, including decision-making processes for both internal and external affairs.

An overview of the Company's corporate governance structure at 31 December 2021 now follows, along with a description of its main features.

GOVERNANCE STRUCTURE



In compliance with the provisions of art. 14 of the By-laws, the Company is currently managed by a Board of Directors consisting of twelve members - who will remain in office until the date of the annual general meeting called to approve the financial statements for the year ended 31 December 2023 - of whom nine are non-executive. At 31 December 2021, seven of the Directors were men and five women, with five of them in the 45-55 age bracket and seven in the over 55 bracket.

The Board of Directors is vested with the broadest possible powers of ordinary and extraordinary management of the business, except those which by law are the exclusive prerogative of the shareholders in general meeting. In line with the recommendations of the Corporate Governance Code, the non-executive Directors are sufficiently numerous and have enough authority to ensure that their judgement carries significant weight in Board decision-making. Eight of the non-executive Directors are independent within the meaning of art. 148, par. 3 of Italian Legislative Decree 58 dated 24 February 1998 (known as the Unified Finance Act) and of art. 2 recommendation no. 7 of Italy's Corporate Governance Code, while one non-executive Director is independent within the meaning of art. 148, par. 3 of the Unified Finance Act. The Board of Directors has identified a Chief Executive Officer from among its members and granted him all the authority and powers of ordinary management of the company necessary or useful for conducting its business.

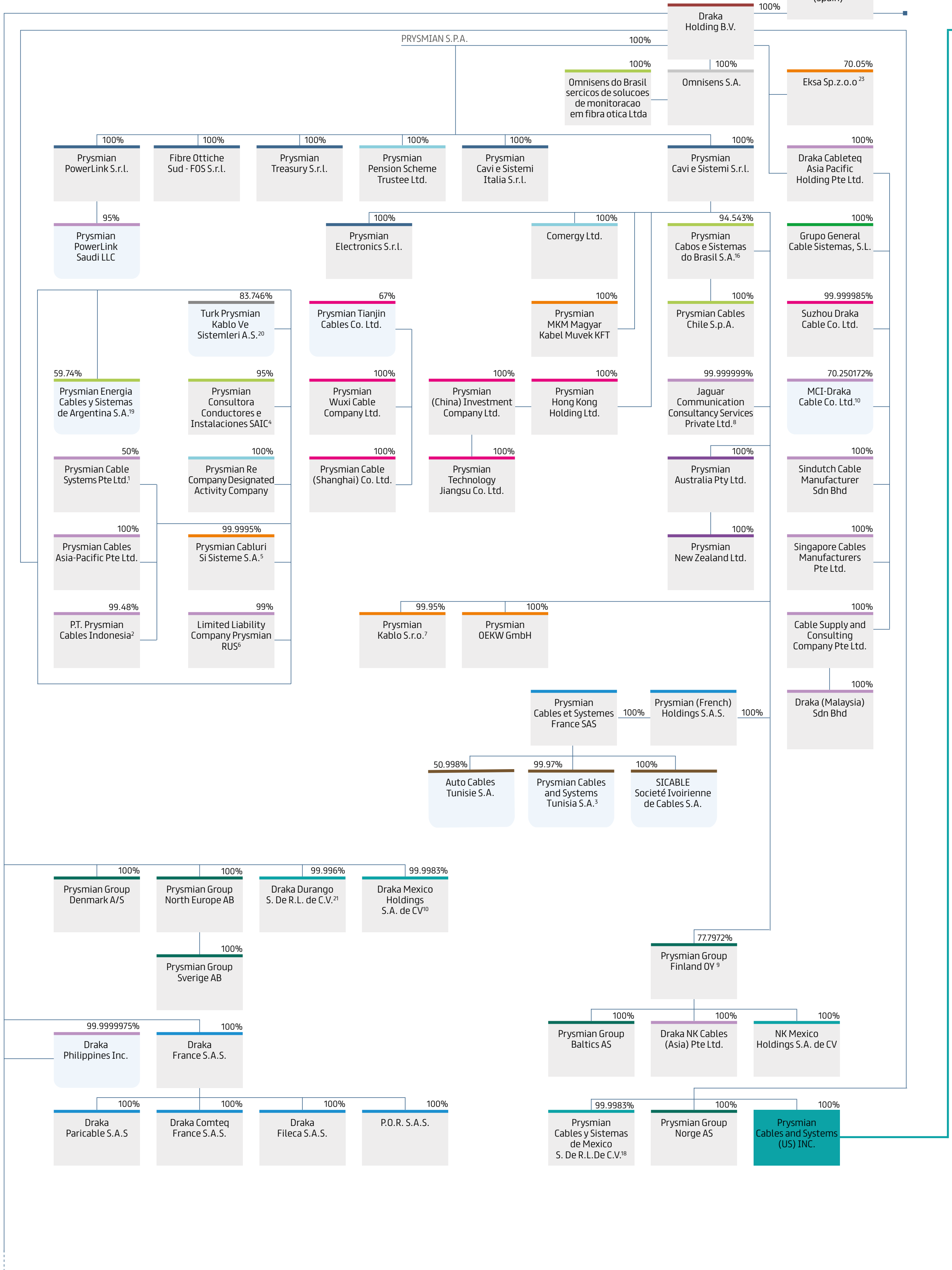
Management of the business is the responsibility of the Directors, who carry out those activities necessary to implement the corporate purpose. The Board of Directors is also responsible for the Group's internal control and risk management system, requiring it to verify the system's adequacy and adopt specific guidelines; in so doing the Board acts with the support of other bodies involved in the internal control and risk management system, namely the Control and Risks Committee, the Director in charge of the internal control and risk management system, the Chief Audit & Compliance Officer, the Board of Statutory Auditors and the Managers responsible for preparing company financial reports.

Completing the Prysmian corporate governance structure is a Remuneration and Nominations Committee, a Sustainability Committee and a Monitoring Board instituted under Legislative Decree 231/2001.

Further information regarding (i) the corporate governance system of Prysmian S.p.A. (ii) its ownership structure, as required by art.123-bis of Italy's Unified Finance Act and (iii) Directors' disclosures about directorships or statutory auditor appointments held in other listed or relevant companies, can be found in the "Report on Corporate Governance and Ownership Structure", prepared in accordance with art. 123-bis of the Unified Finance Act and available in the Company/Governance section of the official website at www.prysmiangroup.com.

CORPORATE STRUCTURE

The companies consolidated on a line-by-line basis at 31 December 2021 are presented below:



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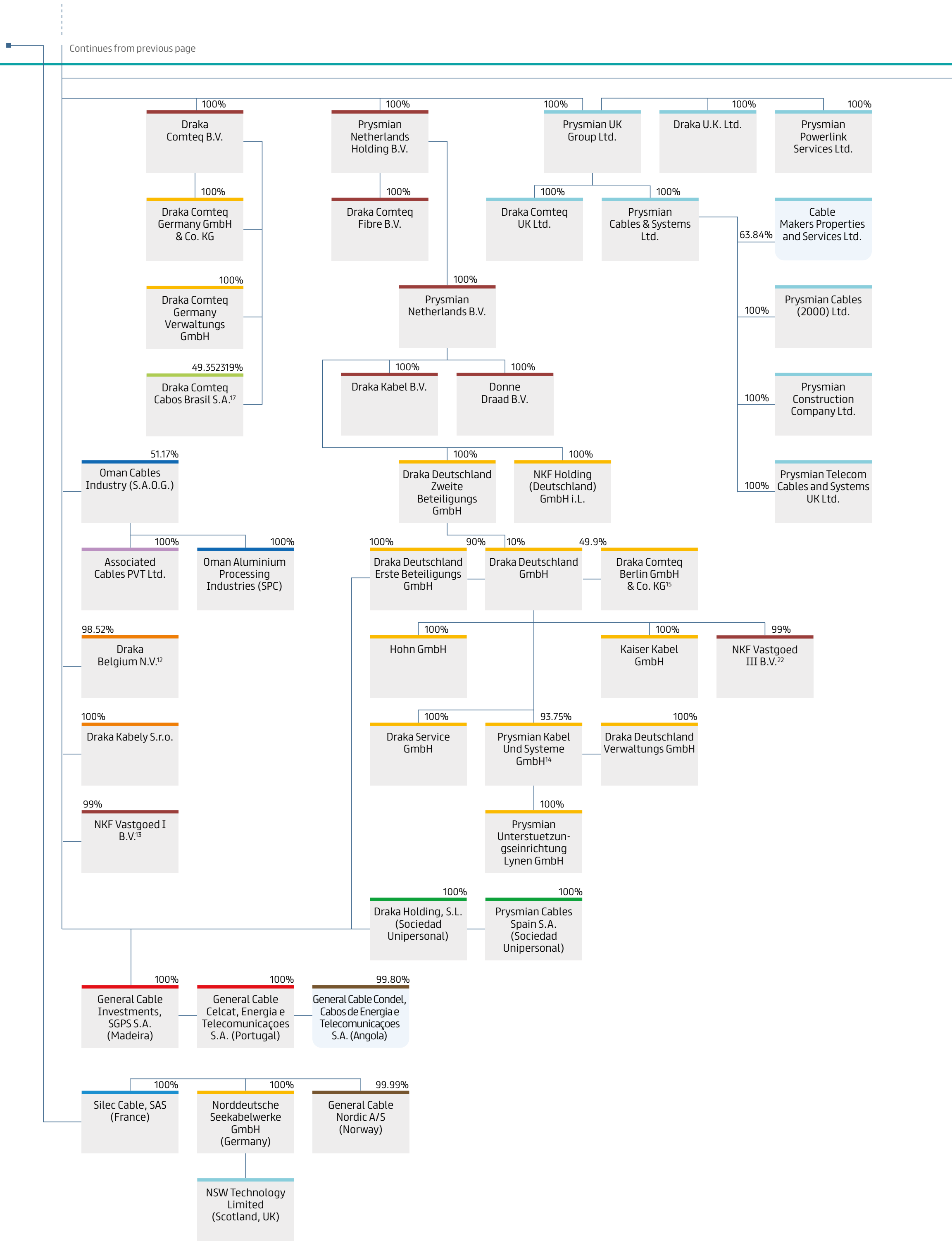
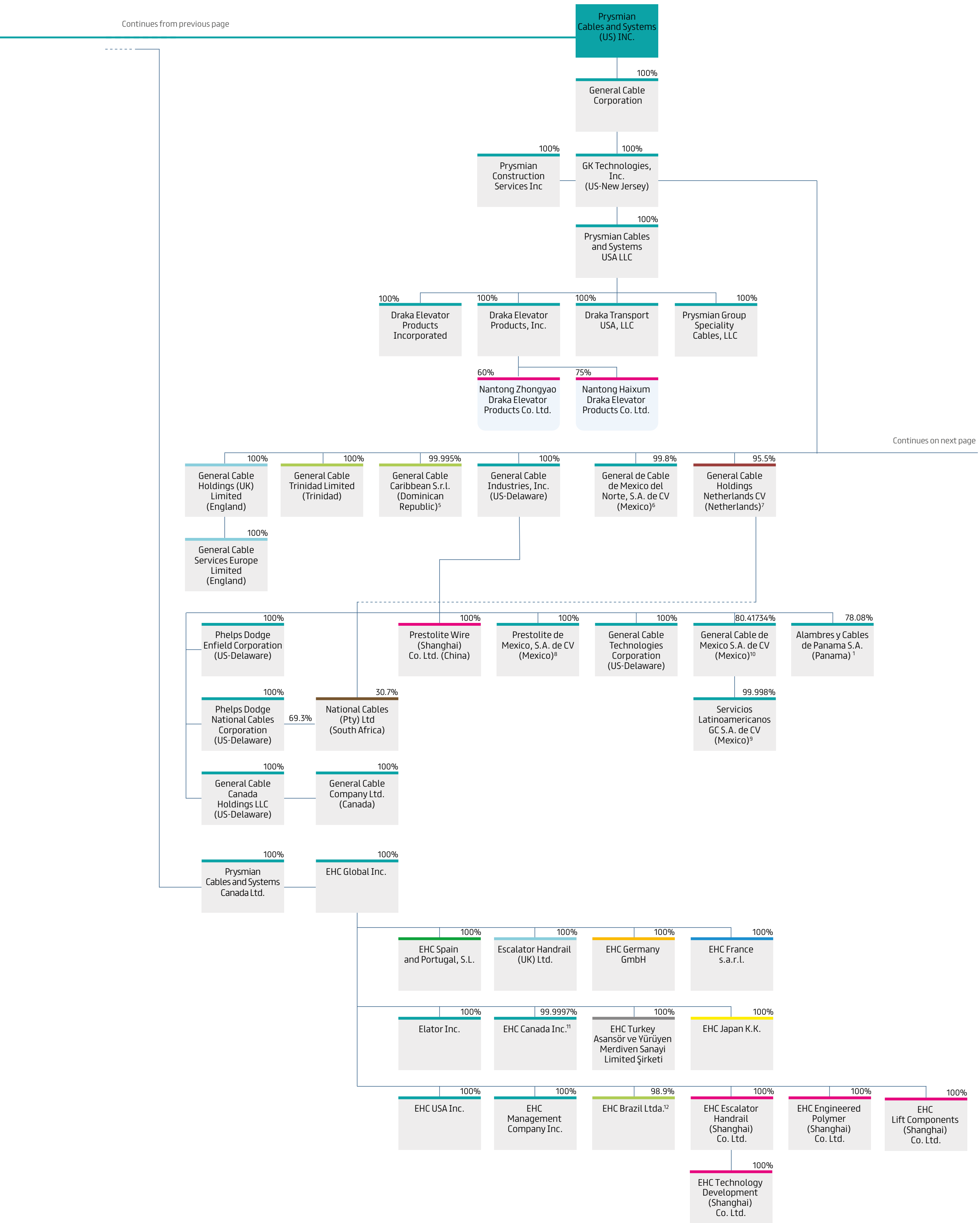


1. Prysmian Cables & Systems Ltd. 50%
2. Prysmian Cavi e Sistemi S.r.l. 0.52%
3. Prysmian (French) Holdings S.A.S. 0.005%
   Prysmian Cavi and Sistemi S.r.l. 0.005%
4. Prysmian Cavi and Sistemi S.r.l. 5%
5. Prysmian Cavi and Sistemi S.r.l. 0.0005%
6. Prysmian Cavi and Sistemi S.r.l. 1%
7. Prysmian S.p.A. 0.005%
8. Prysmian S.p.A. 0.000001%
9. Draka Comteq B.V. 2.27%
   Draka Holding B.V. 19.9301%
10. Draka Comteq B.V. 0.000002%
11. Draka (Malaysia) Sdn Bhd 0.000023%,
    Sindutch Cable Manufacturer Sdn Bhd 0.000023%
    Singapore Cables Manufacturers Pte Ltd 0.000023%
12. Draka Kabel B.V. 1.48%
13. Prysmian Netherlands B.V. 1%
14. Prysmian S.p.A. 6.25%
15. Prysmian Netherlands B.V. 50.10%
16. Prysmian S.p.A. 0.026882%
    Draka Holding B.V. 1.129032%
    Draka Comteq B.V. 4.301075%
17. Prysmian Cabos and Sistemas do Brasil S.A. 50.647681%
18. Draka Mexico Holdings S.A. de CV 0.0017%
19. Prysmian Cabos and Sistemas do Brasil S.A. 0.11%
    Prysmian Consultora Conductores e Instalaciones SAIC 40.01%
20. Turk Prysmian Kablo Ve Sistemleri A.S 0.4614%
21. Draka Holding B.V. 0.004%
22. Prysmian Netherlands B.V. 1.00%
23. Prysmian Cavi e Sistemi S.r.l. 29.95%



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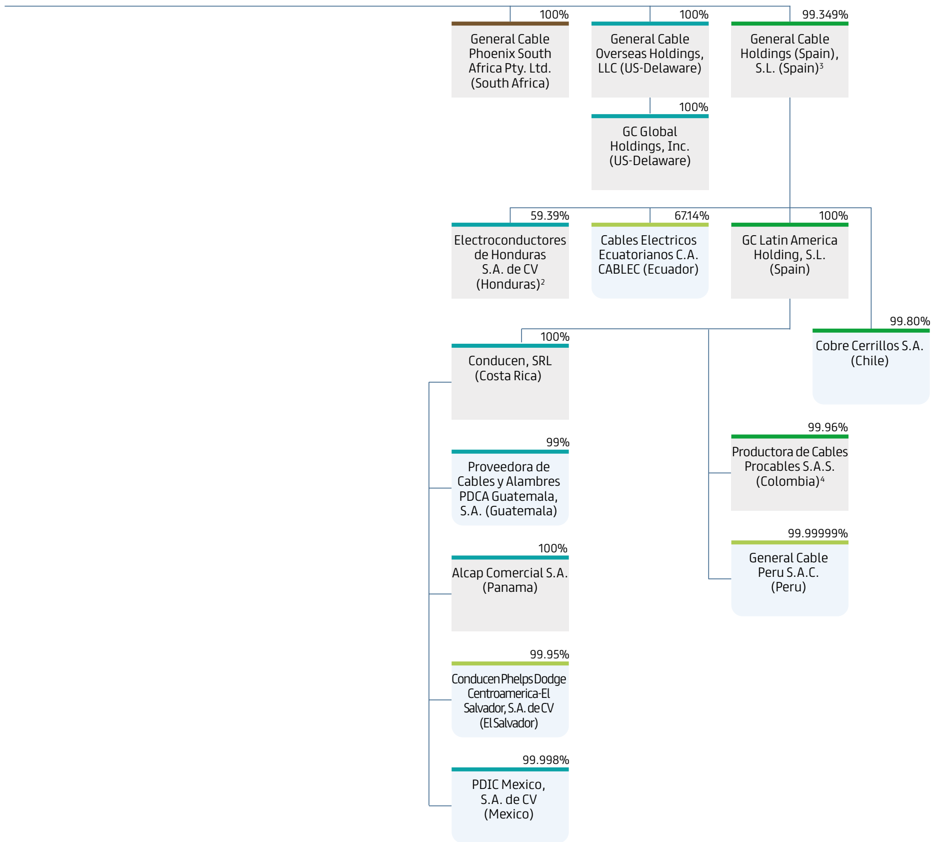
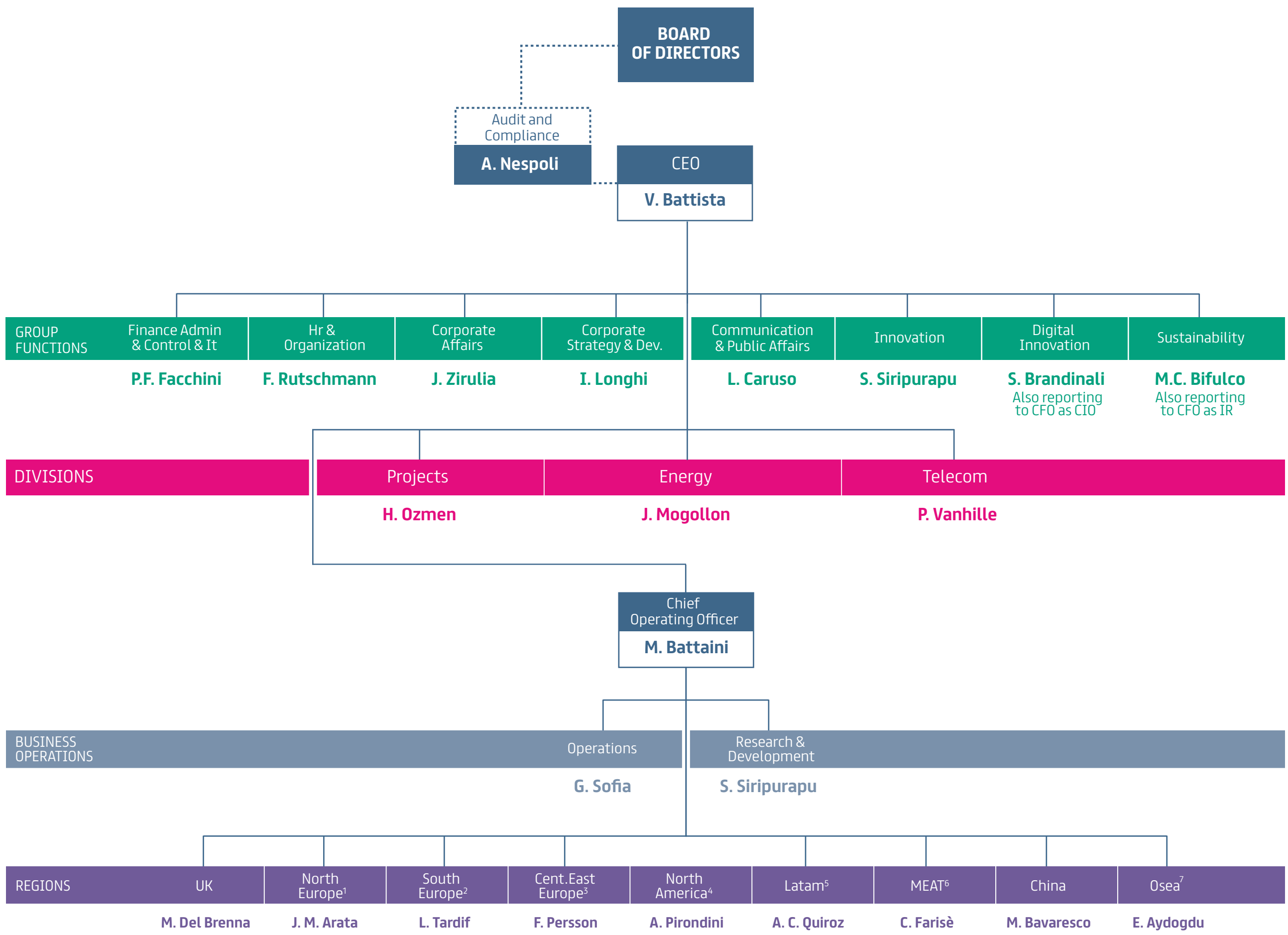


1. GC Latin America Holdings, S.L. 21.92%
2. GC Latin America Holdings, S.L. 40.61%
3. General Cable Overseas Holdings, LLC 0.6510%
4. GK Technologies, Incorporated 0.04%
5. General Cable Industries, Inc. 0.005%
6. General Cable Industries, Inc. (US-Delaware) 0.2%
7. GC Global Holdings, Inc. (US-Delaware) 1%
   Phelps Dodge National Cables Corporation (USDelaware) 3.5%
8. GK Technologies, Incorporated 0.20%
9. General Cable Technologies Corporation (US-Delaware) 0.002%
10. General Cable Technologies Corporation 0.00000015%
    GK Technologies, Incorporated 0.00000015%
    Conducen, S.R.L. 19.58266361%
11. Prysmian Cables and Systems Canada Ltd. 0.0003%
12. EHC Canada Inc. 1.1%

ORGANIZATIONAL CHART OF THE GROUP*

Strategic appointments for success.

Headed by Valerio Battista, Prysmian Group is characterised by a dedication to open and transparent business practice, enshrined in the Code of Ethics and spearheaded by key experts who inspire market confidence.



* The organisation chart presented reflects the organisational structure in January 2022.

1 NORTH EUROPE: Estonia, Finland, Russia, Scandia (Norway, Denmark and Sweden), Netherlands.
2 SOUTH EUROPE: Belgium, France, Italy, Portugal, Spain, Tunisia, Côte d'Ivoire and Angola.
3 CENTRAL EAST EUROPE: Austria, Czech Republic, Hungary, Germany, Romania, Slovak Republic.
4 NORTH AMERICA: Canada, USA.
5 LATAM: Argentina, Brazil, Central America, Chile, Mexico, Peru, Colombia, Ecuador.
6 MEAT: Oman, Turkey, India.
7 OSEA: Australia, New Zeland, Malaysia, Indonesia, Philippines, Singapore, Thailand.

TOP MANAGER

Directors

VALERIO BATTISTA
Managing Director and Group Chief Executive Officer.

Born in Arezzo on 8 January 1957. With a degree in Mechanical Engineering from the University of Florence, Valerio Battista is a manager with extensive skills and experience built up in the industrial sector over 30 years, first with the Pirelli Group and then with the Prysmian Group, where he took the helm in 2005. His earlier roles within the Pirelli Group gave him increasing responsibilities, including the restructuring and reorganisation of Pirelli Cables in the period 2002-2004. As a result, the division became one of the sector's most profitable and competitive businesses. He then played a key role in the 2005 creation of the Prysmian Group, which obtained a stock exchange listing in 2007. The Group of which he is currently CEO is a world leader in the supply of power and telecom cables, with about 29,000 employees and 108 plants worldwide. He was the Chairman of Europacable from June 2014 to March 2019 and has been the Lead Independent Director at Brembo S.p.A. since April 2017. Valerio Battista became an Executive Director of the Company in December 2005. With reference to his current mandate, he was elected on 28 April 2021 from the list presented by the Board of Directors, which obtained the majority of the votes cast at the Shareholders' Meeting.

MASSIMO BATTAINI
Executive Director and Chief Operating Officer Prysmian Group.

Born in Varese on 1 August 1961. Graduated in Mechanical Engineering from Politecnico in Milan has an MBA from SDA Bocconi. His career in the Pirelli Group began in 1987 where, over a period of 18 years, he held various positions in R&D and Operations. After leading the Business Development department from 2000 to 2002, with responsibility for the Tyres, Power Cables and Telecom Cables businesses, he was appointed as the Pirelli Group Operations Director for Power Cables and Telecom Cables. In 2005 he was appointed CEO of Prysmian UK and in January 2011 Chief Operating Officer of the Group, a position he held until 2014 when he assumed the role of Business Energy Project Manager and President and CEO of Prysmian PowerLink Srl, a position held until the month of June 2018. From June 2018 to February 2021 he held the position of CEO of the North America region, before taking on the role of Chief Operating Officer of the Prysmian Group. He has been a member of the Company's Board of Directors since February 2014. With reference to the current mandate, he was elected on 28 April 2021 from the list presented by the Board of Directors, which obtained the majority of votes at the Shareholders' Meeting.

PIER FRANCESCO FACCHINI
Executive Director and Chief Financial Officer.

Born in Lugo (RA) on 4 August 1967. He has been Prysmian Group CFO since January 2007. Graduated from Milan's Bocconi University in 1991 with a degree in Business Economics. His initial work experience was gained at Nestlè Italia, where he held various roles in the Administration and Finance area from 1991 to 1995. Between 1995 and 2001 he worked for several companies within the Panalpina group, including as Regional Financial Controller for the Asia and South Pacific area and as Administration, Finance and Control Manager at Panalpina Korea (Seoul) and at Panalpina Italia Trasporti Internazionali S.p.A. In April 2001 he become the Finance and Control Director of the Consumer Services BU at Fiat Auto, which he left in 2003 on appointment as the CFO of Benetton Group, where he stayed until November 2006. Facchini joined the Board of Directors of the Company in February 2007. With reference to his current mandate, he was re-elected on 28 April 2021 from the list presented by the Board of Directors, which obtained the majority of the votes cast at the Shareholders' Meeting.

Senior Manager

JUAN MOGOLLON
Executive Vice President Energy Division.

Before joining Prysmian, He spent 2 years at General Cable as Senior Vice President of General Cable Latin America. Prior to joining General Cable, Mogollon served as President of Emerging Markets at Tyco International, and President of Security Services for United Technology in Europe. Mogollon started his career at General Electric where he held various global leadership positions, including Global Commercial Director for GE Capital Equipment Services; Commercial Director for GE Consumer & Industrial in Europe; General Manager for Global Services of GE Healthcare; and Managing Director for GE Medical Systems Brazil. He has a bachelor's degree in Nuclear Engineering from the University of Arizona and a master's degree in Mechanical Engineering from the University of California at Berkeley.

PHILIPPE VANHILLE
Executive Vice President Telecom.

Philippe Vanhille has been EVP Telecom Division since May 2013. After graduating in 1989 with a degree in Mechanical Engineering from Lyon University (France), he commenced his professional career as a Research Engineer, working on the development of Renault's Formula 1 programme, before moving to the cables sector in 1991 with Alcatel Cable. Over a period of two decades he held various Operations and General Management positions in the cables industry, with Alcatel and Draka, and then in copper and optical fibre cables for the power and telecom sectors. At the time of the Prysmian-Draka merger he was responsible for Draka's Optical Fibre BU and then held the same position within the Prysmian Group until his appointment as EVP Telecom Division.

HAKAN OZMEN
Executive Vice President Projects.

Hakan Ozmen has been Executive Vice President Projects Business and Chief Executive Officer at Prysmian Powerlink Srl since June 2018. After graduating as Industrial Engineer, he began his career in 1993 as Internal Audit Manager and Corporate Secretary at Siemens AS in Istanbul. In August 1999, Hakan achieved an MBA at Yeditepe University in Istanbul. He joined Pirelli SpA in September 1999, whose activities were Internal Audit Management for the region EMEA and completed audits in Germany, Italy, Finland, UK, Turkey, Romania and Check Republic. In January 2001, Hakan became Chief Financial Officer & Board Member at Turk Pirelli in Istanbul and later becoming President. After holding the position of Global Director of Prysmian Telecom at Prysmian Cavi & Sistemi for two years, he was President & Chief Executive Officer of North America at Prysmian Group from 2011 to May 2018.

Prysmian and the financial markets

OWNERSHIP STRUCTURE

Prysmian Group has been a public company in all respects for many years: its free float is equal to 100% of capital, of which over 80% is held by institutional investors..

LThe listing of Prysmian's ordinary shares, resulting from the sale of 46% of the shares held by the Goldman Sachs Group Inc., took place on 3 May 2007 at a price of Euro 15.0 per share, corresponding to a capitalisation of Euro 2.7 billion. Subsequent to the listing, The Goldman Sachs Group, Inc. gradually reduced its interest in the Company, control of which was acquired in July 2005, by placing the remaining 54% of the shares with institutional and selected investors in several successive stages:

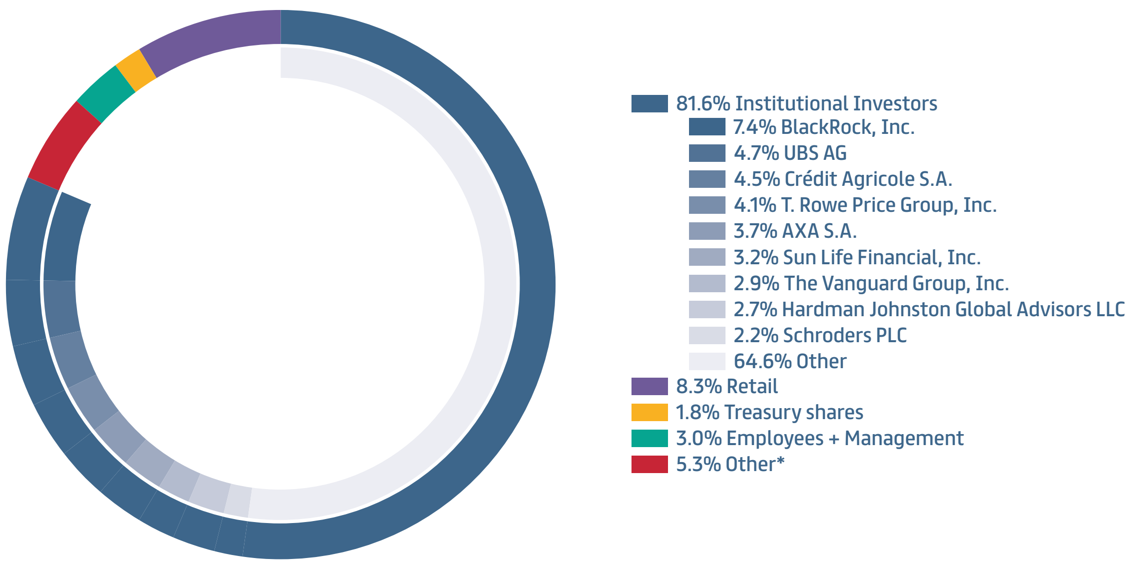
1. approx. 22% in November 2007,
2. approx. 14% in November 2009,
3. approx. 17% in March 2010.

Valerio Battista, Prysmian's Chief Executive Officer, announced on occasion of the last sale that he had purchased 1,500,000 shares, corresponding to around 0.8% of share capital and taking his total shareholding to 1.2%, which he has raised to approximately 1.5% during the course of subsequent years.

At 31 December 2021, the Company's free float was equal to 100% of the outstanding shares and significant shareholdings (in excess of 3%) accounted for approximately 28% of total share capital, meaning there are no majority or controlling interests. Prysmian is now one of Italy's few globally present industrial concerns to have achieved true Public Company status in recent years.

As at 31 December 2021, the share capital of Prysmian S.p.A. amounts to Euro 26,814,424.60, comprising 268,144,246 ordinary shares with a nominal value of Euro 0.1 each. The ownership structure at that date is indicated below.

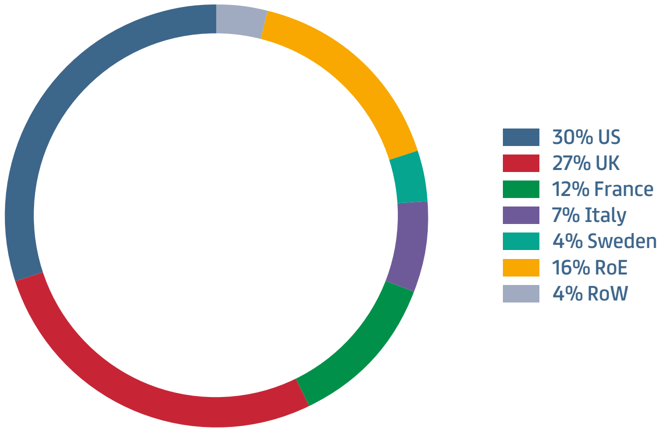
SHARE OWNERSHIP BY TYPE AND SIGNIFICANT SHAREHOLDERS



Source: Nasdaq, December 2021

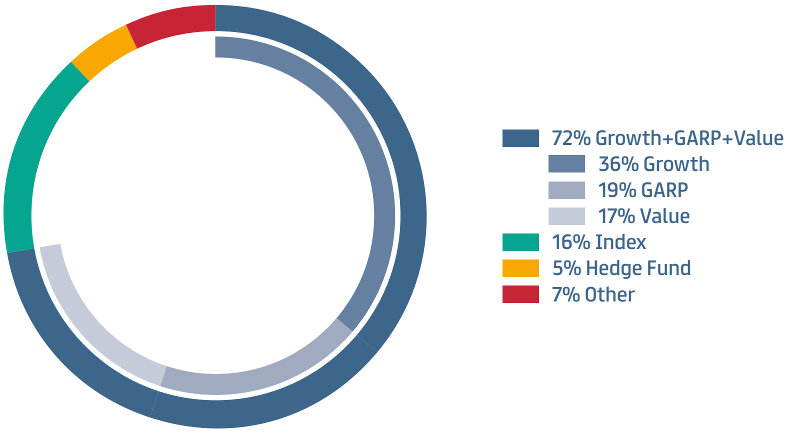
(*) Mainly comprises shares held by non-institutional investors and by third-party holders of shares for trading purposes.

INSTITUTIONAL INVESTORS BY GEOGRAPHICAL AREA



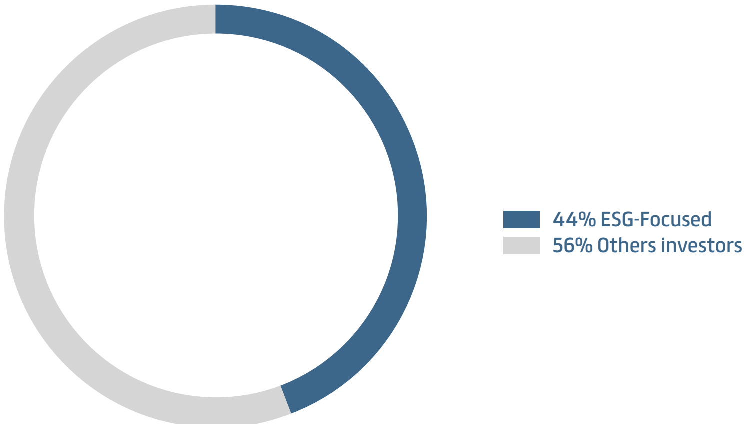
Source: Nasdaq, December 2021

INSTITUTIONAL INVESTORS BY INVESTMENT STYLE



Source: Nasdaq, December 2021

ESG INSTITUTIONAL INVESTORS



Source: Nasdaq, December 2021

The geographical ownership structure confirms the predominant and essentially stable presence of the United States, with 30% of capital held by institutional investors, followed by the United Kingdom with 27%, up from about 25% in the prior year. The weightings of France and Northern Europe, where investor awareness about ESG matters is generally greater, are also continuing to increase. At the end of 2021, France and Northern Europe contribute about 12% and 8% of all institutional investors, compared with 11% and 7% respectively in the prior year. In the meantime, the weighting of Italy has eased from 8% to 7%. The combined weighting of the other European countries is about 12%, down from 14% in the prior year. Among the main countries, Germany and Ireland have increased their weightings, while those of the Netherlands, Spain and Switzerland have decreased. There has also been a slight decline in the proportion of Asian investors (principally Japan and Hong Kong).

Overall, about 72% of capital is held by investment funds with Value, Growth or GARP (Growth at Reasonable Price) strategies. They anticipate the creation of value over the medium-long term and consider the current share price to be undervalued given the prospects offered by the fundamentals of the Company. With respect to 2020, there has been a slight increase in the number of shareholders adopting an Index investment (or passive) strategy, based on the main stock indices, while the weighting of the Hedge Fund component - with a shorter time horizon - has increased slightly to 5% from 4% in the prior year.

ESG investors have also established an important and growing presence within the ownership structure of Prysmian, focusing their investment strategies on various Environmental, Social and Governance matters. Indeed, their weighting within the Prysmian ownership structure has increased substantially over the past 3 years, rising from about 13% in 2019 to 35% in 2020 and over 44% now. According to the latest Nasdaq data, this percentage is well above average for both the industrial sector and the Italian market, which is around 30% of all institutional investors. In absolute terms, Prysmian currently has 185 ESG investors, up strongly from 138 in the prior year and 55 just three years ago.

The increase in these investors within the ownership structure reflects not only the general growth of ESG investment, due to greater investor awareness about environmental, social and governance matters, but also market recognition of Prysmian's strategy and firm commitment to the steady improvement of both the ESG and financial aspects of its performance. In addition, the greater attention paid to ESG investors and constant engagement with them by the Company and top management - with various organised activities, the Sustainability Day and dedicated meetings - have contributed to the further increase in their weighting within the ownership structure of the Company.

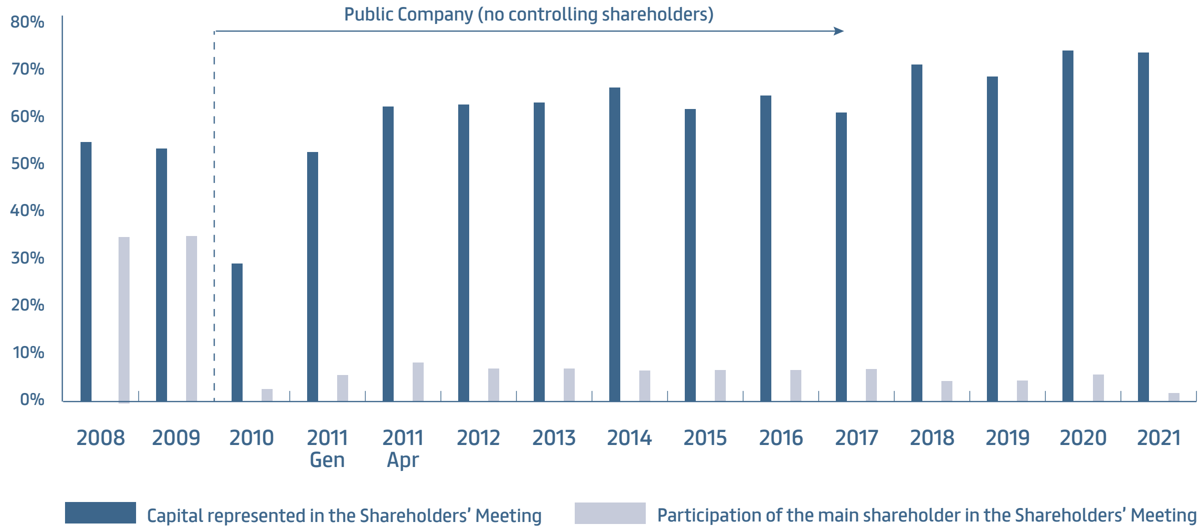
SHAREHOLDERS' MEETING

In total, 65.8% of share capital was represented at the Annual General Meeting, with 1,819 shareholders present by proxy.

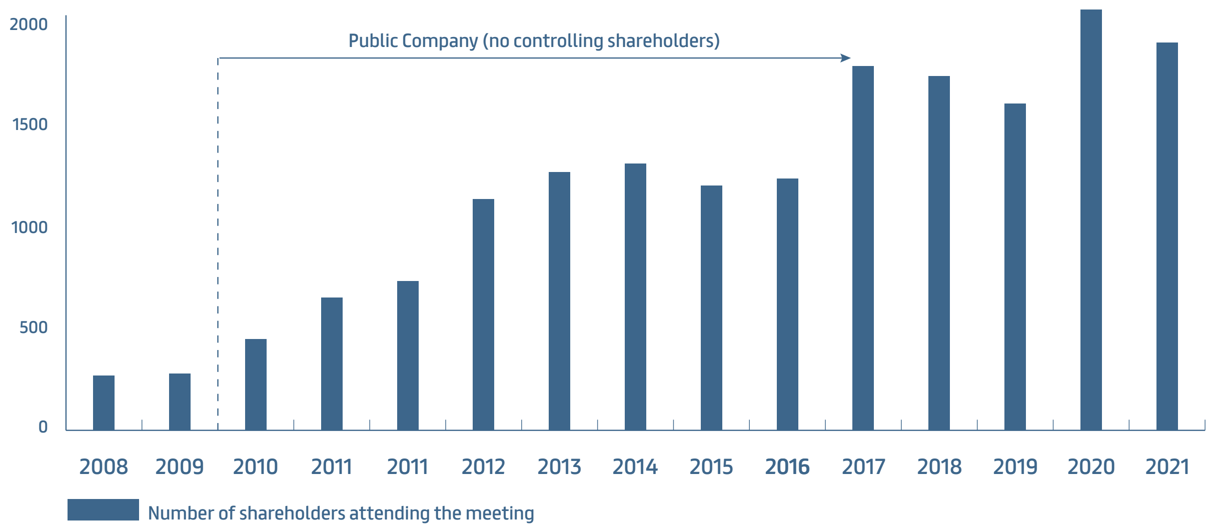
On 28 April 2021 the Shareholders' Meeting of Prysmian S.p.A., held in first and only calling, discussed and resolved on several items on the agenda, including approval of the 2020 financial statements, allocation of the profits for the year and the distribution of dividends, renewal of the administrative body with the appointment of directors and the fixing of their remuneration, authorisation for the purchase and use of treasury shares, extension of the share ownership plan in favour of employees, approval of the remuneration policy, consultation on the report on remuneration paid and authorisation for the convertibility of an equity-linked bond. The Meeting, attended by proxy by 1,819 shareholders representing 65.8% of share capital, approved every item on the agenda by large majorities.

The Annual General Meeting also approved the declaration of a dividend of Euro 0.50 per share. The dividend was paid on 26 May 2020, involving a total pay-out of approximately Euro 132 million.

SHAREHOLDERS' MEETING: REPRESENTED CAPITAL



SHAREHOLDERS' MEETING: NUMBER OF PARTICIPANTS PRESENT OR REPRESENTED



FINANCIAL CALENDAR	
1 March 2022	Approval of the draft financial statements and consolidated financial statements as of 31 December 2021
12 April 2022	Shareholders' Meeting to approve the Annual Report as of 31 December 2021
12 May 2022	Approval of the quarterly financial report as of 31 March 2022
28 July 2022	Approval of the half-year financial report as of 30 June 2022
10 November 2022	Approval of the quarterly financial report as of 30 September 2022

FINANCIAL MARKET PERFORMANCE

2021 was a good year for financial markets, buoyed by accommodative central bank policies and sweeping economic support packages adopted in the major global economic areas. On the whole, developed country markets performed better than emerging ones.

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. The Prysmian stock has since entered the principal world and sector indexes, including the Morgan Stanley Capital International index and the Stoxx Europe 600, made up of the largest companies by capitalisation, and the FTSE4Good, composed of a selected basket of listed companies that demonstrate excellent Environmental, Social and Governance (ESG) practice. Since 2019, Prysmian Group has also been included in the Dow Jones Sustainability World index, one of the most important international sustainability indexes for tracking ESG performance.

The main European stock indexes performed well in 2021, buoyed by accommodative central bank policies and the sweeping economic support packages adopted in the various countries. The main French index (CAC 40) was the top performer at +28.9%, followed by the Italian index (FTSE MIB) at +23.0%. The Spanish index (IBEX 35) saw the smallest gains at +7.9%, while the German index (DAX) and the UK index (FTSE 100) had fairly similar performances of +15.8% and +14.3% respectively. Overall, the Stoxx Europe 600 gained 22.2%, with banking, technology, media and industrial goods among the best performers. At the opposite end of the scale, with a less brilliant but still positive performance, were the telecommunications, utilities and travel & entertainment sectors. US equity markets also performed well in 2021, with all three major indexes reporting substantial gains: S&P 500 +26.9%; Nasdaq Composite +21.4% and Dow Jones Industrial +18.7%.

Emerging country equity markets turned in generally weaker performances than those in developed countries. The Brazilian index (Bovespa) lost 11.9%, while in China, the Shanghai Composite index added 4.8% and the DJ Shenzen 7.6%. In Hong Kong, the Hang Seng index recorded one of the worst performances among the major world stock indexes, at -14.1%.

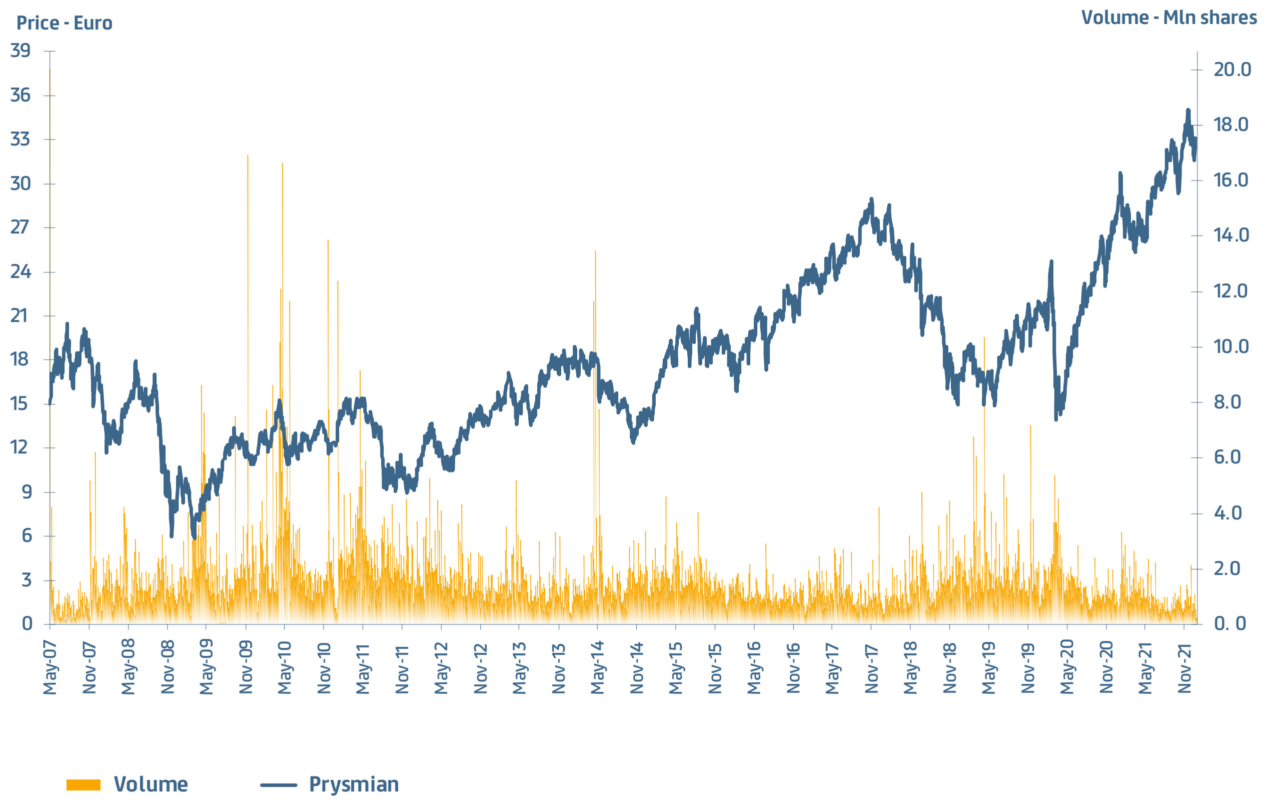
The Prysmian stock gained 13.9% in 2021, closing the year at Euro 33.11 per share versus Euro 29.08 at the end of 2020. This performance followed in the wake of gains of 27.4% in 2019 and 35.3% in 2020, taking total growth in the past three years to +96.3%. Over the same period (i.e. the last three years), Prysmian not only outperformed the Italian market, whose FTSE MIB index climbed by +49.2%, but also that of the European benchmark sector (Capital Goods Industrial Services), whose STOXX Europe 600/Industrial Goods & Services index grew by +75.0%.

The average share price was Euro 29.87 in 2021, up from Euro 21.81 in 2020. Including dividend pay-outs, the Total Shareholder Return (TSR) offered by the Prysmian stock was +15.9% in 2021 and +196% since its original listing date. Excluding the contribution of dividends and so just considering the change in price, the performance was +13.9% in 2021 and +115.5% since the listing date.

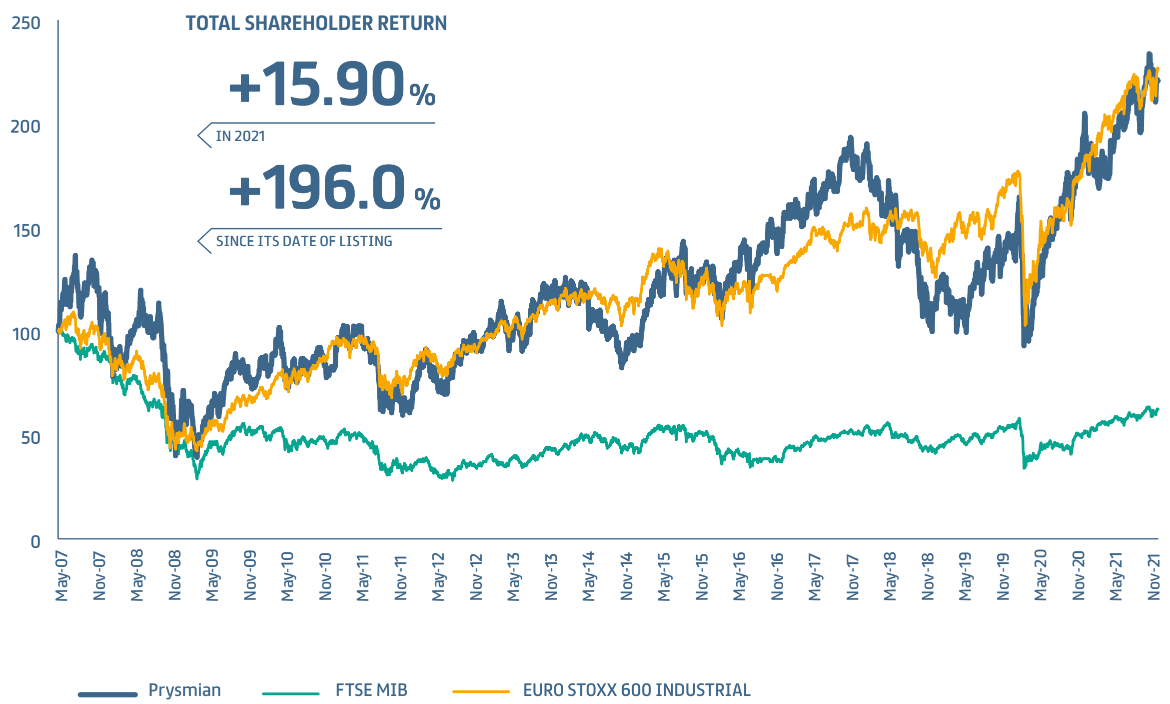
Looking at the share price performance over the four quarters of 2021, this was particularly strong in the second and fourth quarters, also supported by the Group's excellent order intake for its Projects segment, with the award of several major contracts in the US, such as the SOO Green HVDC Link, a mega underground power transmission line worth approximately USD 900 million, cable systems for the following three offshore wind farms: Coastal Virginia Offshore Wind Farm (Euro 630 million), Commonwealth Wind (USD 580 million) and Park Wind City (USD 310 million), as well as the cable system for the Tyrrhenian Link in Italy, a new electricity corridor in the Mediterranean, for over Euro 1.7 billion. Total contract awards during 2021 amounted to around Euro 4.9 billion.

The Group's solidity and expectations of growth in its key markets, partly thanks to Energy Transition and Digitalisation megatrends, have enabled the Prysmian stock to retain its strong market appeal, as confirmed by financial analyst recommendations, of which at the close of the year 65% were "Buy" and 24% "Hold".

PERFORMANCE OF PRYSMIAN STOCK SINCE IPO



PERFORMANCE OF PRYSMIAN STOCK



During 2021, the stock's liquidity recorded average daily trading volumes of approximately 0.9 million shares, with an average daily turnover of Euro 25 million.

PRYSMIAN: KEY DATA

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Price at 31 December (Euro)	33.11	29.08	21.49	16.87	27.19	24.40	20.26	15.15	18.71	15.01
Change in year	13.9%	35.3%	27.4%	-38.0%	11.4%	20.4%	33.7%	-19.0%	24.7%	56.4%
Average price (Euro)	29.87	21.81	18.55	22.17	26.31	20.93	19.10	16.38	16.68	13.00
Maximum price (Euro)	35.05	29.08	22.06	28.54	30.00	24.42	22.23	19.54	19.30	15.43
Minimum price (Euro)	25.34	13.96	14.93	14.97	23.34	16.45	14.43	12.78	14.03	9.77
Capitalisation at year end (millions of Euro)	8,878	7,798	5,762	4,523	5,913	5,288	4,319	3,283	4,015	3,220
Average capitalisation in year (millions of Euro)	8,009	5,849	4,975	5,361	5,701	4,536	4,140	3,521	3,578	2,787
Ave no. of shares traded (millions)	0.9	1.3	1.7	1.3	1.0	1.0	1.4	1.4	1.2	1.5
Average amount traded (millions of Euro)	25	27	31	28	26	20	27	23	20	20
No. of shares at 31 December	268,144,246	268,144,246	268,144,246	268,144,246	217,482,754	216,720,922	216,720,922	216,712,397	214,591,710	214,508,781

Source: based on Nasdaq data.

INVESTOR RELATIONS

Transparency in communication, growth in market confidence in the company and promotion of a long-term investment approach to its stock.

Creating value for shareholders and other stakeholders is a key priority for Prysmian, whose policy of strategic and financial communication is directed towards the highest standards of accuracy, clarity and transparency. Corporate activities and procedures are designed to provide the market with credible information about the business, with a view to boosting confidence in the Company and facilitating a long-term approach to investment in our shares. Every effort is made to avoid biased disclosures and ensure that all current and potential investors receive the same information, so that balanced investment decisions can be made.

Upon publishing its quarterly data, Prysmian organises conference calls with institutional investors and financial analysts. In addition, the Company promptly informs existing and potential shareholders about any action or decision that could have a material impact on their investment decisions. Relations with the financial market were continuous and intense during 2021, with more than 500 conference calls and one-on-one or group sessions, which were essentially all held as virtual meetings due to the Covid-19 pandemic. The Company also participated in numerous conferences organised at sector level by leading international brokers, as well as in a number of topic-specific road shows (e.g. Energy Transition, Telecom Developments, Innovation).

In addition, the ever increasing attention paid by ESG investors to environmental, social and governance matters was further confirmed by their growing attendance at meetings and conferences held specifically for them.

The coverage of Prysmian shares by analysts remains very high, with wide geographical diversification. A total of 19 independent analysts regularly cover the Prysmian stock: AlphaValue, Banca Akros, Bestinver, Barclays Capital, BofA Merrill Lynch, Citi, Credit Suisse, Equita, Exane BNP Paribas, Goldman Sachs, HSBC, Intermonte, Intesa Sanpaolo, JP Morgan, Kepler Cheuvreux, Mediobanca, Morgan Stanley, Societe Generale and Stifel.

The Investor Relations function has maintained constant contacts with institutional investors, not least via the website www.prysmiangroup.com, which includes the recordings of conference calls and presentations to the financial community, corporate documentation, press releases and all other information relating to the Group, in both Italian and English. Other available information includes the financial calendar, documents relating to shareholders' meetings, the Code of Ethics and details of analysts who cover the stock, as well as specific sections about Corporate Governance, Risk Factors and Share Performance.

CONTACT DETAILS FOR THE INVESTOR RELATIONS OFFICE:

Maria Cristina Bifulco
Chief Sustainability Officer And Group Investor Relations Director
mariacristina.bifulco@prysmiangroup.com

Investor Relations Office
investor.relations@prysmiangroup.com

Business environment

MACROECONOMIC ENVIRONMENT

During 2021, there was a substantial improvement in the global macroeconomic environment thanks to fiscal and monetary support, particularly in some advanced economies, and to the easing of restrictions as vaccination campaigns forged ahead.

During 2021, the global economy enjoyed a major recovery following the easing of restrictions as vaccination campaigns gathered pace. This recovery was also assisted by national plans to support the development of infrastructure projects, energy transition and digitalisation. The strong upturn in economic activity was accompanied by higher inflation than anticipated, mainly due to soaring energy and commodity prices and continued disruptions in supply chains, particularly in many advanced economies including the United States. Displaying confidence in the economic recovery, towards the end of 2021 a number of central banks began to ease some of the stimulus previously put in place to cope with the pandemic-induced crisis.

According to its latest estimates, the International Monetary Fund reckons the global economy grew by 5.9% in 2021, after contracting by 3.1% in 2020. Geographically, the United States performed best, with its economy re-emerging from recession in a matter of months and GDP recovering to pre-covid levels by mid-2021. After contracting by 3.4% in 2020, the US economy is estimated to have grown by 5.6% in 2021, mainly thanks to the government's massive stimulus package and the Fed's ultra-expansionary monetary policy. The forecast for 2022 is for continued growth, albeit at a slower pace, reflecting the Federal Reserve's early withdrawal of monetary accommodation and delays in approving the "Build Back Better" fiscal policy package, as well as persistent problems in supply chains that are expected to continue even in the first few months of 2022.

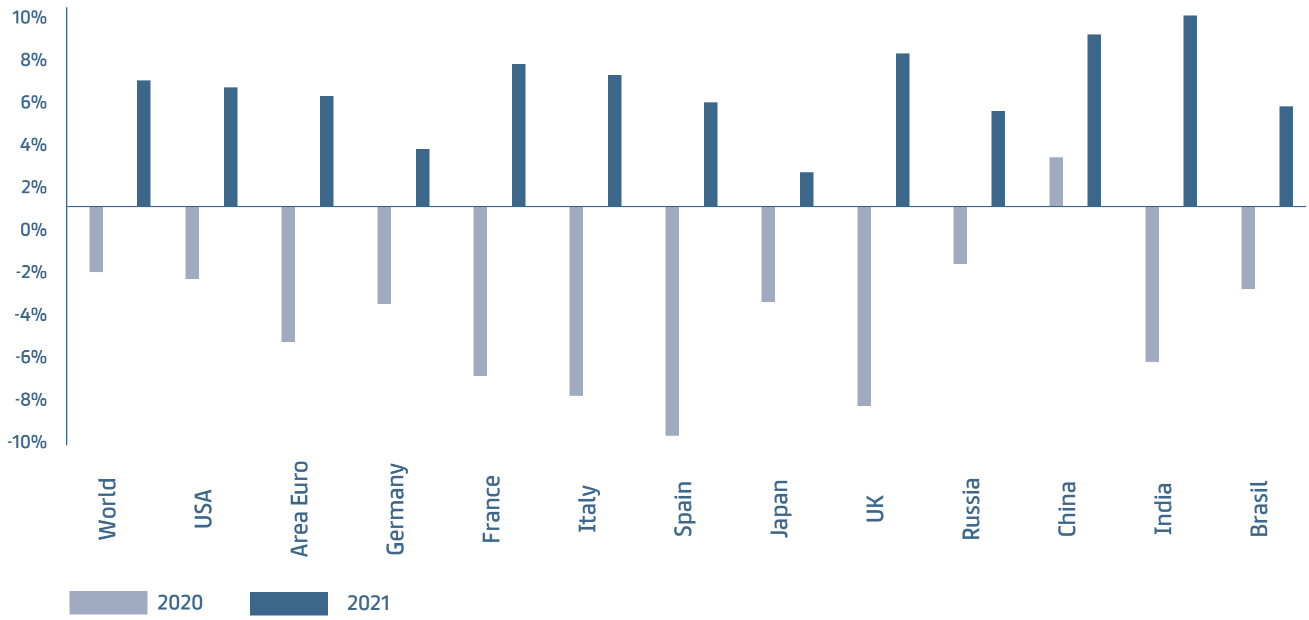
The European economy has also rebounded strongly from the pandemic-induced recession, and is moving unevenly towards pre-covid GDP levels. After contracting by 6.4% in 2020, the euro area economy is reckoned to have grown by 5.2% in 2021. The economic rebound has been greatest in countries hardest hit by the pandemic crisis, such as Italy and France, which, after declining by 8.9% and 8.0% in 2020, are estimated to have grown by 6.2% and 6.7% respectively in 2021. In northern Europe, where the health situation has been better, the economy has also reacted better. In Germany, GDP growth in 2021 is estimated at 2.7% versus a contraction of 4.6% in the previous year. Great Britain also bounced back strongly, with estimated economic growth of 7.2% in 2021 after shrinking by 9.4% the year before. Among the large European economies, Spain's economy has disappointed somewhat, with estimated growth of 4.9% in 2021 after a contraction of 10.8% in 2020.

In the euro area, growth is expected to continue in the coming years, exceeding pre-covid levels already in the course of 2022, also thanks to the impetus of monetary and fiscal support measures. In particular, the Next Generation EU pandemic recovery plan will help to ensure a stronger and more even recovery across euro area countries, accelerating the transition to a green and digital economy, supporting structural reforms and driving long-term growth.

China, which was the only major economy to end 2020 on a positive note, continued to grow in 2021 at an estimated rate of 8.1%, even higher than in recent pre-covid years. Growth is expected to continue in 2022, albeit at a slower pace of 4.8%, which could have been higher were it not for stress in its property sector, combined with the draconian restrictions forming part of the country's zero-tolerance Covid policy, as well as slower-than-expected recovery in private consumption.

Although expectations for the future are positive, there are still a number of uncertainties that could weigh on short-term growth prospects, including persistent bottlenecks in supply chains, rising commodity and energy prices together with the appearance of possible new variants as the evolves and the war in Ukraine.

CHANGE IN GDP 2019-2020 BY COUNTRY



* *Source: IMF, World Economic Outlook Update – January 2022.*

CABLE INDUSTRY TRENDS

The cable market saw substantial growth in 2021 after the prior year Covid-induced contraction.

Global demand for energy cables grew significantly in 2021, in line with the economic recovery, following the gradual easing of restrictions as vaccination campaigns gathered pace. Growth in market value was even more significant, reflecting steep price appreciation of metals and other raw materials used in cable manufacturing.

Geographically, demand was up in all the major countries. In some, like the United States, demand even exceeded pre-pandemic levels during 2021, mainly thanks to the maxi stimulus packages enacted by government. In Europe, too, there was significant growth in demand in 2021 following on from the Covid-induced contraction the year before, but with mixed performances between countries; the rebound was greatest in southern countries like France, Italy and Spain, hardest hit by the pandemic, but which are expected to reach pre-covid levels only during 2022, unlike Germany and the Nordic nations, which have already exceeded pre-covid levels despite growing less in percentage terms than the previous year. China, which was the only major economy to end 2020 on a positive note, continued to grow in 2021, albeit at a slower pace than the other major economies, due not only to a baseline effect but also in part to stress in its property sector and the draconian restrictions forming part of the country's zero-tolerance Covid policy.

Fibre optic cables for the Telecom industry also enjoyed a recovery in 2021, underpinned by an improvement in the Chinese market, which alone accounts for around half of global demand. Demand was up in all regions, benefiting in 2021 not only from a strong baseline effect after the previous year's contraction, but also from increased levels of investment in fixed networks. In China, after contracting in recent years, demand resumed an upward direction, also accompanied by an increase in prices.

There was also growth in demand in Europe, which is expected to continue in the coming years, especially in countries such as Germany, Italy and the UK, thanks to vibrant FTTH programs driven by both private and public investment. In the United States, the upward trend of recent years was confirmed in 2021, being one of the few countries to have recorded growing demand for optical fibre in the TLC sector despite the pandemic. This growth is expected to continue in the coming years thanks to infrastructure plans to expand access to high-speed broadband in the country.

Prysmian Group's various market segments saw a mixed performance in 2021. Market demand for Submarine Power cables reported a significant upward trend in 2021: several tenders were awarded while others now in progress are at an advanced stage of the tendering process, which is expected to be finalised in the next few months. Demand, concentrated mainly in Europe up until now, also began to develop in the United States, also thanks to the political impetus benefiting renewable energy sources and the government incentives available for the sector.

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

In the High Voltage underground business, the HVAC market was largely stable in both North America and Europe, with mixed trends between the different countries, 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 worth approximately Euro 1.8 billion, during 2021 the tendering process for the SOO Green contract in North America was completed, worth around USD 900 million.

In the Trade & Installers business, demand made a strong comeback during 2021 in almost all European countries, recovering in most cases to pre-covid levels. In LATAM, demand made an even more significant recovery, confirming the healthy trend already recorded at the end of 2020, like in North America, even though persistent difficulties nonetheless remained in procuring raw materials and transport. APAC also returned to pre-covid levels, mainly driven by both China and Oceania.

As for Power Distribution, the market trend was slightly better than in 2020, reflecting overall stability in Europe and growth in South Europe and the Middle East. North America reported a downturn mainly because in the previous 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.

Markets for Industrial cables displayed good resilience with some understandable disparities within the various business lines and between the different geographical areas. Certain applications for the OEM sector performed well: Infrastructure and Water. The Mining and Crane segments both recovered. The Defence business performed well, especially in North America, while Nuclear lost traction after benefiting from project phasing in North America in 2020. A contraction in volumes also affected Rolling Stock in South Europe and China as well as Railways in Europe and North America, which continued to labour under the effects of the pandemic.

Demand in the Renewables segment was particularly lively. The Wind business grew in Europe and especially in LATAM, while retreating in China. The Solar business grew in all markets except South Europe. Both businesses saw an increase in competitive price pressure due to higher raw material and logistics costs, which affected unit margins but was more than offset by the healthy trend in volumes.

The Elevator market showed a certain stability thanks to good performance in North America, to development in Central Europe and a recovery in China, the first country to be affected by Covid-19 in the previous year.

The Automotive segment's volumes in 2021 displayed a strong year-on-year rebound, although the shortage of microchips caused fourth-quarter business to slow compared with the same period in 2020. 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. Moreover, cable manufacturers continued to expand their market offerings upstream.

The Network Components market displayed a recovery in demand during 2021, especially by the MV segment in the South Europe region. The HV and EHV businesses reported growth in North America and a recovery in the UK thanks to the phasing of certain projects. Difficulties persisted in APAC due to strong competition, while the situation in other markets was stable.

As for the Telecom industry, the global fibre optic cable market recovered during 2021. In Europe, market growth was driven by the plans set out in the Digital Agenda for Europe 2025. 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 confirmed the upward trend already observed since the final quarter of the previous year. In South America, a region when fibre penetration rates are still low, there was 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 recovered, particularly in Germany, France, China and North America. In South America, a gradual recovery has been in progress since the final quarter of the previous year.

Significant events during the year

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 "Business Combinations" section of the Explanatory Notes 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 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.

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 business 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 fibre-optic submarine 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 1.4GW 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 ±320 kV XLPE-insulated submarine cables and 15 km of ±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-performing ship on the market offering superior 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 XLPE-insulated double-armoured three-core cables. This is a record-breaking project because Prysmian Group has installed its innovative cable technology, using 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:

1. 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;
2. 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 CO_2 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 by 2035 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 29,000 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.
Prysmian will provide its turnkey services to design, supply, install and commission two 132 kV XLPE-insulated single-armoured three-core HVAC submarine power cables. The system will consist of 27 km of submarine cable and 10 km of onshore 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 onshore 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 XLPE-insulated single-armoured single-core HVAC cables. 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 ±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 by 2035 for emissions generated by its operations (Scope 1 and 2) and by 2050 for value chain emissions (Scope 3).

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 logistics 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 centre of excellence for subsea dynamic technologies based in Vila Velha. Prysmian Group is strongly committed to developing and producing state-of-the-art 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 protecting R&D investments confirmed

On 21 July 2021, the Group announced 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 bundled cables containing optical fibres.

Organisation set up to manage the three power transmission cable projects in Germany

On 27 July 2021, the Group announced it had set up its organisation to manage 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 in 2020 by TenneT, Transnet and Amprion respectively, 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 ±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_2 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 2035 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 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 involving more than 150 km of 66 kV XLPE-insulated cables to connect 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 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 centre of excellence 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

In the second half of 2021, the Group announced delivery of the 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 state-of-the-art 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 EPR-insulated three-core 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 onshore cables will be manufactured at the plant in Gron (France).

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 ±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 ±500 kV mass impregnated single-core HVDC 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.

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 XLPE-insulated three-core 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 supply a PRY-CAM system for permanent monitoring.

Continued partnership with Openreach in the UK to support Full Fibre broadband program

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 program, 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 that it had won 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.

Prysmian Group acquires Omnisens S.A. of Switzerland, a leader in fibre-optic sensing solutions for monitoring critical infrastructure

On 12 November 2021, the Group announced that it had completed the acquisition of Omnisens S.A., a leader in high-performance fibre-optic monitoring solutions for the safety and efficiency of critical infrastructure. The acquisition, a transaction valued at CHF 18.8 million, is in line with Prysmian Group's strategy to develop and strengthen its value-added businesses, confirming its commitment to global industrial transformation based on digitalisation and electrification. Prysmian Group, through Prysmian Electronics, its division devoted entirely to asset monitoring solutions, offers major TSOs and DSOs around the world a portfolio of patented technologies, products and services for monitoring the condition of their electrical assets. PRY-CAM monitoring solutions are successfully in use in major power grids worldwide, including in Italy, UK, Middle East, China, USA and Singapore.
Omnisens' advanced DTS/DAS technologies are a perfect complement to the Group's monitoring solutions range, enhancing opportunities to expand in a long-term growth business and unlocking significant commercial synergies. Founded in 1999 and based in Morges, Switzerland, Omnisens S.A. is a leading provider of long-distance fibre-optic sensing solutions for real-time asset integrity monitoring. It operates worldwide, both directly and through specialised solution providers, via dedicated application, commissioning and customer service teams.

Prysmian Group ranks top of the Dow Jones Sustainability World Index

On 13 November 2021, the Group was ranked in first place with a score of 87 points in the Electrical Components & Equipment section of the Dow Jones Sustainability World index, according to the results of the 2021 annual review conducted by S&P Global CSA. Prysmian Group is the only pure cable manufacturer included in the most globally recognised sustainability index, covering over 5,300 companies.
Prysmian achieved top scores (100 points) for Innovation Management, Environmental Reporting, Social Reporting, Talent Attraction & Retention, Materiality, Risk & Crisis Management and Occupational Health & Safety. Prysmian Group has also recently obtained approval of the emission reduction targets from the Science Based Targets initiative (SBTi) and announced its new Social Ambition targets to complement the Climate Change Ambition targets already set.

First company in the cable industry to join the Responsible Mica Initiative

On 18 November 2021, the Group announced that it was the first company in the cable industry to join the Responsible Mica Initiative (RMI), a non-profit coalition committed to eliminating child labour and poor working conditions in Mica supply chains. Joining the Responsible Mica Initiative is part of Prysmian's Social Ambition targets and its commitment to improving the lives of people in the communities and places in which it operates. Prysmian Group's social responsibility is one of the pillars of its sustainability strategy and reflects the principles enshrined in its Human Rights Policy.
As a member of the RMI, Prysmian Group will take part in three main schemes. The first involves mapping the supply chain to identify all the stakeholders, some of whom may be unknown to the multinationals that use mica. Under the second scheme, RMI members help empower a total of some 75,000 beneficiaries in 130 villages in order to have better livelihoods, access to quality education and reduce child labour. Under the final scheme, members contribute to discussions with governments to strengthen the legislative environment and advocate proper regulations to ensure that mica-related activities are recognised and formalised, as well as to monitoring the presence of responsible working conditions.

European Commission imposes anti-dumping duties on imports of optical fibre cables from China

On 18 November 2021, the Group announced that it welcomed the European Commission's decision to impose anti-dumping duties on imports of optical fibre cables from China.
The European Commission has decided to impose anti-dumping duties of between 19.7% and 44% on imports of optical fibre cables from China. China's heavily subsidised optical cable industry has enjoyed an unfair competitive advantage, allowing it to significantly increase exports to the EU in recent years at seriously undercut prices.
As a global industry leader, Prysmian Group is strongly committed to ensuring the quality required to deliver a truly future-proof telecommunications infrastructure that can keep pace with new technologies. Protecting its products with patents and trademarks is therefore a key focus of the Group's activities, and legal actions are underway as a necessary part of a wider activity to safeguard its investment in research and development.

New power transmission cable between the island of Elba and mainland Italy

On 23 November 2021, the Group announced that it had received the letter of award for a project worth approximately Euro 68 million for the new submarine cable between the island of Elba and the Italian mainland (Piombino). The project has been awarded by Terna Rete Italia S.p.A., a wholly-owned subsidiary of Terna S.p.A., operator of the Italian electricity grid.
The project involves marine and civil works for the design, supply, installation and commissioning of a 132 kV XLPE-insulated single-armoured three-core HVAC cable between the power station located on the island of Elba and that in Piombino, running along a 34 km submarine route and a 3 km onshore one.
The submarine cables will be produced at the Arco Felice plant (Naples), one of the Group's centres of technological and manufacturing excellence. The onshore cables will be manufactured at the Pignataro plant. The cables will be laid by Prysmian's "Leonardo da Vinci" cable-laying vessel, with delivery and commissioning expected in 2023.

Euro 1.71 billion framework contract with Terna

On 30 November 2021, the Group announced that it had been awarded a framework contract worth some Euro 1.71 billion by Terna Rete Italia S.p.A., a wholly-owned subsidiary of Terna S.p.A., TSO of the Italian electricity grid. The framework contract includes the Tyrrhenian Link project, entailing the design, supply, submarine and onshore installation and commissioning of over 1,500 km of submarine cables to facilitate power exchange between Sardinia, Sicily and the Italian region of Campania, thus strengthening the Mediterranean energy hub.
The Tyrrhenian Link project involves the turnkey installation of one to three 500 kV HVDC links, each 500 km long, using double-armoured single-core cables with mass-impregnated insulation. The innovative aramid armour, recently developed by Prysmian Group, and the new "Leonardo da Vinci" cable-laying vessel will allow the Tyrrhenian Link to be installed and repaired at a depth of 2,000 metres, the deepest ever reached by a power transmission

cable. The framework contract also includes a system of electrodes and fibre optics for system monitoring, as well as onshore civil works and horizontal directional drilling at the landfall. The submarine and onshore cables will be manufactured at the plant in Arco Felice (Naples), Prysmian Group's centre of excellence for submarine cables. For the purpose of upgrading the plant's production capacity and developing a new R&D centre to support energy transition, the Group has already approved a major investment project for approximately Euro 80 million. Delivery and commissioning are scheduled for 2025-2028.

Offshore wind farm cabling projects in the US worth approximately USD 900 million

On 17 December 2021, the Group announced that it had been awarded two new major offshore wind farm cabling projects in the United States worth a total of approximately USD 900 million. Both projects have been awarded by Vineyard Wind, a joint venture between Avangrid Renewables and Copenhagen Infrastructure Partners (CIP), thus strengthening Prysmian's partnership with one of the leading developers in the growing US offshore wind industry.
Worth around USD 300 million, the first cabling project will connect the 804 MW Park Wind City offshore wind farm to the electricity grid in the state of Connecticut, for which Prysmian will supply 275 kV XLPE-insulated single-armoured three-core HVAC cables. The cables will be manufactured at the Group's centres of excellence in Arco Felice (Naples) and Pikkala (Finland) and will be installed using the Leonardo da Vinci and Ulisse vessels. Delivery and commissioning are scheduled for 2026.
The Commonwealth Wind cabling project is worth around USD 580 million. The award to Prysmian follows the Massachusetts Baker-Polito Administration's selection of Vineyard Wind's proposal to provide 1,200 MW of offshore wind farm capacity. Prysmian Group will design, supply, install and commission three submarine cables to connect the Commonwealth Wind Project to the Massachusetts electricity grid. The cables supplied will be 275 kV XLPE-insulated single-armoured three-core HVAC cables.
As part of the agreement and subject to the fulfilment of several conditions precedent, such as obtaining permits to build the facilities and finalising commercial agreements with the landowner, Prysmian plans to build a state-of-the-art manufacturing facility for submarine power transmission cables at Brayton Point, site of the former 1,600 MW coal-fired power plant in Somerset. Both cable contracts are conditional on Prysmian's completion of plans to localise its manufacturing footprint.
The submarine cables are planned to be manufactured at the new plant in Massachusetts (USA), as well as at Arco Felice (Italy) and Pikkala (Finland). Cables will be installed by the Leonardo da Vinci and Ulisse vessels. Delivery and commissioning of the export cables are scheduled for 2027. After consolidating its position in the European market, these new contracts confirm Prysmian's leading role in the development of power grid infrastructure to support energy transition in the United States as well.

Prysmian Group eases the path to FTTX and 5G network deployment with 180 μM fibre cables

On 20 December 2021, the Group announced that it had expanded its Sirocco Extreme microduct cable range to include a 576-fibre cable. Sirocco Extreme cables offer record diameters and fibre densities for blown microduct cables.
The new cable boasts 576 fibres in a diameter of 8.2mm, providing a fibre density of 10.9 fibres per mm2, and can be installed in a 10mm duct. Sirocco Extreme microduct cables use Prysmian's BendBrightXS 180μm bend insensitive single-mode fibre, which is fully compatible for splicing with any standard fibre, offering a truly future-proof solution for advanced systems.
Available in fibre counts from 192 to 576 and conforming to international standards for optical and mechanical performance, Sirocco Extreme cables benefit from the application of Prysmian's PicoTube technology. This makes them up to 15% smaller than Sirocco HD microduct cables, Prysmian's previous record-holding 200μm microduct cables. As a result, more fibre can be installed in a congested duct, and smaller ducts can be used for new installations, reducing installation costs and raw material usage. Other benefits include reductions in the overall cost of network deployment and in environmental footprint.
With these cables, Prysmian Group continues to leverage its global knowledge and capabilities to meet the ever-growing technological challenges faced by its customers. The Sirocco Extreme product enhancements underline the Group's commitment to responding to the evolving needs of the market and to offering a scalable, future-proof solution that is high-density, physically compact and easily deployable.

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.

Group performance and results

FINANCIAL PERFORMANCE

(Euro/million)	2021	2020	% Change	2019
Sales	12,736	10,016	27.1%	11,519
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**958**	**822**	**16.5%**	**983**
% of sales	7.5%	8.2%		8.5%
Adjusted EBITDA	**976**	**840**	**16.2%**	**1,007**
% of sales	7.7%	8.4%		8.7%
EBITDA	**927**	**781**	**18.7%**	**907**
% of sales	7.3%	7.8%		7.9%
Fair value change in metal derivatives	13	(4)		15
Fair value stock options	(33)	(31)		1
Amortisation, depreciation, impairment and impairment reversal	(335)	(393)		(354)
Operating income	**572**	**353**	**62.0%**	**569**
% of sales	4.5%	3.5%		4.9%
Net finance income/(costs)	(96)	(101)		(125)
Profit/(loss) before taxes	**476**	**252**	**88.9%**	**444**
% of sales	3.7%	2.5%		2.6%
Taxes	(166)	(78)		(148)
Net profit/(loss)	**310**	**174**	**78.2%**	**296**
% of sales	2.4%	1.7%		2.6%
Attributable to:				-
Owners of the parent	308	178		292
Non-controlling interests	2	(4)		4
Reconciliation of Operating Income/EBITDA to Adjusted Operating Income/Adjusted EBITDA				
Operating income (A)	**572**	**353**	**62.0%**	**569**
EBITDA (B)	**927**	**781**	**18.7%**	**907**
Adjustments:				
Company reorganisation	21	32		85
Non-recurring expenses/(income)	2	9		(32)
Other non-operating expenses/(income)	26	18		47
Total adjustments (C)	**49**	**59**		**100**
Fair value change in metal derivatives (D)	(13)	4		(15)
Fair value stock options (E)	33	31		(1)
Asset impairment and impairment reversal (F)	6	68		36
Adjusted operating income (A+C+D+E+F)	**647**	**515**	**25.6%**	**689**
Adjusted EBITDA (B+C)	**976**	**840**	**16.2%**	**1,007**

The Group's sales in 2021 came to Euro 12,736 million, compared with Euro 10,016 million in 2020, posting a positive change of Euro 2,720 million (+27.1%).

The main factors behind this change were:

- positive organic sales growth, accounting for an increase of Euro 1,092 million (+10.9%). Excluding the Projects segment, organic sales growth would have been +11.0%;
- unfavourable exchange rate movements, resulting in a decrease of Euro 211 million (-2.1%);
- fluctuation in the price of metals (copper, aluminium and lead), generating a sales price increase of Euro 1,766 million (+17.6%);
- increase of Euro 73 million (+0.7%) due to a change in the scope of consolidation after acquiring control of EHC Global and Omnisens, as already discussed in the earlier section on “Significant events during the year”.

In particolare, la variazione organica delle vendite risulta così ripartita tra i tre segmenti:

PROJECTS	ENERGY	TELECOM
+10.2%	+10.7%	+12.7%

The Group posted solid results in 2021, with organic growth of +10.9% (+11.0% excluding the Projects segment). This performance was sustained thanks to good performances in all the businesses and to an acceleration by the Projects segment in the last quarter of the year. The fourth quarter of 2021, in fact, turned out to be the best of all the same periods of previous years.

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

- an increase by the *Energy & Infrastructure* business with +12.3% organic growth in sales, primarily supported by Trade & Installers;
- an increase by the *Industrial & Network Components* business with +8.4% organic growth in sales, fuelled by Renewables which grew by +21.8%;
- a significant increase by the Telecom segment with +12.7% organic growth in sales.

The Group’s Adjusted EBITDA (before net expenses for company reorganisation, net non-recurring expenses and other net non-operating expenses) came to Euro 976 million in 2021, up Euro 136 million (+16.2%) on the corresponding 2020 figure of Euro 840 million. Despite the adverse trend in exchange rates, causing an impact of Euro 11 million, the Group was able to improve its margins. Indeed, its Adjusted EBITDA margin on sales was 8.6% assuming the same level of metal prices as in 2020. It should also be noted that the exchange rate effect measured with respect to 2019 negatively impacted The Adjusted EBITDA of Euro 55 million and therefore, net of this effect, the level of Adjusted EBITDA for 2021 would have been higher than in 2019. The Energy segment’s Adjusted EBITDA even exceeded pre-pandemic levels.

EBITDA is stated after net expenses for company reorganisation, net non-recurring expenses and other net non-operating expenses, totalling Euro 49 million (Euro 59 million in 2020). These adjustments mainly consist of Euro 26 million in non-operating expenses and income and Euro 21 million in reorganisation costs.

Amortisation, depreciation and impairment amounted to Euro 335 million in 2021, down from Euro 393 million in the previous year, when Euro 66 million in impairment had been recognised against the Energy South Europe CGU.

The fair value change in metal derivatives was a positive Euro 13 million in 2021, compared with a negative Euro 4 million in 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 88 million in the metals cash flow hedge reserve.

A total of Euro 33 million in costs were recognised in 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 572 million, compared with Euro 353 million in the previous year, thus reporting an increase of Euro 219 million.

Net finance costs for 2021 amounted to Euro 96 million, down from Euro 101 million in the previous year.
Taxes came to Euro 166 million, representing an effective tax rate of about 35% (about 31% in 2020).

Net profit for 2021 was Euro 310 million (of which Euro 308 million attributable to the Group), compared with Euro 174 million in 2020 (Euro 178 million attributable to the Group).

Net financial debt stood at Euro 1,760 million at 31 December 2021, down Euro 226 million from Euro 1,986 million at 31 December 2020. The Group generated free cash flow of Euro 365 million excluding flows from acquisitions and disposals of Euro 93 million and cash flow of Euro 58 million mainly due to settlement agreements reached with third-party counterparties.

Review of Projects operating segment

(Euro/million)	2021	2020	% Change	2019
Sales	1,594	1,438	10.8%	1,844
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**210**	**186**	**12.9%**	**228**
% of sales	13.2%	13.0%		12.3%
Adjusted EBITDA	**210**	**186**	**12.4%**	**228**
% of sales	13.2%	13.0%		12.4%
Adjustments	(8)	(13)		(23)
EBITDA	**202**	**173**	**16.4%**	**205**
% of sales	12.7%	12.1%		11.1%
Amortisation and depreciation	(69)	(64)		(64)
Adjusted operating income	**141**	**122**	**21.0%**	**164**
% of sales	8.8%	8.5%		8.9%

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 700 kV and extruded polymer (XLPE) 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; extruded polymer insulated cables 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 reported a significant upward trend in 2021: several tenders were awarded while others now in progress are at an advanced stage of the tendering process, which is expected to be finalised in the next few months. Demand, concentrated mainly in Europe up until now, also began to develop in the United States, also thanks to the political impetus benefiting renewable energy sources and the government incentives available for the sector.
The market is expected to grow strongly over the medium term, especially the Offshore Wind and Interconnections segments, fostered by the continuing reduction in electricity generation costs and national plans promoting the green economy and energy transition.
Market demand for Submarine Telecom cables remained stable.

In the High Voltage underground business, the HVAC market was largely stable in both North America and Europe, with mixed trends between the different countries, 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 secured contracts worth approximately Euro 1.8 billion, no further contracts were awarded in Europe during 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 and awarded 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 1,594 million in 2021, versus Euro 1,438 million in 2020, posting a positive change of Euro 156 million (+10.8%).
The factors behind this change were:

- organic sales growth, accounting for an increase of Euro 146 million (+10.2%);
- exchange rate trends, resulting in a decrease of Euro 13 million (-1.0%);
- metal price fluctuations, producing an increase of Euro 23 million (+1.6%).

The *Projects* segment's positive organic growth is explained by the robust level of second-half activity, especially in the last three months, making up for the shortfall in the first part 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 higher 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. 2021 sales 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 2.3 billion, mainly consisting of the following contracts: the offshore wind contracts in France (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 wind contract in North America (Vineyard Wind) and the interconnection contracts in Turkey.
The order backlog grew even more in the last quarter following award of the Tyrrhenian Link and Elba Piombino interconnection contracts in Italy, as well as a contract for the installation of a third-party cable in the Philippines. The value of the Group's High Voltage order backlog business is just over Euro 2 billion, mostly consisting of German Corridor contracts and taking the total order backlog for the *Projects* segment to an unprecedented value of Euro 4.4 billion.

Adjusted EBITDA for the year came to Euro 210 million, up from the prior year figure of Euro 186 million and putting the margin of the *Projects* business at 13.2 % (13.3 % if metal prices had remained at their 2020 level). The main source of the increase was the positive mix of contracts in progress in the Submarine Power business and the start of work on the German Corridors, as well as the weaker impact of the Covid-19 pandemic on the dynamics of the High Voltage Underground business.

Review of Energy operating segment

(Euro/million)	2021	2020	% Change	2019
Sales	9,557	7,207	32.6%	8,027
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**542**	**436**	**24.3%**	**503**
% of sales	5.7%	6.1%		6.3%
Adjusted EBITDA	**546**	**440**	**24.1%**	**505**
% of sales	5.7%	6.1%		6.3%
Adjustments	(46)	(45)		(60)
EBITDA	**500**	**395**	**26.9%**	**445**
% of sales	5.2%	5.5%		5.5%
Amortisation and depreciation	(184)	(185)		(182)
Adjusted operating income	**362**	**255**	**50.3%**	**323**
% of sales	3.8%	3.5%		4.0%

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 9,557 million, versus Euro 7,207 million in 2020, posting a positive change of Euro 2,350 million (+32.6%), the main components of which were as follows:

- positive organic sales growth of Euro 771 million (+10.7%);
- decrease of Euro 177 million (-2.4%) for adverse exchange rate fluctuations;
- sales price increase of Euro 1,683 million (+23.3%) for metal price fluctuations;
- positive change of Euro 73 million (+1.0%) due to acquisition of EHC, consolidated from 1 January 2021, and of Omnisens S.A, consolidated from 1 November 2021.

Adjusted EBITDA came to Euro 546 million, up Euro 106 million (+24.1%) from Euro 440 million in 2020, reflecting not only increased volumes and efficiencies that reversed the negative impact of the Covid-19 pandemic recorded in 2020, but also the contribution of Euro 11 million from the acquisition of EHC, consolidated from 1 January 2021. The *Energy* business reported a margin of 5.7%, which would have been 6.6% if metal prices had remained at their 2020 level.

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

ENERGY & INFRASTRUCTURE

(Euro/million)	2021	2020	% Change	2019
Sales	6,361	4,735	34.3%	5,285
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**353**	**272**	**29.3%**	**307**
% of sales	5.5%	5.8%		5.8%
Adjusted EBITDA	**356**	**275**	**28.8%**	**308**
% of sales	5.6%	5.8%		5.8%
Adjusted operating income	**233**	**152**	**57.7%**	**185**
% of sales	3.7%	3.2%		3.5%

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 2021, demand in all countries of the Trade & Installers European market showed signs of a strong rebound in line with market trends, most so in South Europe, Germany, Eastern Europe and North Europe and less so in the United Kingdom 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 previous year, 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 levels, mainly driven by both China and Oceania.

As for Power Distribution, the market trend was slightly better than in 2020: generally stable in Europe, with growth in South Europe and 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 previous 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 6,361 million in 2021, versus Euro 4,735 million in 2020, posting a positive change of Euro 1,626 million (+34.3%), the main components of which were as follows:

- positive organic sales growth of Euro 583 million (+12.3%);
- negative change of Euro 110 million (-2.4%) for exchange rate fluctuations;
- sales price increase of Euro 1,153 million (+24.4%) for metal price fluctuations.

The *Energy & Infrastructure* business recorded positive organic sales growth of +12.3% in 2021, mainly due to excellent performance by the Trade & Installers business and due to the Power Distribution recovery in the fourth quarter, expecially in US. Trade & Installers enjoyed strong organic growth, albeit with geographical differences: most pronounced in South and Central Europe, with a recovery in North Europe and stability in the United Kingdom and the Middle East where Turkey made up for difficulties encountered by the Omani subsidiary. LATAM and North America made a strong rebound 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 accelerated with respect to 2020, mainly due to recovery of volumes and industrial efficiencies, along with price increases and positive product mix that offset the higher cost of most raw materials.

The Power Distribution business posted positive organic growth in every region, including North America which had been struggling up until the third quarter. There was a slight decline in profitability, generated by a combination of negative exchange rate trends and the product mix, especially in North America. In North America, the Power Distribution business normalised its performance in the second half of the year, as expected, after the strong tax incentive-driven growth in the previous year. In Europe, there was persistently strong price pressure with difficulties in recovering key commodity price increases partially offset by gains in industrial efficiency.

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 for 2021 came to Euro 356 million, versus Euro 275 million in 2020, reflecting an increase of Euro 81 million (+28.8%). The *Energy & Infrastructure* business reported a margin of 5.6%, which would have been 6.4% if metal prices had stayed at their 2020 level.

INDUSTRIAL & NETWORK COMPONENTS

(Euro/million)	2021	2020	% Change	2019
Sales	2,838	2,252	26.0%	2,492
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**195**	**165**	**18.8%**	**195**
% of sales	6.9%	7.3%		7.8%
Adjusted EBITDA	**196**	**166**	**18.6%**	**196**
% of sales	6.9%	7.4%		7.9%
Adjusted operating income	**139**	**109**	**36.6%**	**140**
% of sales	4.9%	4.8%		5.6%

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 fields of application for its cables are 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 enjoyed growth and recovery thanks to strong existing order backlogs and resilient customer investment programs. Certain applications for the OEM sector performed well: Infrastructure and Water. The Mining business recovered thanks to renewed MRO demand in Europe and the call-off of certain projects already in the order backlog in South America, as did the results of the Crane business which nonetheless compare with a healthy performance in 2020 resulting from fourth-quarter order intake in 2019. The Defence business performed well, especially in North America, while Nuclear lost traction after benefiting from project phasing in North America in 2020.
A contraction in volumes also affected Rolling Stock in South Europe and China as well as Railways in Europe and North America, which continued to labour under the effects of the pandemic.

Demand in the Renewables segment was particularly lively. The Wind business grew in Europe and especially in LATAM, while retreating in China. The Solar business grew in all markets except South Europe. Both businesses saw an increase in competitive price pressure due to higher raw material and logistics costs, which affected unit margins but was more than offset by the healthy trend in volumes.

The Elevator market showed a certain stability thanks to good performance in North America, to development in Central Europe 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 11 million contribution to the Group's EBITDA.

The Automotive segment's volumes in 2021 displayed a strong year-on-year rebound, although the shortage of microchips caused fourth-quarter business to slow compared with the same period in 2020.
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. Moreover, cable manufacturers continued to expand their market offerings upstream.

The Network Components market displayed a recovery in demand during 2021, especially by the MV segment in the South Europe region, while other markets were stable.
The HV and EHV businesses reported growth in North America and a recovery in the UK thanks to the phasing of certain projects.

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 2,838 million in 2021, versus Euro 2,252 million in 2020, recording a positive change of Euro 586 million (+26.0%), the main components of which were as follows:

- positive organic sales growth of Euro 188 million (+8.4%).
- negative change of Euro 60 million (-2.7%) for exchange rate fluctuations;
- sales price increase of Euro 385 million (+17.1%) for metal price fluctuations;
- positive change of Euro 73 million (+3.2%) thanks to the acquisition of EHC and Omnisens S.A.

Industrial & Network Components performed very well in 2021, mainly thanks to OEM and Renewables businesses. All the other business lines, except Oil & Gas, also made a positive contribution.

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 Europe, North America and LATAM and good performance by the Infrastructure, Water, Mining and Renewables businesses.
This positive performance was partially tempered by worse results for the Marine, Railways, Rolling Stock and Nuclear businesses due to project phasing and delays in calling off orders already in the backlog.

The Elevator business continued to do well, with a good performance in China, despite the difficulties and tensions on markets involving the sourcing of key components.

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, with a recovery in both volumes and profitability in progress since the final quarter of 2020.

The Network Components business recovered to pre-covid-19 levels, driven above all by the European MV segment despite strong price pressure. The HV and EHV segment also showed signs of recovery related to project phasing.

Given the factors described above, Adjusted EBITDA for 2021 came to Euro 196 million, up from Euro 166 million in 2020, reporting a positive change of Euro 30 million (+18.6%).
The *Industrial & Network Components* business reported a margin of 6.9%, which would have been 7.8% if metal prices had stayed at their 2020 level.

OTHER

(Euro/million)	2021	2020	2019
Sales	358	220	250
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**(6)**	**(1)**	**1**
Adjusted EBITDA	**(6)**	**(1)**	**1**
EBITDA	**(8)**	**3**	**3**
Adjusted operating income	**(10)**	**(6)**	**(2)**

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 and from period to period.

Review of Telecom operating segment

(Euro/million)	2021	2020	% Change	2019
Sales	1,585	1,371	15.6%	1,648
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**206**	**200**	**2.9%**	**252**
% of sales	13.0%	14.6%		15.3%
Adjusted EBITDA	**220**	**214**	**2.9%**	**274**
% of sales	13.9%	15.6%		16.6%
Adjustments	9	8		-
EBITDA	**229**	**222**	**3.2%**	**274**
% of sales	14.4%	16.2%		16.6%
Amortisation and depreciation	(76)	(76)		(72)
Adjusted operating income	**144**	**138**	**4.7%**	**202**
% of sales	9.1%	10.1%		12.3%

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 recovered during 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 confirmed the upward trend already observed since the final quarter of the previous year. In South America, a region when fibre penetration rates are still low, there was 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 has been in progress since the final quarter of the previous year.

FINANCIAL PERFORMANCE

Sales to third parties by the *Telecom* operating segment came to Euro 1,585 million at the end of 2021, versus Euro 1,371 million in 2020.
The positive change of Euro 214 million (+15.6%) is explained by:

- organic sales growth of Euro 175 million (+12.7%);
- sales price increase of Euro 60 million (+4.4%) for metal price fluctuations;
- negative change of Euro 21 million (-1.5%) for exchange rate fluctuations.

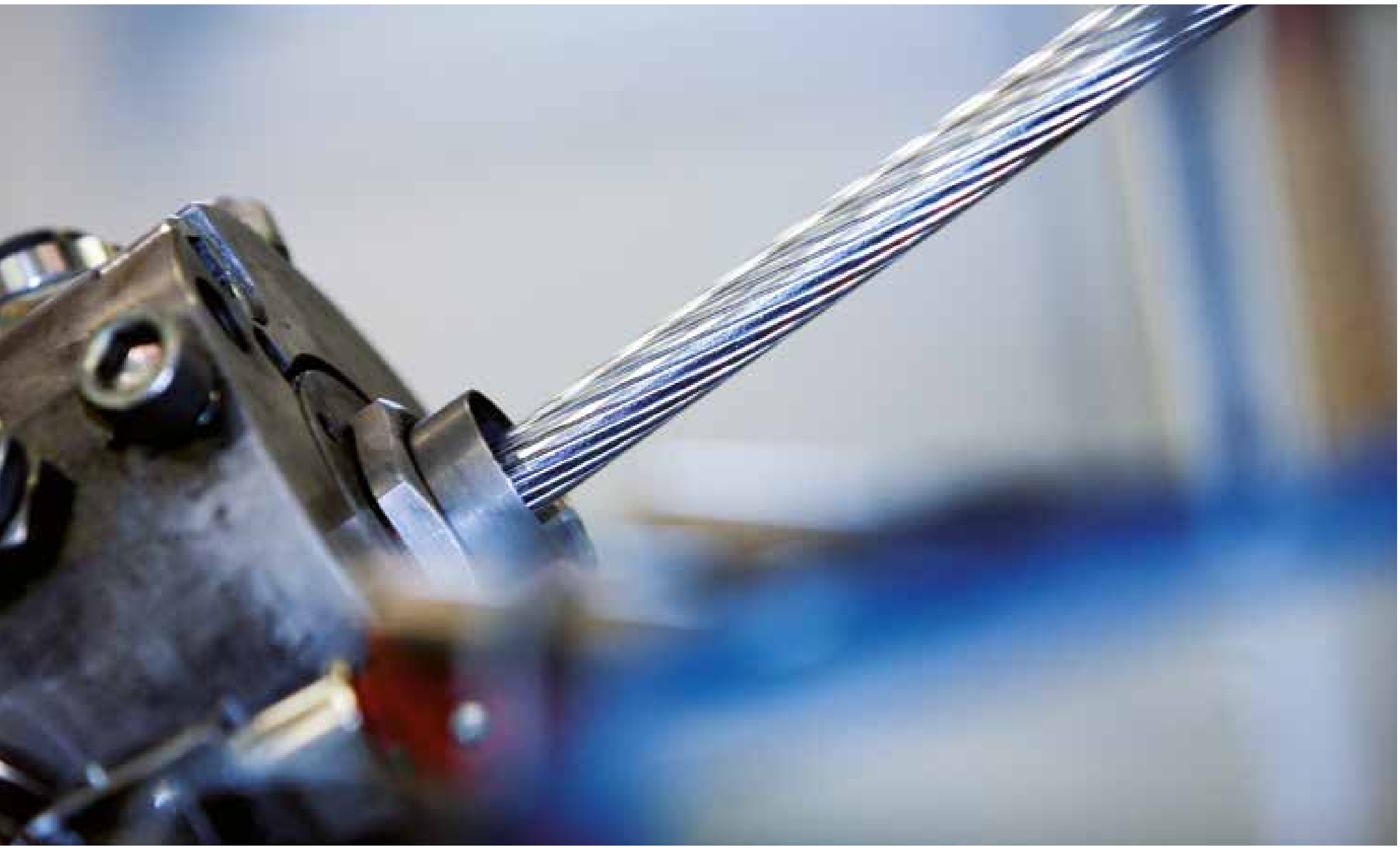
Organic growth in 2021 has been driven by a recovery in North America.

In Europe, although volumes were up on the previous year, prices were lower. The policy of "destocking" adopted by the main European operators during 2020 gave 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 2021 came to Euro 220 million, reporting an increase of Euro 6 million (+2.9%) from Euro 214 million in 2020. The *Telecom* business posted a margin of 13.9%, which would have been 14.1% if metal prices had stayed at their 2020 level.



Results by geographical area

	Sales		Adjusted EBITDA	
(Euro/million)	2021	2020	2021	2020
EMEA*	5,272	4,097	265	197
North America	3,808	3,016	336	345
Latin America	1,060	723	99	64
Asia Pacific	1,002	742	66	48
Total (excluding Projects)	**11,142**	**8,578**	**766**	**654**
Projects	1,594	1,438	210	186
Total	**12,736**	**10,016**	**976**	**840**

(*) EMEA = Europe, Middle East and Africa

As stated in the Explanatory Notes to the current 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 amounted to Euro 5,272 million in 2021, reflecting year-on-year organic growth of +9.3%. Adjusted EBITDA came to Euro 265 million (Euro 197 million in 2020), reporting a margin on sales of 5.0% (4.8% in the previous year). These results were due to a recovery in Energy and Telecom, with strong organic growth by Industrial & Network Components driven by OEM and Renewables (+21.7%).

North America
The region's sales amounted to Euro 3,808 million in 2021, reflecting year-on-year organic growth of +10.2%. Adjusted EBITDA amounted to Euro 336 million (Euro 345 million in 2020) and was negatively impacted by Euro 11 million in unfavourable exchange rate trends. Adjusted EBITDA reported a margin on sales of 8.8% (11.4% in the previous year). Solid performance was recorded by the Trade & Installers business and Renewables. Since the last quarter of the year, the Power Distribution business has been recovering after it has been impacted by raw material prices increase during the first nine months of 2021.

LATAM
The LATAM region's sales amounted to Euro 1,060 million in 2021, reflecting organic growth of +23.8%. Adjusted EBITDA came to Euro 99 million (Euro 64 million in 2020), reporting a margin on sales of 9.4% (8.9% in the previous year) notwithstanding negative forex impact for Euro 4 million. Excellent performances were displayed, particularly by the Construction and Renewables.

APAC
The APAC region's sales amounted to Euro 1,002 million in 2021, reflecting organic growth of +9.6%. Adjusted EBITDA came to Euro 66 million (Euro 48 million in 2020) with a positive forex impact of Euro 3 million, reporting a margin on sales of 6.6% (6.4% in the previous year). These robust results were achieved thanks to China contribution.

Group statement of financial position

RECLASSIFIED STATEMENT OF FINANCIAL POSITION

(Euro/million)	31.12.2021	31.12.2020	Change	31.12.2019
Net fixed assets	5,304	4,971	333	5,301
Net working capital	650	523	127	755
Provisions and net deferred taxes	(659)	(579)	(80)	(820)
Net capital employed	**5,295**	**4,915**	**380**	**5,236**
Employee benefit obligations	446	506	(60)	494
Total equity	3,089	2,423	666	2,602
of which attributable to non-controlling interests	174	164	10	187
Net financial debt	1,760	1,986	(226)	2,140
Total equity and sources of funds	**5,295**	**4,915**	**380**	**5,236**

NET FIXED ASSETS

(Euro/million)	31.12.2021	31.12.2020	Change	31.12.2019
Property, plant and equipment	2,794	2,648	146	2,804
Intangible assets	2,137	1,997	140	2,154
Equity-accounted investments	360	312	48	314
Other investments at fair value through other comprehensive income	13	13	-	13
Assets and liabilities held for sale (*)	-	1	(1)	16
Net fixed assets	**5,304**	**4,971**	**333**	**5,301**

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

At 31 December 2021, net fixed assets amounted to Euro 5,304 million, compared with Euro 4,971 million at 31 December 2020, posting an increase of Euro 333 million mainly due to the combined effect of the following factors:

- Euro 277 million in net capital expenditure on property, plant and equipment and intangible assets;
- Euro 335 million in amortisation, depreciation and impairment for the year;
- Euro 63 million in increases in property, plant and equipment for new lease agreements accounted for in accordance with IFRS 16;
- Euro 190 million in positive currency translation differences affecting property, plant and equipment and intangible assets;
- Euro 48 million for the net increase in equity-accounted investments;
- Euro 87 million in net additions to property, plant and equipment and intangible assets following the acquisition of EHC, Omnisens and Eksa, consolidated respectively from 1 January, 1 November and 31 December 2021.

NET WORKING CAPITAL

The following table analyses the main components of net working capital:

(Euro/million)	31.12.2021	31.12.2020	Change	31.12.2019
Inventories	2,054	1,531	523	1,523
Trade receivables	1,622	1,374	248	1,475
Trade payables	(2,592)	(1,958)	(634)	(2,062)
Other receivables/(payables)	(608)	(515)	(93)	(187)
Net operating working capital	**476**	**432**	**44**	**749**
Derivatives	174	91	83	6
Net working capital	**650**	**523**	**127**	**755**

Net working capital of Euro 650 million at 31 December 2021 was Euro 127 million higher than the corresponding figure of Euro 523 million at 31 December 2020. Net operating working capital, which excludes the value of derivatives, amounted to Euro 476 million (3.5% of last-quarter annualised sales) at 31 December 2021, up Euro 44 million from Euro 432 million (4.3% of last-quarter annualised sales) at 31 December 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.

EQUITY

The following table reconciles the Group's equity and net profit/(loss) for 2021 with the corresponding figures reported by Prysmian S.p.A., the Parent Company.

(Euro/million)	Equity at 31.12.2021	Net profit/ (loss) 2021	Equity at 3.12.2020	Net profit/ (loss) 20200
Parent Company Financial Statements	**2,295**	**139**	**2,209**	**80**
Share of equity and net profit of consolidated subsidiaries, net of carrying amount of the related investments	870	293	290	208
Reversal of dividends distributed to the Parent Company by consolidated subsidiaries	-	(121)	-	(123)
Deferred taxes on earnings/reserves distributable by subsidiaries	(30)	-	(30)	-
Elimination of intercompany profits and losses included in fixed assets	(35)	2	(37)	4
Elimination of intercompany profits and losses included in inventories	(12)	(3)	(9)	5
Non-controlling interests	(173)	(2)	(164)	4
Consolidated Financial Statements	**2,915**	**308**	**2,259**	**178**

NET FINANCIAL DEBT

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

(Euro/million)	31.12.2021	31.12.2020	Change	31.12.2019
Long-term financial payables				
CDP Loans	175	100	75	100
EIB Loans	110	110	-	118
Non-convertible bond	-	748	(748)	746
Convertible Bond 2021	707	-	707	-
Convertible Bond 2017	-	489	(489)	478
Term Loan	998	996	2	995
Unicredit Loan	200	200	-	199
Mediobanca Loan	100	100	-	100
Intesa Loan	150	150	-	149
Interest rate swaps	3	12	(9)	15
Lease liabilities	158	143	15	135
Other financial payables	8	9	(1)	12
Total long-term financial payables	**2,609**	**3,057**	**(448)**	**3,047**
Short-term financial payables				
CDP Loans	-	1	(1)	100
EIB Loans	-	8	(8)	17
Non-convertible bond	763	14	749	14
Convertible Bond 2017	250	-	250	-
Term Loan	1	1	-	1
Interest rate swaps	6	7	(1)	6
Forward currency contracts on financial transactions	3	9	(6)	4
Lease liabilities	53	52	1	44
Other financial payables	56	51	5	36
Total short-term financial payables	**1,132**	**143**	**989**	**222**
Total financial liabilities	**3,741**	**3,200**	**541**	**3,269**
Long-term financial receivables	3	2	1	2
Long-term bank fees	1	3	(2)	4
Financial assets at amortised cost	3	4	(1)	4
Short-term forward currency contracts on financial transactions	3	4	(1)	6
Short-term financial receivables	12	4	8	2
Short-term bank fees	2	2	-	2
Financial assets at fair value through profit or loss	244	20	224	27
Financial assets at fair value through other comprehensive income	11	11	-	11
Financial assets held for sale	-	1	(1)	1
Cash and cash equivalents	1,702	1,163	539	1,070
Total financial assets	**1,981**	**1,214**	**767**	**1,129**
Net financial debt	**1,760**	**1,986**	**(226)**	**2,140**

Net financial debt of Euro 1,760 million at 31 December 2021 has decreased by Euro 226 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)	2021	2020	Change	2019
EBITDA	**927**	**781**	**146**	**907**
Changes in provisions (including employee benefit obligations) and other movements	19	(163)	182	(72)
Net gains on disposal of property, plant and equipment and intangible assets	(2)	(20)	18	(1)
Share of net profit/(loss) of equity-accounted companies	(27)	(18)	(9)	(24)
Net cash flow from operating activities (before changes in net working capital)	**917**	**580**	**337**	**810**
Changes in net working capital	(28)	259	(287)	67
Taxes paid	(120)	(142)	22	(111)
Dividends from investments in equity-accounted companies	8	8	-	9
Net cash flow from operating activities	**777**	**705**	**72**	**775**
Cash flow from acquisitions and/or disposals	(93)	(5)	(88)	(7)
Net cash flow used in operating investing activities	(275)	(244)	(31)	(248)
Free cash flow (unlevered)	**409**	**456**	**(47)**	**520**
Net finance costs	(79)	(86)	7	(94)
Free cash flow (levered)	**330**	**370**	**(40)**	**426**
Dividend distribution	(134)	(70)	(64)	(119)
Capital contributions and other changes in equity	1	1	-	2
Net cash flow provided/(used) in the year	**197**	**301**	**(104)**	**309**
Opening net financial debt	**(1,986)**	**(2,140)**	**154**	**(2,222)**
Net cash flow provided/(used) in the year	197	301	(104)	309
Equity component of Convertible Bond 2021	49	-	49	-
Partial redemption of Convertible Bond 2017	(13)	-	(13)	-
Increase in net financial debt for IFRS 16	(63)	(79)	16	(211)
Net financial debt from Acquisition and Disposals	8	-	8	-
Other changes	48	(68)	116	(16)
Closing net financial debt	**(1,760)**	**(1,986)**	**226**	**(2,140)**

Net cash flow provided by operating activities (before changes in net working capital) amounted to Euro 917 million at the end of 2021.
The increase in net working capital used Euro 28 million in cash flow. After Euro 120 million in tax payments and Euro 8 million in dividend receipts, operating activities in 2021 therefore generated a net cash inflow of Euro 777 million.
Net operating capital expenditure used Euro 275 million in cash in 2021, a large part of which relating to projects to increase and rationalise production capacity and to develop new products.
In addition, Euro 79 million in net finance costs were paid during the period.

In the past 12 months, the Group generated free cash flow of Euro 365 million excluding flows from acquisitions and disposals of Euro 93 million and cash flow of Euro 58 million mainly due to settlement agreements reached with third-party counterparties. The net inflow of Euro 365 million was generated by:

a. Euro 883 million in net cash flow provided by operating activities before changes in net working capital;
b. Euro 24 million in cash flow absorbed by restructuring costs;
c. Euro 28 million in cash flow absorbed by the increase in net working capital;
d. Euro 275 million in cash outflows for net capital expenditure;
e. Euro 79 million in payments of net finance costs;
f. Euro 120 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[1], before non-recurring items[2], as presented in the consolidated income statement, before other non-operating income and expense[3] 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-method accounted companies.

- **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 (excluding financial assets and liabilities held for sale).

1 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.
2 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.
3 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.

- **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:** net working capital described above net of Derivatives not classified in Net Financial Debt.

- **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 31 DECEMBER 2021.

(Euro/million)			31.12.2021	31.12.2020
		Note	As per financial statements	As per financial statements
Total net fixed assets	**A**		**5,304**	**4,971**
Inventories		6	2,054	1,531
Trade receivables		5	1,622	1,374
Trade payables		12	(2,592)	(1,958)
Other receivables		5	661	522
Other payables		12	(1,197)	(1,001)
Current tax payables			(54)	(25)
Derivatives		8	165	67
Items not included in net working capital:				
Financial receivables		5	15	6
Prepaid finance costs		5	3	5
Interest rate swaps		8	(9)	(19)
Forward currency contracts on financial transactions		8	-	(5)
Total net working capital	**B**		**650**	**523**
Provisions for risks and charges		13	(653)	(591)
Deferred tax assets		15	182	207
Deferred tax liabilities		15	(188)	(195)
Total provisions	**C**		**(659)**	**(579)**
Net capital employed	**D=A+B+C**		**5,295**	**4,915**
Employee benefit obligations	**E**	**14**	**446**	**506**
Total equity	**F**	**10**	**3,089**	**2,423**
Borrowings from banks and other lenders		11	3,729	3,172
Financial assets at amortised cost			(3)	(4)
Financial assets at fair value through other comprehensive income		4	(244)	(20)
Financial assets at fair value through profit or loss		7	(11)	(11)
Financial assets held for sale			-	(1)
Cash and cash equivalents		9	(1,702)	(1,163)
Financial receivables		5	(15)	(6)
Prepaid finance costs		5	(3)	(5)
Interest rate derivatives		8	9	19
Forward currency contracts on financial transactions		8	-	5
Net financial debt	**G**		**1,760**	**1,986**
Total equity and sources of funds	**H=E+F+G**		**5,295**	**4,915**

RECONCILIATION BETWEEN THE PRINCIPAL INCOME STATEMENT INDICATORS AND THE INCOME STATEMENT CONTAINED IN THE CONSOLIDATED FINANCIAL STATEMENTS AND EXPLANATORY NOTES FOR 2021.

(Euro/million)		2021	2020
		As per income statement	As per income statement
Sales	A	12,736	10,016
Change in inventories of finished goods and work in progress		229	69
Other income		125	99
Raw materials, consumables and supplies		(8,906)	(6,464)
Personnel costs		(1,486)	(1,409)
Other expenses		(1,831)	(1,579)
Operating costs	B	**(11,869)**	**(9,284)**
Share of net profit/(loss) of equity-accounted companies	C	27	18
Fair value stock options	D	33	31
EBITDA	E = A+B+C+D	**927**	**781**
Other non-recurring expenses and revenues	F	(2)	(9)
Personnel costs for company reorganisation	G	(13)	(24)
Other costs and revenues for company reorganisation	H	(8)	(8)
Other non-operating expenses	I	(26)	(18)
Total adjustments to EBITDA	L = F+G+H+I	**(49)**	**(59)**
Adjusted EBITDA	M = E-L	**976**	**840**
Share of net profit/(loss) of equity-accounted companies	N	18	18
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	O = M-N	**958**	**822**

(Euro/million)		2021	2020
		As per income statement	As per income statement
Operating income	A	**572**	**353**
Other non-recurring expenses and revenues		(2)	(9)
Personnel costs for company reorganisation		(13)	(24)
Other costs and revenues for company reorganisation		(8)	(8)
Other non-operating expenses		(26)	(18)
Total adjustments to EBITDA	B	**(49)**	**(59)**
Fair value change in metal derivatives	C	13	(4)
Fair value stock options	D	(33)	(31)
Non-recurring impairment and reversals	E	(6)	(68)
Adjusted operating income	G=A-B-C-D-E	**647**	**515**

Risk factors and uncertainties

Prysmian Group's value creation policy has always been based on effective management of risks and opportunities. Since 2012, by adopting the provisions on risk management introduced by the "Italian Stock Exchange Corporate Governance Code for Listed Companies" (Corporate Governance Code), Prysmian has taken the opportunity to strengthen its governance model and implement an evolving system of Risk Management that promotes proactive management of risks and opportunities using a structured and systematic tool to support the main business decision-making processes.

In fact, this Enterprise Risk Management (ERM) model, developed in line with internationally recognised models and best practices, such as the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and ISO 31000, enables the Board of Directors and management to make informed assessments of risk scenarios that could jeopardise the achievement of strategic objectives, and to adopt additional tools able to anticipate, mitigate or manage significant exposures and to pursue opportunities.

The Group Chief Risk Officer (CRO), designated to manage the ERM process, is responsible for ensuring, together with management, that the main risks/opportunities facing Prysmian and its subsidiaries are promptly identified, assessed, managed and monitored over time. A special Internal Risk Management Committee (consisting of the Group's Senior Management) also ensures, through the CRO, that the ERM process develops dynamically, by taking account of changes in the business, needs and events that have an impact on the Group over time. The CRO reports periodically on such developments to senior management. Reference should be made to the "Corporate Governance" section of this report for a discussion of the governance structure adopted and the responsibilities designated to the bodies involved.

The ERM model adopted (and formalised within the Group ERM Policy which incorporates the guidelines for the Internal Control and Risk Management System approved by the Board of Directors back in 2014) follows a top-down approach, meaning it is directed by Senior Management and medium/long-term business objectives and strategies. It extends to all the types of risk/opportunity for the Group, represented in the Risk Model - shown in the following diagram - that uses five categories to classify the risks of an internal or external nature characterising the Prysmian business model:

- Strategic Risks: risks arising from external or internal factors such as changes in the market environment, from bad and/or improperly implemented corporate decisions and from failure to react to changes in the competitive environment, which could therefore threaten the Group's competitive position and achievement of its strategic objectives;
- Financial Risks: risks associated with the quantity of financial resources available, with the ability to manage currency and interest rate volatility efficiently;
- Operational Risks: risks arising from the occurrence of events or situations that, by limiting the effectiveness and efficiency of key processes, affect the Group's ability to create value;
- Legal and Compliance Risks: risks related to violations of national, international and industry-specific legal and regulatory requirements, to unprofessional conduct in conflict with company ethics, exposing the Group to possible penalties and undermining its reputation in the marketplace;
- Planning and Reporting Risks: risks related to the adverse effects of disclosing incomplete, incorrect and/or untimely information with possible impacts on the Group's strategic, operational and financial decisions.

THE PRYSMIAN RISK MODEL

STRATEGIC

Macroeconomic, demand trends & Competivie environment
Stakeholder expectations and Corporate Social Responsibility
Key customer & business partners
Emerging country risk
Law & regulation evolution
Research & Development
M&A / JVs and integration process
Operative CAPEX
Strategy implementation
Organizational framework & governance

FINANCIAL

Raw materials price volatility
Exchange rate volatility
Interest rate volatility
Financial instruments
Credit risk
Liquidy risk / Working Capital risk
Capital availability / cost risk
Financial counterparties

OPERATIONAL

Sales & Tendering
Production Capaccity / Efficiency
Supply Chain Capaity / Efficiency
Business interruption / Catastrophic events
Contract execution / Liabilities
Product quality / Liabilities
Environmental
Information Technology
Human Resources
Outsourcing

LEGAL & COMPLIANCE

Intellectual Property rights
Compliance to laws and regulations
Compliance to Code of Ethics, Policies & Procedures

PLANNING & REPORTING

Budgeting & Strategie planning
Tax & Financial planning
Management reporting
Financial reporting

Members of management involved in the ERM process are required to use a clearly defined common method to measure and assess specific risk events in terms of Impact, Probability of occurrence and adequacy of the existing Level of Risk Management, meaning:

- **economic-financial impact** on expected EBITDA or cash flow, net of any insurance coverage and countermeasures in place, and/or qualitative impact on reputation and/or operational efficiency/ continuity, measured on a scale that goes from negligible (1) to very high (4);
- **probability** that a particular event may occur within the specific planning period, measured on a scale that goes from remote (1) to probable (4);
- **level of control**, meaning the maturity and efficiency of existing risk management systems and processes, measured on a scale that goes from adequate (green) to unadequate/non-existent (red).

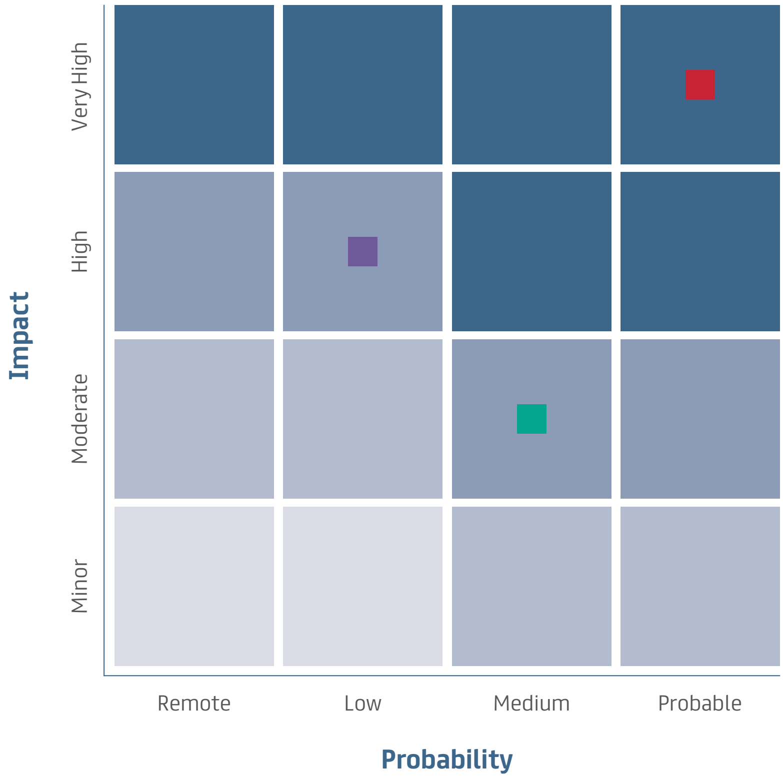
The overall assessment must also take into account the future outlook for risk, i.e. the possibility that the exposure is increasing, constant or decreasing over the period considered.
The results of measuring exposure to the risks analysed are then represented on a 4x4 heat map, which, by combining the variables in question, provides an immediate picture of the most significant risk events.

RISK ASSESSMENT CRITERIA

Assessment criteria
Impact
Probability
Level of Control

Level of Risk Management

- Risk NOT ADEQUATELY understood and/or managed
- Risk understood and/or managed with ROOM FOR IMPROVEMENT
- Risk ADEQUATELY understood and/or managed



This overall picture of the Group's risks allows the Board of Directors and Management to reflect upon the level of the Group's risk appetite, and so identify the risk management strategies to adopt, by assessing which risks and with what priority it is thought necessary to implement, improve and optimise mitigation actions or simply to monitor the exposure over time. The adoption of a particular risk management strategy, however, depends on the nature of the risk event identified, so in the case of:

- *external risks outside* the Group's control, it will be possible to implement tools that support the assessment of scenarios should the risk materialise, by defining the possible action plans to mitigate impacts (e.g. continuous monitoring activities, stress testing of the business plan, taking out of insurance coverage, disaster recovery plans, and so on);
- *risks partially addressable* by the Group, it will be possible to intervene through systems of risk transfer, monitoring of specific indicators of risk, hedging activities, and so on;
- *internal risks addressable* by the Group, it will be possible, as risks inherent in the business, to take targeted actions to prevent risk and minimise impacts by implementing an adequate system of internal controls and related monitoring and auditing.

ERM is a continuous process that, as stated in the ERM Policy, forms part of the Group's strategic planning process through identifying potential events that could affect its sustainability, and which is updated annually with the involvement of key members of management.

In 2021, this process involved the main business/function managers of the Group, allowing the most significant risk factors to be identified, assessed and managed; this process also covered factors related to the Group's sustainability, to ensure lasting value creation for shareholders and stakeholders.
In particular, work was carried out in 2021 to update the assessment of sustainability-related risks and opportunities, by enhancing the review process to make ESG (Environmental, Social, Governance) issues, especially those related to climate change, an ever-more integral part of the Group's ERM model. The assessment of risks and opportunities was carried out considering the impact on the business in the short, medium and long term, in accordance with the requirements of the framework of the task force on climate-related financial disclosures (TCFD). Further details can be found in the TCFD report published separately in 2021.

The main risk factors to which the Group's particular type of business model is exposed will now be presented according to the classification used in the Risk Model described earlier, and describing the strategies adopted to mitigate these risks.

Among the main risk factors, those that can have an impact in terms of economic, environmental and social sustainability (ESG Environmental, Social, Governance risks) have also been assessed. For an analysis of all ESG risks and further details, reference should be made to the specific section in the annual Sustainability Report, available on the Company's website at www.prysmiangroup.com in the section Media/Media Library/Sustainability Report.

Financial risks are discussed in detail in the Explanatory Notes to the Consolidated Financial Statements (Financial Risk Management). As stated in the Explanatory Notes to the Consolidated Financial Statements (Basis of preparation), 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. In particular, based on its financial performance and cash generation in recent years, as well as its available financial resources at 31 December 2021, the Directors believe that, barring any unforeseeable extraordinary events, there are no material uncertainties that could cast significant doubts upon the business's ability to continue as a going concern.

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.

Moreover, high value-added businesses - such as high voltage underground and submarine cables - are seeing an escalation in competition both from existing operators and from new players, not necessarily from the industry but with leaner more flexible organisational models, and/or significant financial resources, with a potentially negative impact on both sales volumes and selling prices.

Although the existence of certain barriers to entry (such as those relating to ownership of technology, know-how and track record that are difficult to replicate) may limit the number of players able to compete effectively on a global scale in high value-added segments (such as high voltage underground cables, optical cables and, to a much lesser extent, submarine cables), Prysmian Group cannot rule out either the entry of new competitors into these market segments or an escalation of competition from existing players, with potential consequences for the Group's expected sales volumes and selling prices. The Group may be unable either to reduce its costs sufficiently to offset the reduction in demand and the increased pressure on prices, or to effectively limit the greater competition from both new entrants and existing players, which could have a material adverse effect on its economic and financial conditions and/or results of operations.

In addition, the acceleration of technological innovation observed in recent years, with an increasingly widespread use of renewable energy and a shift towards digitalisation, also fostered by the Covid-19 pandemic, represents a further area of competition in the medium and long term.

The strategy of rationalising manufacturing footprint 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.

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 persistently difficult economic conditions, then reduce investments that would otherwise develop the market. Government incentives for alternative energy sources and for developing telecom networks also face cuts for the same reason.

In Europe, to cope with the current wave of the pandemic, some eurozone countries have reintroduced stricter containment measures that could hold back economic recovery (see also "Risk of market contraction or softer demand due to Covid-19"). In addition, current shortages of equipment, materials and labour in some sectors could hamper the production of goods, causing delays in contract execution and slowing the recovery in some sectors of the economy; these bottlenecks are expected to persist for some time. In periods of negative or no growth, Prysmian Group could experience a decrease in sales and net profit, which could have a significant adverse effect on its financial condition and results of operations.

Prysmian Group's Transmission (high voltage submarine cables), Power Distribution and Telecom businesses are being affected by the fluctuating contractions in European market demand due to 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 reduced sales and lower margins.

In addition, the Group constantly monitors developments in the global geopolitical stage 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.

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.

Some of the Group's facilities, particularly in certain locations, are more at risk of being the target of economic and political destabilisation, international conflicts, restrictive actions by foreign governments, nationalisation or expropriation, changes in regulatory requirements, as well as difficulties in effectively managing various global operations, terrorist activities, natural disasters, adverse foreign tax laws or trade agreements and the threat posed by potential pandemics in countries that do not have the resources to deal with such outbreaks.

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, assets and financial condition; consequently, as already mentioned in an earlier paragraph, the Group constantly monitors developments on the global geopolitical stage that could require it to revise existing business strategies and/or adopt mechanisms to safeguard its competitive position and performance.
The growing geopolitical tensions in Ukraine represent a further element of instability.

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 adopted containment measures, including travel bans, quarantines and other public emergency measures, with serious repercussions for economic activity and the entire production system. These restrictions on travel and freedom of movement continued in the second half of 2020 and early 2021 with restrictions due to the "second and third waves", and in autumn 2021 and early 2022 as a result of the "fourth wave". More recently, the emergence of the Omicron variant has threatened an intensification of the pandemic on a global scale and made uncertainty about its future evolution even greater. This "wave" (and any future "waves") has caused (and may continue to cause) fresh disruptions in the economies of those nations already impacted by Covid-19 and could lead to further negative impacts on the global economy in general. Potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess. If the spread of Covid-19 persists for a significant period of time or if other restrictions are put in place, this could have further negative impacts on the global economy that will depend heavily on the duration and severity of the outbreak itself.

Any persistent or aggravated adverse impact on the global economy could affect the Group's business, financial condition and/or results of operations. The program of extraordinary measures, swiftly deployed by the Group since the onset of the Covid-19 pandemic, is proving effective and has put people first. 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.

Risks related to acquisitions and disposals

The Group reviews potential acquisition targets on an ongoing basis and whenever it acquires new companies, their integration may pose challenges, particularly if management information and accounting systems are substantially different from those used elsewhere in the Group. It is also possible that unforeseen problems may be encountered in one or more of the acquired entities.
In addition, the Group may have to incur additional debt on each occasion to finance acquisitions.

Prysmian Group may also dispose of some of its businesses through M&A transactions, themselves subject to uncertainty. Agreements entered into as part of disposal transactions typically provide for mutual obligations as well as representations and warranties and seller obligations to indemnify the buyer for any liabilities arising from the breach of such representations and warranties. In addition, such agreements typically contain conditions precedent that must be satisfied prior to completion, otherwise the buyer's termination rights may be triggered, and therefore there is no guarantee that transactions in progress but not yet completed will actually be completed by the deadline.

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 collaboration 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, failure to comply with the financial and non-financial covenants contained in the Group's credit agreements could limit its ability to increase its net indebtedness, other factors 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 31 December 2021, and six-monthly monitoring[1] of financial covenant compliance (fully satisfied at 31 December 2021), the Group is of the opinion that it has significantly mitigated this risk and that it is capable of raising sufficient financial resources at a competitive cost. A more detailed analysis of the risk in question, including a description of the Group's principal sources of finance, can be found in the Explanatory Notes to the Consolidated Financial Statements.

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 deemed 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 "Financial Risk Management" section of the Explanatory Notes to the Consolidated Financial Statements.

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 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 "Financial Risk Management" section of the Explanatory Notes to the Consolidated Financial Statements.

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.

1 The financial covenants are measured at the half-year reporting date of 30 June and at the full-year reporting date of 31 December.

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 difficulty in finding coverage on the market.

It should be noted that credit risk was not particularly impacted during 2021 by the spread of the Covid-19 pandemic. A more detailed analysis of the risk in question can be found in the "Financial Risk Management" section of the Explanatory Notes to the Consolidated Financial Statements.

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.

At 31 December 2021, the Group's total financial resources and undrawn committed credit lines stood in excess of Euro 2 billion.

A more detailed analysis of the risk in question can be found in the "Financial Risk Management" section of the Explanatory Notes to the Consolidated Financial Statements.

Commodity price volatility risk

The Group's operating results could be affected by changes in the prices of commodities and strategic materials (such as copper, aluminium, lead, resins and polyethylene compounds as well as fuels and energy), which are subject to market volatility.

The main commodities purchased by the 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, aluminium and, although less significant, 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 "Financial Risk Management" section of the Explanatory Notes to the Consolidated Financial Statements.

Risks associated with meeting pension plan obligations

Group companies have defined benefit pension plans in place throughout the world, into which they are required to pay specific contributions. Under these plans, the Group is obliged to provide a defined level of benefits to plan participants, and is therefore subject to the risk that the related assets are insufficient to cover the benefits. If a fund is in deficit, its managing trustee it will require Prysmian Group to fund the plan.

In addition, the Group may be called upon to advance substantial contributions or provide further financial support to certain plans if their creditworthiness declines or if beneficiaries withdraw en masse from the plans and require immediate coverage of their deficits.

The Group has taken measures to mitigate its exposure to these risks, including by preventing new participants from joining funded plans and requiring ongoing contributions from the original beneficiaries, but there can be no assurance that these measures will be sufficient to mitigate the relevant risks. The costs of defined benefit pension plans are determined on the basis of a number of actuarial assumptions, including an expected long-term rate of return on assets and a discount rate. The use of these assumptions makes pension expense and cash contributions subject to volatility from year to year.

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 product liability legal actions in its countries of operation. 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 negative outcome could expose it to reputational damage, with potentially further adverse consequences for its results of operations and financial condition.

Risks associated with failure to meet contractual conditions in turnkey projects

Turnkey projects involve operational and management complexities that can affect delivery times, the quality of the cables produced, the costs estimated at the contractual stage and, consequently, the agreed consideration and any costs related to guarantees. The Group uses the percentage of completion method to account for such projects, whereby the margins recognised in its financial statements depend on a project's progress and its estimated margins at completion. Consequently, work in progress and margins on incomplete projects may not be recognised correctly if the revenues and costs of completion, including any contractual variations and cost overruns and penalties that might reduce expected margins, have not been estimated correctly. The percentage of completion method requires the Group to estimate the costs of project completion and involves making estimates based on factors that could change over time and therefore could have a significant impact on the recognition of revenues and margins. Although the Group has policies and procedures designed to manage and monitor the implementation of each project, there can be no assurance that such problems will not arise. This could have a material adverse effect on the Group's business, financial condition and/or results of operations.

Specifically, 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 if the Group (or its subcontractors and/or other third parties used by the Group in the execution of these projects) fails to comply with specific deadlines and quality standards.

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 Group has implemented a quality management process involving an extensive series of tests on cables and accessories before delivery and installation, as well as ad hoc insurance coverage, often through insurance syndicates, to mitigate exposure to risks starting 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 an assessment of completed and ongoing contracts, analysing the risks involved, including a potential domino effect on the order backlog. 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 plants in Pikkala (Finland) and Arco Felice (Italy) for the production of a particular type of cable and the cable-laying vessels owned by the Group (the "Giulio Verne" and the new "Leonardo da Vinci" in operation since 2021), some of whose technical capabilities are hard to find on the market. The loss of one of these assets due to unforeseen natural events (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.

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, make it possible to assess the adequacy of existing systems of protection and to decide any necessary remedial actions to mitigate the estimated residual risk. As at 31 December 2021, the Group's operating plants were sufficiently protected and there were no significant risk exposures. 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 that make it possible to activate, as quickly as possible, the countermeasures required to contain the impact following a catastrophic event and manage any resulting crisis;
- specific insurance schemes covering damage to assets and loss of associated contribution margin due to business interruption, so 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, atmospheric 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 the upgrading of technology (Best Available Techniques) and the relevant risk prevention systems, with associated related costs.

Despite the Group's risk management measures, there is no guarantee that certain environmental accidents will not occur in the normal course of business. This may result in criminal and/or civil penalties and, in some cases, safety violations. There are also costs associated with the Group's compliance with health, safety and environmental rules and regulations. The occurrence of environmental accidents or non-compliance with health, safety and environmental legislation may have a material adverse effect on the business, its financial condition and/or results of operations.

Given 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 prevalence 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 conducting 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, financial projections and strategic plans not yet disclosed to the market, as well as risk related IT system obsolescence and lack of proper maintenance, unauthorised access to which could damage a company's results, financial situation and image.

In particular, with regard to cyber risk, the Group has adopted a Cyber Security Program, which includes a governance structure, policies and procedures, training, Security Reports, technologies and processes for monitoring, analysing and containing incidents, Security Assessment for selected plants, periodic review of the Threat Model and in-depth analysis of the complex structural factors that form the framework of a modern Security system for the corporate community.

Given the increasing frequency of manufacturing cyberattacks and the growing introduction of IoT systems in Operations and probable acceleration of these technologies due to energy transition plans, the potential consequences under possible future scenarios (IEA - STEPS, APS, SDS and NZE) have been analysed and a secure redesign and segregation project for production plants is underway, starting from the most strategic ones.

Also in 2021, training and multi-channel security campaigns were conducted for the entire Group, and controlled Phishing and Social Engineering exercises were carried out, aimed at testing the readiness of company personnel to recognise this common type of cyberattack.

A special Information Security Committee, consisting of the key figures involved in managing cyber risk, 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 loss of key resources or failure to attract qualified personnel

The Group is exposed to the risk of lack or loss of key resources in 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 staff grading based on correct 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 teach and develop Leadership skills (Management School), Technical skills (Professional School) and E-Learning (Digital school) within the Group, which, since 2021, have been complemented by "Local Schools", i.e. the set of training initiatives promoted by the Regions and inspired by the principle of continuous on-site training, often in the local language. Such initiatives are designed to meet local, contingent needs, linked to the challenges of existing roles or with a view to local growth of a more short-term nature;
- "Stem it", "Sell it", "Sum it" recruitment programs for professionals in the production, quality, purchasing, logistics, sales and finance functions. The "Stem it" program also contains a specific policy dedicated to attracting and retaining female technical specialists, in order to help make the Group increasingly gender-balanced;
- "People Performance Program" to manage career paths;
- "Talent Management Program" to accelerate development of our talents;
- "MyMentorship", an in-house mentoring program operating globally to support the growth of key people through an exchange of technical or leadership skills;
- "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;
- "Internal Job Posting", already active since 2020 regionally but intended to go global at a later date, to facilitate the development of people's cross-functional skills and continue to build a global corporate culture.

Key supplier dependence risks

In carrying out its operations, Prysmian Group uses numerous 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 to select and work with reliable suppliers of goods and services and, where possible, identify possible alternatives, thus avoiding 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.

Risks of dependence on key distributors and resellers for the non-exclusive sale of the Group's products

Distributors and resellers account for a significant portion of the Group's sales. These distributors and resellers are not contractually obliged to purchase the Group's products on an exclusive basis. Therefore, they may purchase competitor products or cease to purchase the Group's products at any time. The loss of one or more major distributor could have a material adverse effect on the Group's business, financial condition and/or results of operations.

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 applicable 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 applicable laws 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. If the Group does not adequately comply with or successfully implement processes in response to these new regulatory requirements, and particularly in light of its large number of employees and the growing trend towards global data management (including cloud storage and the use of mobile devices), it could be at risk of individual claims for compensation for alleged mismanagement of personal data, imposition of sanctions by relevant authorities and reputational damage.

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

- Implementation of a data-based model, through mapping the personal data processed by company departments and keeping a record of processing activities;
- Definition of a governance model, designed 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;
  - policies and documents supporting the model (company policies, disclosure statements, internal appointments, clauses applicable to suppliers, etc.);
- 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;
- 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;
- Review of video surveillance systems, with particular reference to the new European guidelines and the regulations applicable in Italy.

In addition, the following activities have been undertaken to ensure data protection compliance:

- Verification of the adequacy of the procedures adopted by the Group to manage the green pass and related access controls by the employer;
- Review of the process for appointing System Administrators, periodically updating appointments and managing system logs;
- Coordination of the adoption of a privacy model in relation to the Group's legal entities in Chile and Brazil.

Monitoring and support have been provided to Prysmian's many European legal entities 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.

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 diverse 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) business 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).

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.

Like in the previous year, during 2021 Prysmian Group continued its monitoring activities and maintained its focus on compliance through a special anti-bribery compliance program inspired by the guidelines of ISO 37001:2016 "Anti-bribery Management Systems". This program is intended to provide greater control over the management of bribery risk and minimise the risk of incurring penalties as a result of corrupt offences by employees or third parties.
In 2021, the Group initiated the process of obtaining ISO 37001:2016 certification by updating its anti-bribery risk assessment, its "Anti-bribery Management Systems" as well as its Anti-bribery Policy in order to comply with ISO 37001. In addition, a specific anti-bribery unit was set up within the Compliance office. ISO 37001 certification was obtained in December 2021 from an outside independent certifier.

The core of the ISO 37001 standard is the control of third parties (suppliers, intermediaries, agents and customers) through due diligence 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 bribery arising from relationships with third parties (such as distributor agents, and certain categories of supplier). 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. This program, introduced in 2019, continued to run throughout 2021.

In addition, 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. A new online platform was implemented in 2021 for reporting potential conflicts of interest, both inside and outside the business. In particular, all Prysmian Group employees were required to disclose all personal or financial relationships that could potentially lead to a conflict of interest.

In 2021, the Gifts and Entertainment Policy was also updated, establishing a series of rules to be complied with before making or receiving gifts or entertainment expenses and distinguishing between private companies and government agencies/public officials. In the same period, a new online platform was also implemented so that before making or receiving gifts or entertainment expenses, all Prysmian employees make appropriate disclosures and obtain the necessary approvals. All compliance policies (Code of Ethics, Global Compliance, Helpline, Anti-Bribery, Gifts & Entertainment, Third Party Program, Antitrust, Antitrust EU, Conflict of Interest, Export Control) are published on the corporate intranet and are available in the official languages of the Prysmian Group.

Further details about the actions taken by the Group to prevent corrupt practices can be found in the specific section of the annual Sustainability Report.

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 making individuals more accountable for their professional duties under antitrust legislation. Training in this area continued to be pursued in 2021. In particular, due to the Covid-19 emergency, classroom lessons have been replaced by specific online training delivered via the Microsoft Teams platforms for certain functions, including Sales, Finance and Purchasing. 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.

In particular, in 2017 Prysmian launched an antitrust training program called Integrity First (IF Training) with the aim of raising the awareness of all those working in the name of and on behalf of the Group; this program continued to run throughout 2021. In addition, two additional antitrust training sessions were held in 2021, one in Europe (in Spain) and the other in North America.

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 179 million as at 31 December 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, trade tariffs and other changes in trade policy

Prysmian Group's activities also involve the shipment and transfer of finished products, semi-finished goods and raw materials between different countries, exposing the Group to risks related to changes in the tax, customs tariff and trade regimes of different political jurisdictions.

In addition, many countries have rules on international trade and apply laws and regulations governing trade in products, software, technology and services, including financial transactions and intermediation.

For example, export control regimes, governed by the 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 specific 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. Any of the above circumstances could have a material adverse effect on the business, financial condition and/or results of operations of Prysmian Group and could affect its ability to fulfil issuer obligations under its Bond issues.

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.

Risks related to changes in industry standards and legal requirements

Group companies are required to comply with specific federal, state, local and foreign legal and regulatory requirements, as well as certain industry standards. Changes in applicable laws and regulations may affect the growth of the markets in which the Group operates. Growth in the cable industry is partly due to legislation on energy and alternative and renewable energy sources, as well as to incentives for investing in utilities and infrastructure.

It is not foreseeable whether, in the future, there will be changes and/or industry standards that are detrimental to the Group's business. Although the Group's business is managed to mitigate such risks, there can be no assurance that changes in applicable standards, laws and regulations will not result in significant costs, which could have a material adverse effect on the Group's business, financial condition and/or results of operations.

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 Information Statement (Sustainability Report 2021) and the TCFD Report 2021, in which further details can be found.

Risks related to climate change

Events related to climate change, including extreme weather events such as storms, floods, hailstorms, changes in summer and winter rainfall and increased temperatures, may also affect the Group's activities. The Group's plants use water for industrial uses, mainly for certain cooling phases of their processes, although in relatively small quantities. Consequently, the Group is exposed to the potential risk of reduced water availability, which is affected by climate change. In addition, any rise in sea level could lead to an increased risk of coastal flooding as a result of adverse weather conditions in the locations where the Group's production facilities are located. Analysis of these physical risks has been extended to the Group's entire supply chain. On top of physical risks, climate change also entails a transition risk accompanying the energy market's evolution in the wake of the climate crisis. Firstly, the Group is exposed to the potential risk of inadequate support for technological innovation and the emergence of alternative or substitute technologies. This could mean a reduction in demand for products and services, which in turn would lead to a decrease in revenues. Secondly, new energy transition policies, and the consequent impact of increased market opportunities, are rapidly changing an already competitive scenario. The expansion or entry of new players may reduce or disrupt the Group's leadership, resulting in lost revenues or reduced margins.

The need to decarbonise our economy also translates into more complex market demands, increasing the likelihood that Prysmian's products contain patented third-party solutions. This could expose the business to risks associated with the management of third-party patents and possible costs arising from litigation.

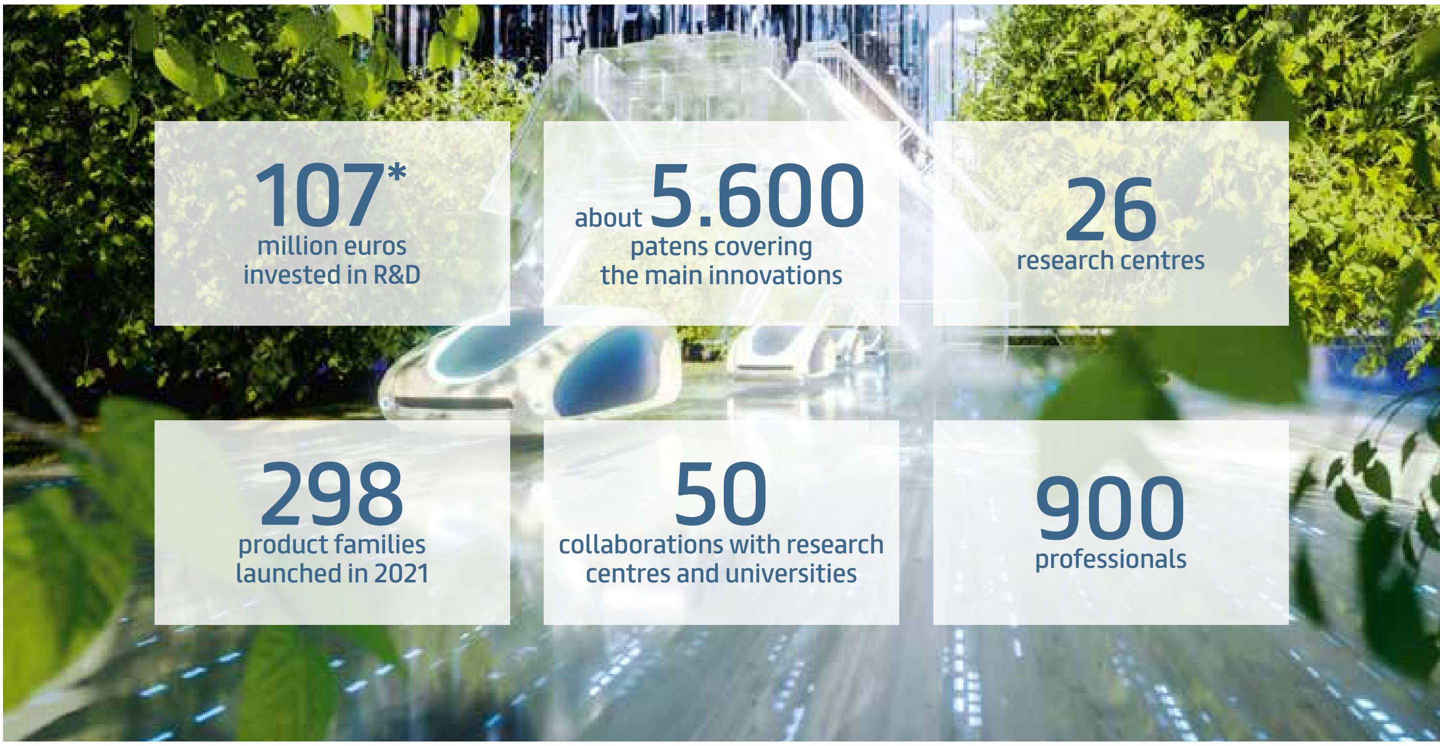
In addition, there is a risk of a climate change-related increase in costs for the Group due to a potential rise in production costs caused by the wider application of emission laws and regulations, both in the form of carbon taxes and emission trading schemes. Finally, although already mentioned, the energy transition is accelerating the digitisation of physical assets and increasing the risks and consequences related to cyber security. This could lead to higher adaptation and monitoring costs. Any of these circumstances may have a material adverse effect on the Group's business, financial condition and/or results of operations.

Research and development

SUSTAINABLE INNOVATION

Globally Prysmian Group R&D consists of more than 900 professionals, spread in 26 R&D centers in the world. The HQ R&D located near the Headquarters in Milan, acts as coordinator of the activities performed in the local R&D centers and as promoter of special breakthrough innovation projects, oriented on a medium- and long-term perspective. It includes laboratories where development of new cables and technologies can be performed in full autonomy, being able to count on an experimental prototype room for production of cables and compounds, on an electrical testing facility, equipped with the most advanced systems for EHV cables testing, and a physical-chemical lab gifted with cutting-edge instruments dedicated to deeply analyze cables and materials properties.

Group R&D has responsibility for overall innovation strategy, aimed at making Prysmian a key player in the value chain to support Energy Transition, Digitalization and Sustainability. Local R&D centers act operatively on new products development, design to cost and product family rationalization.



* Euro 94 million in operating expenses and Euro 13 million in investment expenditure

It has been reinforced the role of Sustainability in the R&D activity, acting as leading force for the whole Innovation process of the Company. Strong focus has been given on decarbonizing the product portfolio in all segments / businesses and working closely with our customers / suppliers to cut the emissions in the supply chain.

Covid situation has been properly managed in almost all the countries, with not relevant impact in daily activities and operations. The company learned how to deal with the pandemic, by putting in place all the necessary measures in order to preserve the health of people, considered the leading priority in all regions and at all company levels.

Materials Shortage was a sever issue for the Company starting in Q2 and is still far from the normalization. The supply chain disruptions and the strong growth of raw materials prices was properly managed by putting in place fast track procedures for qualification of alternative materials, leveraging on the strength of the company and the global presence.

2021 was an exceptional year in terms of DTC (Design to Cost), both activities and related results. Final result (48,4 Mln €) is the highest ever achieved, overcoming 7% the Company best year results (2019, 45,4 Mln €). DTC helped to mitigate variable cost inefficiencies (shortages and raw materials price volatility related for the most part) and enhance product competitiveness across several segments.

New products introduction (NPI) activity showed a significant increase, with 14% vitality (was 13% in 2020) and almost 300 new product families launched in the year (were 200 in 2020).
Following the success of the Innovation Contest launched in 2019 and awarded in 2020, a new edition has been launched in 2021 in collaboration with an important customer and channel partner operating in Multimedia & Enterprise Solutions.

When carrying out research, the Prysmian Group is aware that today - as evidenced by the SDGs - it is essential to develop partnerships with all relevant stakeholders: from the academic world to independent research centres, from suppliers and all supply chain counterparties to our customers, whose collaboration and feedback are extremely important for the identification of those requirements that need the greatest attention.

ACADEMIC CENTRES

CUSTOMERS

SUPPLIERS

Prysmian and General Cable have established consolidated collaborative relations with more than 50 major universities and research centres around the world. These collaborations, strategic for the Prysmian Group, support cutting-edge technological research and allow the adoption of state-of-the-art innovations in all areas relevant to the wire and cable industry.
For an indication of the institutions with which Prysmian cooperates, the research carried out with them and the international conferences in which the Group participated in order to share the developments of this research, please refer to the 2021 Non-Financial Disclosure.

R&D BY THE PRYSMIAN GROUP

Core Area

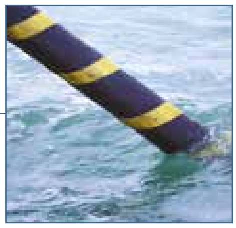
The main aspect guiding the strategy of the Prysmian Group is the need to concentrate on factors that facilitate the development of cabled infrastructures for the transportation of electricity and information that, today, are essential elements in all current transformations of society, from the new electric mobility to smart cities, from the expansion of 5G to the use of artificial intelligence to collect and interpret data, and much more.
The ever more advanced search for EHV electricity transmission systems that can be buried, for longer and more efficient cables that can be laid at greater depth, for optical fibre solutions that can contain the largest number of cables in a miniaturised space and that can be used easily in the field, are therefore core areas in which the majority of the investment made by the Group is dedicated.

ENABLING ENERGY TRANSITION & DIGITALIZATION

PUSHING THE BOUNDARIES OF UHVDC

- Industry first to qualify both 525kV XLPE and P Laser solutions

GOING DEEPER INTO THE SEA WITH LONGER LENGTHS



- 1° high depth submarine cable with synthetic armor

TRANSFORMING THE OPTICAL FIBER LANDSCAPE

- Sirocco Extreme with 180µm Fiber Nano Cables
Super high density FlexRibbon up to 6912f

DIGITIZATION OF PROCESS AND PRODUCTS

- Smart cable solutions
From Data to Insight
Augmented user experience

ACCELERATING INNOVATION WITH CORPORATE HANGAR START-UPS

- Alesea
Kablee
Cultifutura

MONITORING THE GRIDS WITH PRYSMIAN ELECTRONICS

- Pry-Cam HOME
Pry-Cam DTS

Digital Ambition

Providing solutions for the energy and telecom sector is the next step for Prysmian Group's future, guided by the "digital ambition" principle that will expand on the current leading position as cabling system manufacturer. Digital tools and solutions are being currently leveraged to optimize business performance: digital products and services will help in sustaining the Group's growth strategy, supporting collective intelligence by digitalizing the company's culture. This ambition is based on 3 pillars:

- efficiency through data, to reduce waste and improve performance.
- develop value-added digital products, by extracting and generating value from enterprise data.
- foster new digital practices in the organization, to empower the entire workforce.

Innovative digital technologies play a central role in making room for growth that both benefits the customer, the Group and external stakeholders, by optimizing the use of resources and guaranteeing accountability in tracking our results and guaranteeing high quality standards by leveraging the vast amounts of data that is already present. With more than 10 technologies in exploration, 5 projects in experimentation, 5 projects in integration and more than 30 Digital Local Partners all around the world, Digital Innovation brings us closer to a holistically approached sustainable development, addressing economic sustainability by amplifying outputs from the same amount of inputs, social sustainability by bringing people closer from afar and environmental sustainability by allowing for the most efficient use of resources.

IT, R&D

The group's ERP system (SAP 1C) has been successfully migrated in September 2021 to the new SAP S4 / HANA platform. The new system is covering 78 plants, in 28 countries, and more than 6.000 Users, it is now completely on Cloud infrastructure and it runs with a simplified database. This technological leap will allow in the coming months an acceleration of innovation towards the concept of "intelligent ERP" using real time data, advanced Analytics, and a better User Experience. Also, in 2021, we continued to invest in the SAP BW / 4 HANA Business Intelligence system.

Prysmian's open innovation infrastructure: corporate hangar

Prysmian Group confirmed its commitment with Corporate Hangar for an additional 3 years to accelerate its path towards innovation and sustainability. In 2021, Corporate Hangar enlarged the projects base with Prysmian and the startups started delivering solid and measurable results.
For further details refer to 2021 Non-Financial Disclosure.

Innovation Steering Committee

In 2021, the Prysmian Group Innovation Steering Committee created an operating rhythm to consolidate our innovation focus areas and enhance the entrepreneurial culture of our employees. The following measures were instituted combining the strengths of R&D, Prysmian Electronics, Corporate Hangar and Digital Innovation:

1. Creation of a global innovation portfolio aligned with the group goals to be an innovation leader in Energy Transition and Digitalization, ensuring high potential projects are accelerated with the right resources
2. Increasing our R&D spend linking our Innovation efforts to Sustainability in support of our Climate Ambition
3. Enhancing collaboration both internally and externally to deliver higher value add products and services that transform Prysmian as a wire and cable solution provider to address our customer needs.

NEW PRODUCTS INTRODUCTION (NPI)

The introduction of new products (NP) is tracked as a routine activity, to highlight the effectiveness of our R&D departments.

The main purpose of this process is to increase awareness of the growing importance of innovation as a success factor and the development of new products as a driver for improving the performance of the organization.

The consolidation of the New products process, together with GC Legacy, provides a new value in order to sustain the business, overcome competitors and acquire new customers.

Main New Products Activities:

- **New Products Tool** (created internally on Qlikview and updated automatically) developed to support analysing economics of new products and to track the top projects during the three-year vitality period. The Tool is currently used globally for all Regions and Businesses.
- **Global Innovation data management software (Sopheon Accolade®) implementation (2021-2022)** standardizes the new product development work process for Prysmian globally. It provides a unique platform for prioritizing the projects with highest value, decision making on the projects during execution and driving project execution.

During 2021 the R&D function executed a large number of new product development projects resulting in:

Over 90 new products in the Innovation category

Over 700 new products in the Development category

The Group Vitality Result 3Q 2021 compared to 3Q-2020 increased from 13,0 % to 14,0%:

PRYSMIAN GROUP	NET TURNOVER TOTAL RESULT (K€)	NET TURNOVER NP (K€)	%
3Q2021	7,750,532	1,083,244	14.0
3Q2020	6,429,117	836,668	13.0

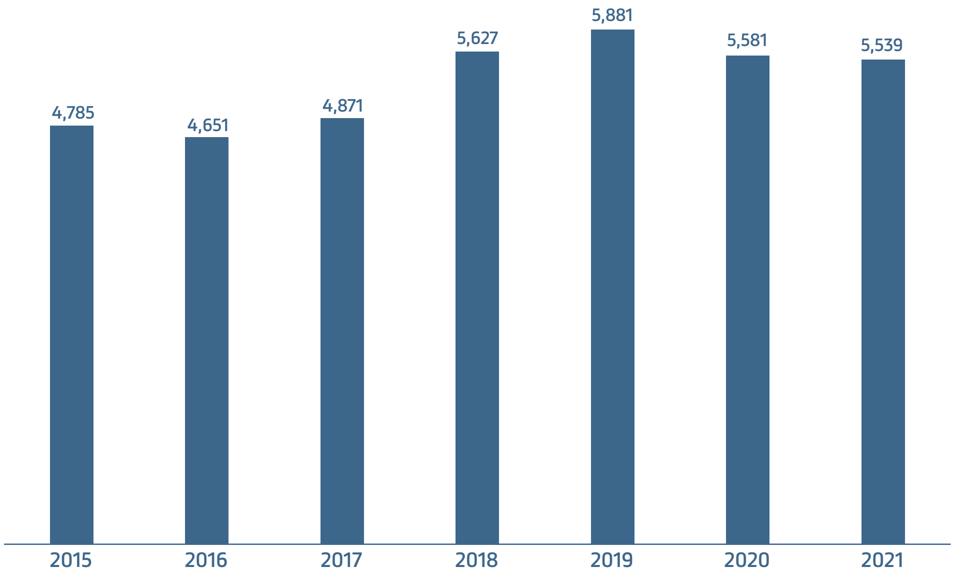
NP CATEGORY	NET TURNOVER NP (K€)	%
Innovation	52,159	0.7
Product Development	575,223	7.4
Technology Transfer	455,864	59

For further details on the development of new technologies in the Projects segment, in the Energy segment and in the Telecom segment, please refer to the 2021 Non-Financial Disclosure.

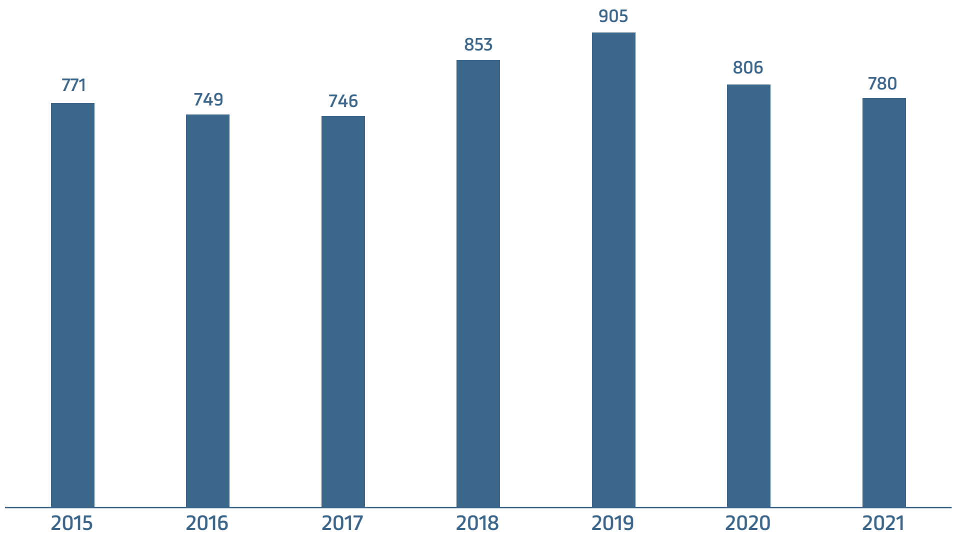
INTELLECTUAL PROPERTY PROTECTION

Protecting the portfolio of patents and trademarks is a key part of the Group's business, particularly given the growth strategy adopted in high-tech market segments. At the end of 2021 Prysmian Group has essentially the same number of patents and patent applications as in previous years. The number of patents increased in 2018 because of the General Cable acquisition. The same behavior can be found in the number of families of patents representative of the number of inventions patented:

NUMBER OF PATENTS AND APPLICATIONS

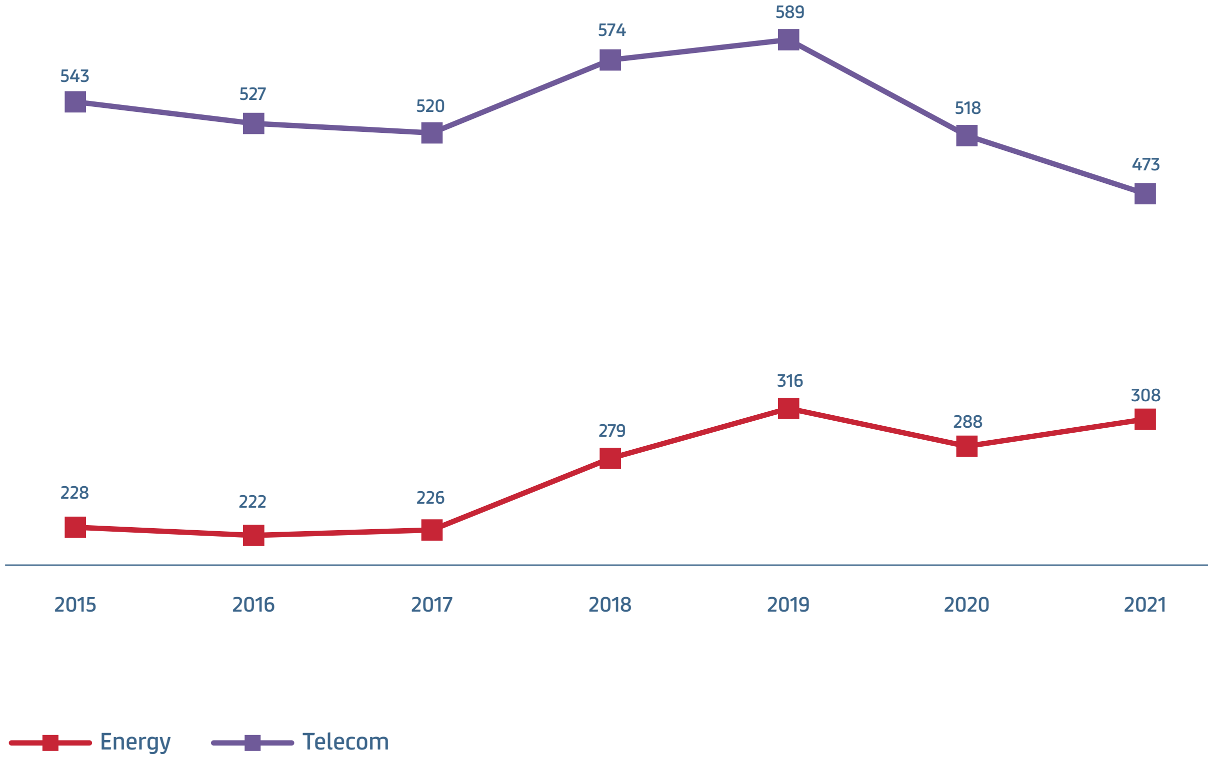


NUMBER OF FAMILIES



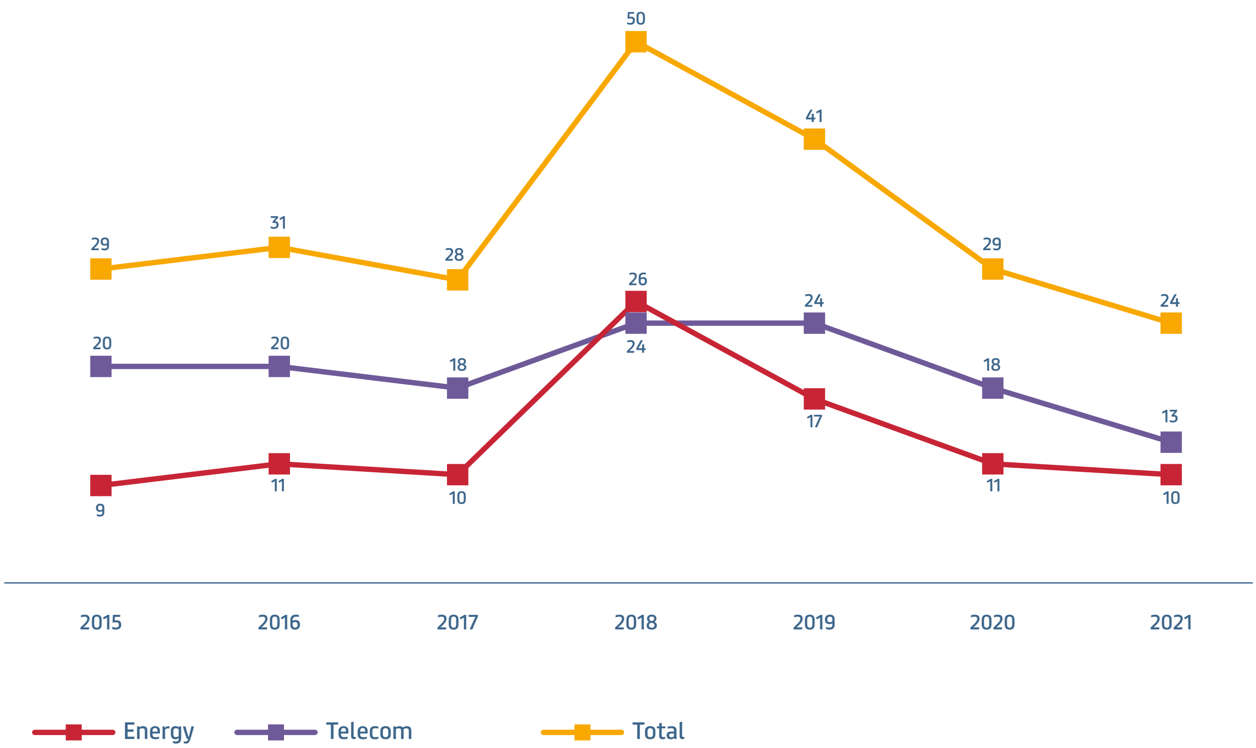
Prysmian has implemented a change in the filing strategy, consistent with the market strategies of the Group. Further, the portfolio of patents is reviewed continuously, with a view to abandoning those no longer used by the Group. This explains why the total number of patents and families is declining. Analysis of the patents in the Telecom sector makes this trend clear. The number of patents in the Energy sector appears to be behaving differently, although the strategies implemented are broadly similar to those adopted by the Telecom sector. The difference is explained by the acquisition of General Cable, which mostly influenced the total number of patents in the Energy sector.

NUMBER OF PATENTS FOR THE ENERGY AND TELECOM SECTORS

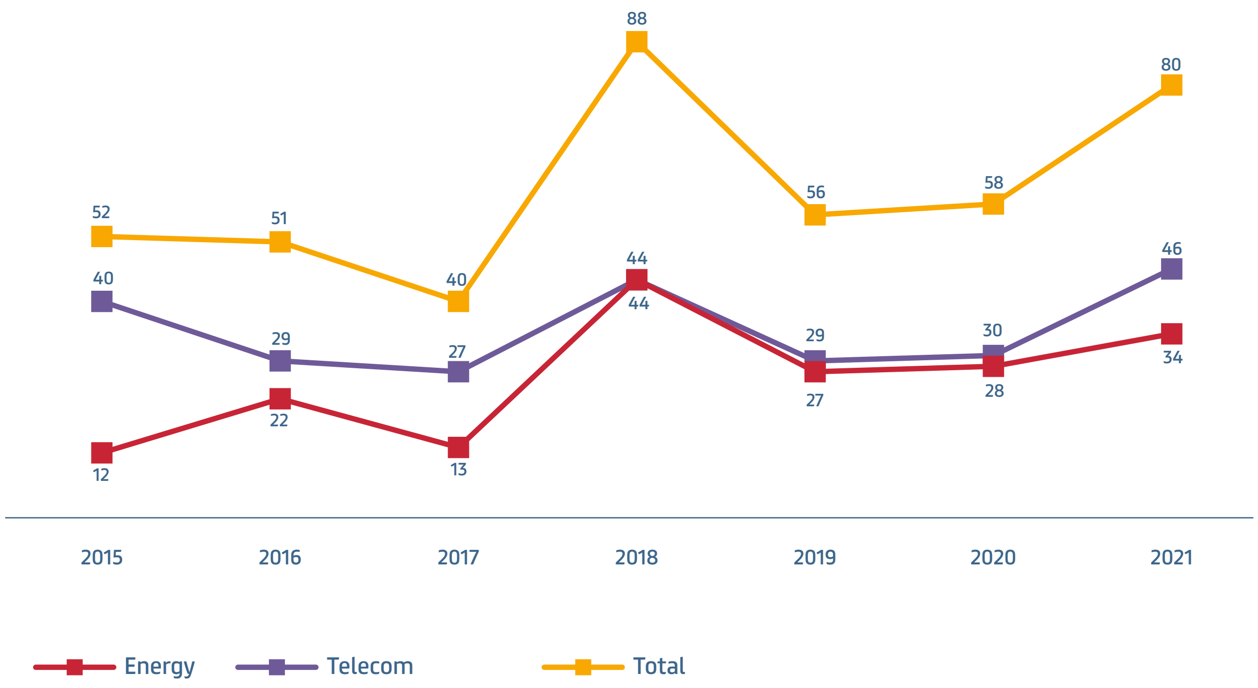


The annual number of new filings is decreasing despite the marked increase in Records of Invention (ROI) received, which reflects the volume of inventions submitted to the patents office. The ratio of patentable inventions to ROI received is clearly lower than in the past.

NEW FIRST FILINGS

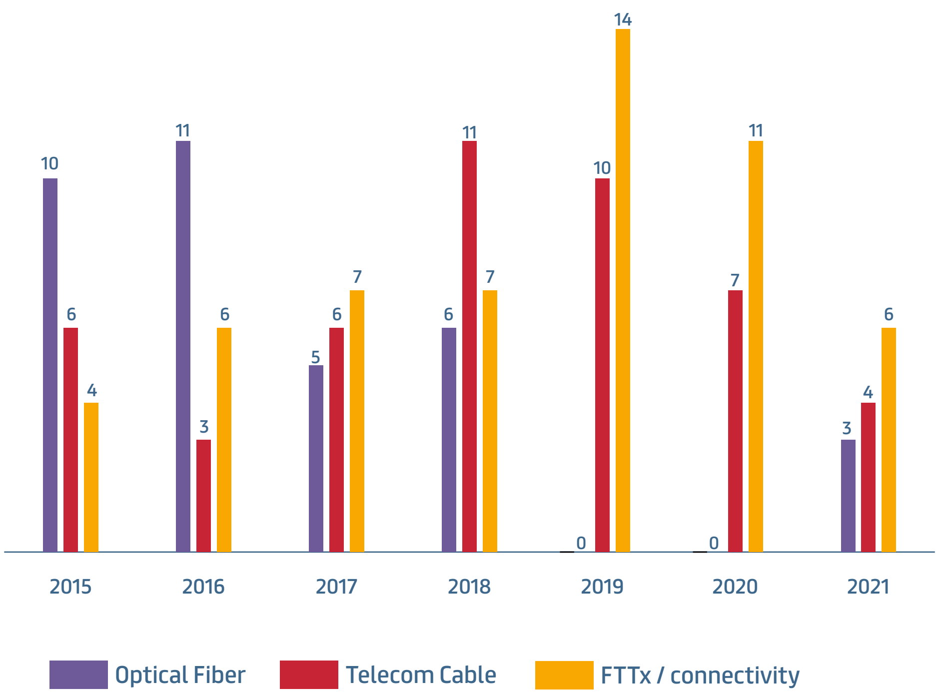


NUMBER OF ROI

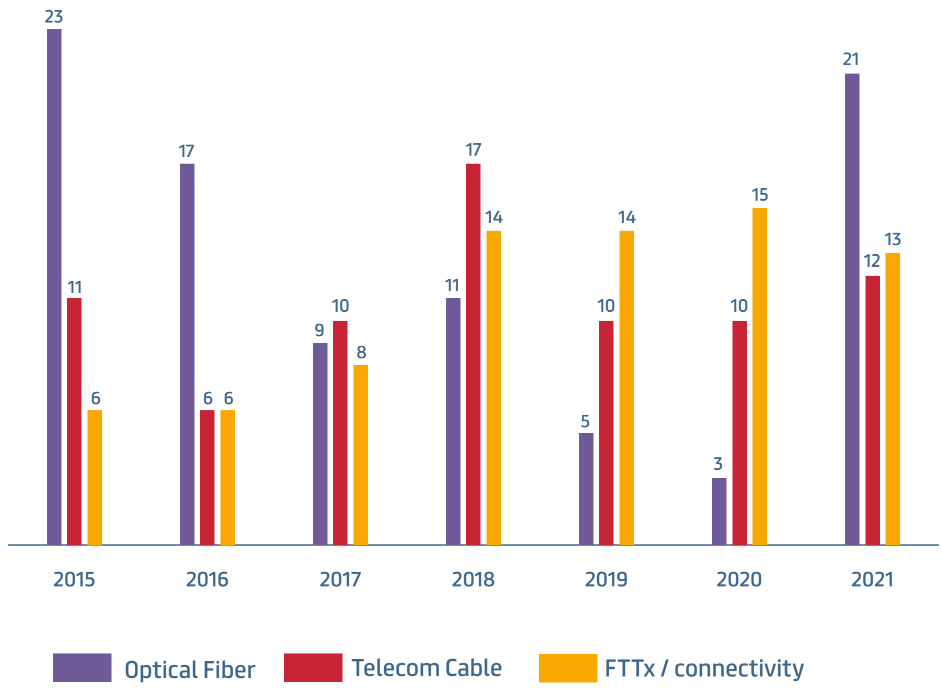


In the Telecom sector, this phenomenon reflects a temporary decline in the activity of the Optical Fibre domain. This domain was probably one of those most affected by the pandemic, given that research is mainly carried out in laboratories and at plants. The pandemic reduced considerably the ability to conduct validation tests and try out innovative solutions.

NEW FILINGS TELECOM



NEW ROI TELECOM



Importantly, once again, Group patents were enforced in counterfeiting cases brought in Italy, Germany, the United Kingdom and France during 2021. These legal initiatives are integral to a broader strategy adopted by the Group to safeguard the investment made in research and development.

Turning to trademarks, the Prysmian Group filed 123 new trademarks during the year and abandoned 282 that are no longer used. As a consequence of Brexit, the Group had to register 190 trademarks in the UK that were previously registered as European trademarks, inclusive of the UK.

The data has been extracted from our internal database, which is constantly updated by the IP team for consistency with the main databases of available patents. The tools used by the IP team also include a new website for the collection of ROI and new trademark applications.

The internal database is regularly cross-checked against the databases maintained by the patent and trademark offices. This data is also checked against the databases held by the external legal advisors that manage certain steps in the process of obtaining patents and trademarks.

Incentive plans

LONG-TERM INCENTIVE PLAN

The Prysmian S.p.A. Shareholders' Meeting of 28 April 2020 approved a long-term incentive plan, designed to motivate management to create sustainable value over time, including by deferring part of their annual bonus in shares. The plan is also tied to long-term ESG objectives (Environment Social Governance). The Shareholders' Meeting authorised a bonus capital increase, as proposed by the Board of Directors, to be reserved for Prysmian Group employees in execution of the above plan. This capital increase can reach a maximum nominal amount of Euro 1,100,000 through transfer, pursuant to art. 2349 of the Italian Civil Code, of a corresponding amount from profits or earnings reserves, with the issue of no more than 11,000,000 ordinary shares of nominal value Euro 0.10 each. At the same time, the shareholders' resolution of 12 April 2018 relating to a similar capital increase was revoked, amending article 6 of the By-laws. Recognition of the effects of the long-term incentive plan in the year ended 31 December 2021 has resulted in recording personnel costs of Euro 33 million in a specific equity reserve.

Other information

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.

The Group has published, including on its website, the procedures adopted to ensure the transparency and substantive and procedural fairness of related party transactions.

Information about related party transactions, including that required by the Consob Communication dated 28 July 2006, is presented in Note 32 to the Consolidated Financial Statements at 31 December 2021.

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 took place during 2020.

Secondary offices and basic corporate information

The list of secondary offices and basic corporate information about the legal entities making up the Group can be found in Appendix A of the Explanatory Notes to the Consolidated Financial Statements.

Financial risk management

The management of financial risks is discussed in the Explanatory Notes to the Consolidated Financial Statements (Financial risk management).

Treasury shares

Information about treasury shares can be found in Note 10 to the Consolidated Financial Statements at 31 December 2021.

Business outlook

During 2021, there was a noticeable recovery in the global economy following the easing of pandemic-related restrictions in the wake of accelerated vaccination campaigns. The recovery was also supported by national plans to support the development of infrastructure projects, energy transition and digitalisation. The strong recovery in economic activity was accompanied by significant inflation pressures, mainly driven by rising energy and commodity prices and continuing disruptions in supply chains. Towards the end of 2021, some central banks showed confidence in the economic recovery and began withdrawing some monetary stimulus measures, also with a view to containing rising inflation.

After a 3.1% contraction in 2020, the global economy is expected to grow by 5.9% in 2021 and 4.4% in 2022 according to most recent estimates from the International Monetary Fund. Although there are positive economic growth expectations for the future, a number of short-term uncertainties persist, not least in the face of persistent inflationary pressures fuelled by disruptions in supply chains, rising commodity and energy prices, and developments of the pandemic. Growing geopolitical tensions in Ukraine are a further element of instability.

The results for FY 2021 testify to the Prysmian Group's focus on proactively and seamlessly serving its customers and efficiently managing its industrial footprint. This is evidenced by the results achieved by the Energy business, which exceeded pre-pandemic levels, with a significant improvement in margins when excluding the effect of higher metal prices on revenues, and by the record amount of approximately Euro 4.8 billion of new orders awarded in 2021 to the Projects business.

This favourable trend is seemingly continuing at the outset of 2022. For the full year 2022 Prysmian Group expects moderate demand growth in the construction and industrial cables businesses after last year's excellent performance, with earnings also supported by the ability to implement pricing policies to contain inflation-driven cost pressures.

In the high voltage underground and submarine cables and systems business, the Group aims to confirm its leadership on the market which is expected to show strong growth, driven by the development of offshore wind farms and interconnections to support the energy transition, as well as the start of a trend of significant market growth in the United States, where the Group has decided to expand its production capacity of submarine cables. For this segment, the Group expects results to be up on the previous year, thanks to a solid order book and increased capacity utilisation in the submarine cable business. In the Telecom segment, the Group expects volumes to grow in the optical business, amid a challenging competitive environment, especially in Europe.

Prysmian Group's long-term growth drivers are confirmed, mainly linked to the energy transition, the strengthening of telecommunications networks (digitalisation) and the electrification process. The Group can also leverage its broad business and geographical diversification, solid capital structure, efficient and flexible supply chain and lean organisation, all of which is enabling it to effectively seize growth opportunities.

In light of the above considerations, the Group expects to achieve Adjusted EBITDA in the range of Euro 1,010-1,080 million in 2022, a significant improvement on the Euro 976 million reported in 2021. In addition, the Group expects to generate cash flows of approximately Euro 400 million ± 15% (FCF before acquisitions and disposals) for FY 2022.

These forecasts do not include any negative impacts resulting from the military conflict in Ukraine and assume no major changes will occur in the evolution of the health emergency and, consequently, no further disruptions and slowdowns in global economic activity. In addition, the higher part of the range of Adjusted EBITDA and cash flow targets is based on the assumption of a stability of the current favourable market conditions, especially in the United States. Moreover, the forecasts are based on the Company's current business scope, on a EUR/USD exchange rate of 1.15, and do not include impacts on cash flow related to Antitrust issues.

Certification pursuant to Art. 2.6.2 of the italian stock exchange market regulations

Suitable measures have been taken to ensure compliance with art. 15 of the Regulations issued by Consob under Resolution no. 20249 of 28 December 2017, concerning conditions for the listing of shares of parent companies that control companies incorporated under and regulated by the law of countries other than EU member states and which are material to the Consolidated Financial Statements, and whose conditions apply to the Company.

Milano, 1 marzo 2022

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

02_CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of financial position

(Euro/million)	Note	31.12.2021	of which related parties	31.12.2020	of which related parties
Non-current assets					
Property, plant and equipment	1	2,794		2,648	
Goodwill	2	1,643		1,508	
Other intangible assets	2	494		489	
Equity-accounted investments	3	360	360	312	312
Other investments at fair value through other comprehensive income	4	13		13	
Financial assets at amortised cost		3		4	
Derivatives	8	105		44	
Deferred tax assets	15	182		207	
Other receivables	5	34		30	
Total non-current assets		**5,628**		**5,255**	
Current assets					
Inventories	6	2,054		1,531	
Trade receivables	5	1,622	-	1,374	3
Other receivables	5	627	3	492	3
Financial assets at fair value through profit or loss	7	244		20	
Derivatives	8	128		82	
Financial assets at fair value through other comprehensive income	4	11		11	
Cash and cash equivalents	9	1,702		1,163	
Total current assets		**6,388**		**4,673**	
Assets held for sale		-		2	
Total assets		**12,016**		**9,930**	
Equity					
Share capital	10	27		27	
Reserves	10	2,580		2,054	
Group share of net profit/(loss)	10	308		178	
Equity attributable to the Group		**2,915**		**2,259**	
Equity attributable to non-controlling interests		174		164	
Total equity		**3,089**		**2,423**	
Non-current liabilities					
Borrowings from banks and other lenders	11	2,606		3,045	
Employee benefit obligations	14	446		506	
Provisions for risks and charges	13	46		39	
Deferred tax liabilities	15	188		195	
Derivatives	8	26		13	
Other payables	12	6		6	
Total non-current liabilities		**3,318**		**3,804**	
Current liabilities					
Borrowings from banks and other lenders	11	1,123		127	
Provisions for risks and charges	13	607	6	552	9
Derivatives	8	42		46	
Trade payables	12	2,592	5	1,958	2
Other payables	12	1,191	2	995	5
Current tax payables		54		25	
Total current liabilities		**5,609**		**3,703**	
Liabilities held for sale		-		-	
Total liabilities		**8,927**		**7,507**	
Total equity and liabilities		**12,016**		**9,930**	

Consolidated income statement

(Euro/million)	Note	2021	of which related parties	2020	of which related parties
Sales	16	12,736	31	10,016	25
Change in inventories of finished goods and work in progress	17	229		69	
Other income	18	125	5	99	5
Total sales and income		**13,090**		**10,184**	
Raw materials, consumables and supplies	19	(8,906)	(2)	(6,464)	(3)
Fair value change in metal derivatives		13		(4)	
Personnel costs	20	(1,486)	(10)	(1,409)	(19)
Amortisation, depreciation, impairment and impairment reversals	21	(335)		(393)	
Other expenses	22	(1,831)	(7)	(1,579)	(8)
Share of net profit/(loss) of equity-accounted companies	23	27	26	18	18
Operating income		**572**		**353**	
Finance costs	24	(785)		(569)	
Finance income	25	689		468	
Profit/(loss) before taxes		**476**		**252**	
Taxes	26	(166)		(78)	
Net profit/(loss)		**310**		**174**	
Of which:					
Attributable to non-controlling interests		*2*		*(4)*	
Group share		*308*		*178*	
Basic earnings/(loss) per share (in Euro)	**27**	**1.17**		**0.68**	
Diluted earnings/(loss) per share (in Euro)	**27**	**1.17**		**0.68**	

Other comprehensive income

(Euro/million)	2021	2020
Net profit/(loss)	**310**	**174**
Other comprehensive income:		
A) Change in cash flow hedge reserve:	**63**	**55**
- Profit/(loss) for the year	83	78
- Taxes	(20)	(23)
B) Change in currency translation reserve	**292**	**(358)**
C) Actuarial gains/(losses) on employee benefits*:	**51**	**(19)**
- Profit/(loss) for the year	60	(28)
- Taxes	(9)	9
Total other comprehensive income (A+B+C):	**406**	**(322)**
Total comprehensive income/(loss)	**716**	**(148)**
Of which:		
Attributable to non-controlling interests	*13*	*(20)*
Group share	*703*	*(128)*

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

Consolidated statement of changes in equity

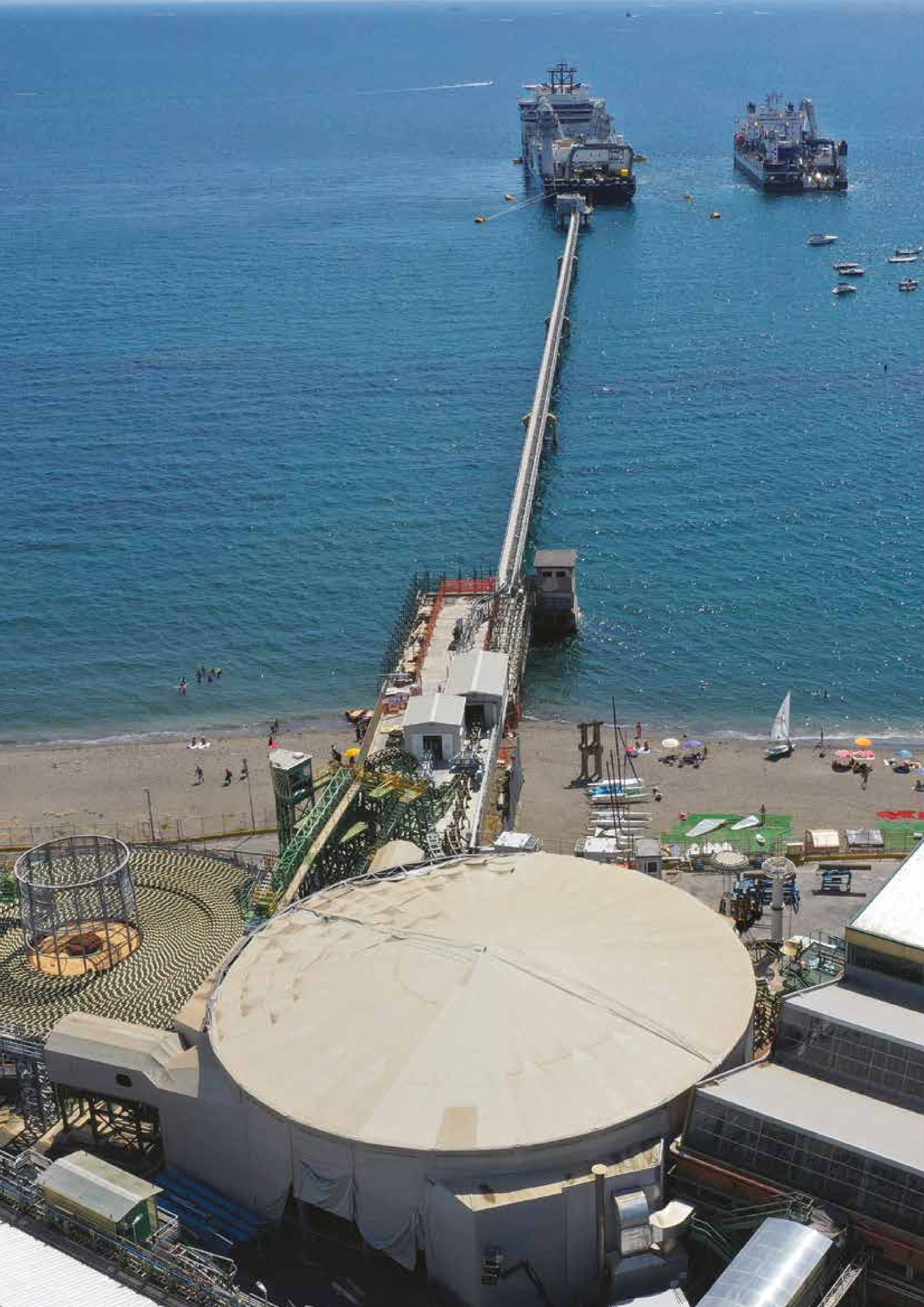
(Euro/million)	Share capital	Cash flow hedge reserve	Currency translation reserve	Other reserves	Group share of net profit/(loss)	Equity attributable to the Group	Equity attributable to noncontrolling interests	Total
Balance at 31 December 2019	**27**	**(14)**	**(249)**	**2,359**	**292**	**2,415**	**187**	**2,602**
Allocation of prior year net result	-	-	-	292	(292)	-	-	-
Fair value - stock options	-	-	-	30	-	30	1	31
Dividend distribution	-	-	-	(66)	-	(66)	(4)	(70)
Acquisition of noncontrolling interests	-	-	-	1	-	1	-	1
Capital paid in by noncontrolling interests	-	-	-	-	-	-	-	-
Effect of hyperinflation	-	-	-	7	-	7	-	7
Total comprehensive income/(loss)	-	54	(341)	(19)	178	(128)	(20)	(148)
Balance at 31 December 2020	**27**	**40**	**(590)**	**2,604**	**178**	**2,259**	**164**	**2,423**

(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 noncontrolling interests	Total
Balance at 31 December 2020	**27**	**40**	**(590)**	**2,604**	**178**	**2,259**	**164**	**2,423**
Allocation of prior year net result	-	-	-	178	(178)	-	-	-
Fair value - stock options	-	-	-	33	-	33	-	33
Dividend distribution	-	-	-	(132)	-	(132)	(2)	(134)
Issue of Convertible Bond 2021	-	-	-	49	-	49	-	49
Redemtion of Convertible Bond 2017	-	-	-	(13)	-	(13)	-	(13)
Disposal of non-controlling interests	-	-	-	-	-	-	(1)	(1)
Other movements equity	-	-	-	1	-	1	-	1
Effect of hyperinflation	-	-	-	15	-	15	-	15
Total comprehensive income/(loss)	-	63	281	51	308	703	13	716
Balance at 31 Decembe 2021	**27**	**103**	**(309)**	**2,786**	**308**	**2,915**	**174**	**3,089**

Consolidated statement of cash flows

(Euro/million)	2021	of which related parties	2020	of which related parties
Profit/(loss) before taxes	476		252	
Amortisation, depreciation and impairment	335		393	
Net gains on disposal of property, plant and equipment	(2)		(20)	
Share of net profit/(loss) of equity-accounted companies	(27)	(27)	(18)	(18)
Dividends received from equity-accounted companies	8	8	8	8
Share-based payments	33		31	
Fair value change in metal derivatives	(13)		4	
Net finance costs	96		101	
Changes in inventories	(449)		(101)	
Changes in trade receivables/payables	398	5	13	1
Changes in other receivables/payables	23	5	347	4
Change in employee benefit obligations	(15)		(13)	
Change in provisions for risks and other movements	34		(150)	
Net income taxes paid	(120)		(142)	
A. Cash flow from operating activities	**777**		**705**	
Cash flow from acquisitions and/or disposals	(85)		(5)	
Investments in property, plant and equipment	(258)		(240)	
Disposals of property, plant and equipment	8		9	
Investments in intangible assets	(25)		(22)	
Investments in financial assets at fair value through profit or loss	(224)		(3)	
Disposals of financial assets at fair value through profit or loss	-		2	
Disposals of financial assets at amortised cost	2		-	
Divestment of associates	-		9	
B. Cash flow from investing activities	**(582)**		**(250)**	
Capital contributions and other changes in equity	1		1	
Dividend distribution	(134)		(70)	
Proceeds of new loans	844		-	
Repayments of loans	(269)		(117)	
Changes in other net financial receivables/payables	(28)		(53)	
Net finance costs paid*	(79)		(86)	
C. Cash flow from financing activities	**335**		**(325)**	
D. Exchange (losses) gains on cash and cash equivalents	**8**		**(36)**	
E. Net increase/(decrease) in cash and cash equivalents (A+B+C+D)	**538**		**94**	
F. Cash and cash equivalents at the beginning of the year	**1,164**		**1,070**	
G. Cash and cash equivalents at the end of the year (E+F)	**1,702**		**1,164**	
Cash and cash equivalents presented in consolidated statement of financial position	**1,702**		**1,163**	
Cash and cash equivalents presented in assets held for sale	**-**		**1**	

* Net finance costs paid include Euro 57 million in interest expense paid in 2021 (Euro 55 million in 2020) and Euro 6 million in interest income received (Euro 6 million in 2020).



03_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 consolidated financial statements contained herein were approved by the Board of Directors of Prysmian S.p.A. on 1 March 2022.

A.1 SIGNIFICANT EVENTS IN 2021

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

B. Accounting principles

The main accounting principles used to prepare the consolidated financial statements and Group financial information are discussed below.

B.1 BASIS OF PREPARATION

The consolidated financial statements at 31 December 2021 have been prepared on a going concern basis, with the directors having assessed that there are no financial, operating or other kind of indicators that might provide evidence of material uncertainties as to the Group's ability to meet its obligations in the foreseeable future and particularly in the next 12 months.
The assessments carried out confirm Prysmian Group's ability to operate in compliance with the going concern presumption and with its financial covenants.

Prysmian Group's consolidated financial statements at 31 December 2021 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), based on the text published in the Official Journal of the European Union (OJEU).
The primary financial statements adopted have the following characteristics:

- the consolidated income statement is prepared in a stepped format with individual items classified by nature and presents other comprehensive income, showing components of profit or loss deferred in equity;
- the consolidated statement of financial position presents assets and liabilities according to maturity, with current items shown separately from non-current ones;
- the statement of cash flows is prepared by presenting cash flows using the "indirect method", as permitted by IAS 7.

In application of art. 264b HGB of the German Commercial Code ("Handelsgesetzbuch"), the present financial statements exempt Draka Comteq Berlin GMBH & Co.KG and Draka Comteq Germany GMBH & Co.KG. from the requirement to present statutory financial statements.
All the amounts shown in the Group's financial statements are expressed in millions of Euro, unless otherwise stated.

B.2 NEWLY ADOPTED ACCOUNTING STANDARDS AND PRINCIPLES

The accounting principles and policies and basis of consolidation used to prepare the 2021 Consolidated Financial Statements are consistent with those used for the 2020 Consolidated Financial Statements. More complete details can be found in Note 38. Basis of consolidation and accounting policies.
The following is a list of new standards, interpretations and amendments whose application became mandatory from 1 January 2021 but which have not shown to have had a material impact on the consolidated financial statements at 31 December 2021:

- Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021;
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform - Phase 2;
- Amendments to IFRS 4 Insurance Contracts: Deferral of IFRS 9

B.3 ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET APPLICABLE AND NOT ADOPTED EARLY BY THE GROUP

The following new Standards, Amendments and Interpretations have been issued at the date of preparing the present report but are not yet applicable:

New Standards, Amendments and Interpretations	Mandatory application as from
Amendments to IAS 1 Presentation of Financial Statements; IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020	1 January 2022
IFRS 17 Insurance Contracts	1 January 2023

Preliminary review has indicated that the new Standards, Amendments and Interpretations listed above have no material impact on the Group's consolidated financial statements.

B.4 PRINCIPAL 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 31 December 2021, compared with 31 December 2020, are listed below.

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 liquidation	Italy	5 May 2021
Cahosa S.A.	Panama	25 November 2021

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
Omnisens S.A.	Switzerland	11 November 2021
Omnisens do Brasil sercicos de solucoes de monitoracao em fibra otica Ltda	Brazil	11 November 2021
Eksa Sp.Z.o.o	Poland	31 December 2021

Mergers

Merged company	Merged into	Nation	Date
General Cable Brasil Indústria e Comércio de Condutores Elétricos Ltda	Prysmian Cabos e Sistemas do Brasil S.A.	Brazil	30 April 2021
General Cable Industries, LLC	General Cable Industries Inc	United States	31 December 2021
Diversified Contractors, Inc	General Cable Industries Inc	United States	31 December 2021

Name changes

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

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

In addition, during the final quarter of the year, the newco Prysmian Group Speciality Cables, LLC was formed in September 2021, while Shanghai Guan Ye Optical Fibre Cable Co.Ltd. was sold in December 2021.

Appendix A contains a complete list of the companies included in the scope of consolidation at 31 December 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 Group's risk management strategy focuses on the unpredictability of markets and aims to minimise the potentially negative impact on the Group's results. Certain types of risk are mitigated using derivative instruments.

Monitoring of key financial risks is centrally coordinated by the Group Finance Department, and by the Purchasing Department where price risk is concerned, in close cooperation with the Group's operating companies. Risk management policies are approved by the Group Finance, Administration and Control Department, which provides written guidelines on managing the above risks and on using (derivative and non-derivative) financial instruments.

The impact on profit and equity presented in the subsequent sensitivity analyses has been determined net of tax, calculated using the Group's weighted average theoretical tax rate.

[a] Exchange rate risk

The Group operates worldwide and is therefore exposed to exchange rate risk caused by changes in the value of trade and financial flows expressed in a currency other than the unit of account of individual Group companies.

The principal exchange rates affecting the Group are:
- Euro/US Dollar: in relation to trade and financial transactions in US dollars by Eurozone companies on the North American and Middle Eastern markets, and similar transactions in Euro by North American companies on the European market;
- Euro/Canadian Dollar: in relation to trade and financial transactions by Eurozone companies on the Canadian market and vice versa;
- Euro/British Pound: in relation to trade and financial transactions by Eurozone companies on the British market and vice versa;
- British Pound/US Dollar: in relation to trade transactions by North American companies on the British market;
- Euro/Hungarian Forint: in relation to trade and financial transactions by Hungarian companies on the Eurozone market and vice versa;
- Euro/Romanian Leu: in relation to trade and financial transactions by Eurozone companies on the Romanian market and vice versa;
- Euro/Australian Dollar: in relation to trade and financial transactions by Eurozone companies on the Australian market and vice versa;
- Euro/Norwegian Krone: in relation to trade and financial transactions by Eurozone companies on the Norwegian market and vice versa;
- Euro/Czech Koruna: in relation to trade and financial transactions by Eurozone companies on the Czech market and vice versa;
- Euro/Swedish Krona: in relation to trade and financial transactions by Eurozone companies on the Swedish market and vice versa;
- Euro/Singapore Dollar: in relation to trade and financial transactions by Eurozone companies on the Singapore market and vice versa;
- Euro/Chinese Renminbi (Yuan): in relation to trade and financial transactions by Eurozone companies on the Chinese market and vice versa;
- US Dollar/Brazilian Real: in relation to trade and financial transactions by companies operating on the South American market.

In 2021, trade and financial flows exposed to the above exchange rates accounted for around 85% of the total exposure to exchange rate risk arising from trade and financial transactions.

The Group is also exposed to exchange rate risks on the following exchange rates: US Dollar/Turkish Lira, Euro/Danish Krone and Euro/Mexican Peso. None of these exposures, taken individually, accounted for more than 2% of the overall exposure to transactional exchange rate risk in 2021.

It is the Group's policy to hedge, where possible, exposures in currencies other than the unit of account of its individual companies. In particular, the Group hedges:

- firm cash flows: invoiced trade flows and exposures arising from loans receivable and payable;
- projected cash flows: trade and financial flows arising from firm or highly probable contractual commitments.

Such hedges are arranged using derivative contracts.
The following sensitivity analysis shows the effects on net profit of a 5% and 10% increase/decrease in exchange rates versus closing exchange rates at 31 December 2021 and 31 December 2020.

(Euro/million)		2021		2020
	-5%	+5%	-5%	+5%
Euro	(1.03)	0.93	(0.49)	0.44
US Dollar	(0.87)	0.79	(1.42)	1.29
Other currencies	(1.23)	1.11	(1.25)	1.13
Total	**(3.13)**	**2.83**	**(3.16)**	**2.86**

(Euro/million)		2021		2020
	-10%	+10%	-10%	+10%
Euro	(2.18)	1.78	(1.04)	0.85
US Dollar	(1.84)	1.51	(3.01)	2.46
Other currencies	(2.59)	2.12	(2.63)	2.15
Total	**(6.61)**	**5.41**	**(6.68)**	**5.46**

When assessing the potential impact of the above, the assets and liabilities of each Group company in currencies other than their unit of account were considered, net of any derivatives hedging the above-stated cash flows.

The following sensitivity analysis shows the post-tax effects on equity reserves of an increase/decrease in the fair value of designated cash flow hedges following a 5% and 10% increase/decrease in exchange rates versus closing exchange rates at 31 December 2021 and 31 December 2020.

(Euro/million)		2021		2020
	-5%	+5%	-5%	+5%
US Dollar	3.22	(3.56)	0.51	(0.56)
Euro	16.75	(18.51)	0.38	(0.42)
Qatari Riyal	0.35	(0.38)	0.48	(0.53)
UAE Dirham	0.01	(0.01)	0.01	(0.01)
Other currencies	4.15	(4.58)	2.18	(2.41)
Total	**24.48**	**(27.04)**	**3.56**	**(3.93)**

(Euro/million)		2021		2020
	-10%	+10%	-10%	+10%
US Dollar	6.15	(7.51)	0.96	(1.18)
Euro	31.97	(39.08)	0.72	(0.88)
Qatari Riyal	0.66	(0.81)	0.91	(1.11)
UAE Dirham	0.02	(0.03)	0.02	(0.02)
Other currencies	7.91	(9.67)	4.14	(5.06)
Total	**46.71**	**(57.10)**	**6.75**	**(8.25)**

The above analysis ignores the effects of translating the equity of Group companies whose functional currency is not the Euro.
Further details can be found in the individual notes to the financial statements.

[b] Interest rate risk

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.
Variable rate debt exposes the Group to a rate volatility risk (cash flow risk). In order to hedge this risk, the Group can use derivative contracts that limit the impact of interest rate changes on the income statement.

The Group Finance Department monitors the exposure to interest rate risk and adopts appropriate hedging strategies to keep the exposure within the limits defined by the Group Administration, Finance and Control Department, arranging derivative contracts, if necessary.

The following sensitivity analysis shows the effects on consolidated net profit of a 25 b.p. increase/decrease in interest rates versus the interest rates applying at 31 December 2021 and 31 December 2020, assuming that all other variables remain equal.

The potential effects shown below refer to net liabilities representing the bulk of Group debt at the reporting date, for which the impact of the change in interest rates on net finance costs has been calculated on an annualised basis. The net liabilities considered for sensitivity analysis include variable rate financial receivables and payables, cash and cash equivalents and derivatives whose value is influenced by rate volatility.

(Euro/million)		2021		2020
	-0,25%	+0,25%	-0,25%	+0,25%
Euro	(1.07)	1.07	(0.53)	0.53
US Dollar	(0.50)	0.50	(0.23)	0.23
British Pound	(0.28)	0.28	(0.08)	0.08
Other currencies	(0.77)	0.77	(0.44)	0.44
Total	**(2.62)**	**2.62**	**(1.28)**	**1.28**

At 31 December 2021, the Group had interest rate swap agreements in place that transform the variable rate into a fixed one. These agreements have been accounted for as cash flow hedges.

[c] Price risk

The Group is exposed to price risk in relation to purchases and sales of strategic materials, whose purchase price is subject to market volatility. The main raw materials used by the Group in its own production processes consist of strategic metals such as copper, aluminium and lead. The cost of purchasing such strategic materials accounted for approximately 62.8% of the Group's total cost of materials in 2021 (58.03% in 2020), forming part of its overall production costs.

In order to manage the price risk on future trade transactions, the Group negotiates derivative contracts on strategic metals, setting the price of expected future purchases or the value of stocks.

The derivative contracts entered into by the Group are negotiated with leading financial institutions on the basis of strategic metal prices quoted on the London Metal Exchange ("LME"), the New York market ("COMEX") and the Shanghai Futures Exchange ("SFE").

The following sensitivity analysis shows the effect on consolidated equity of a 10% increase/decrease in strategic material prices versus prices at 31 December 2021 and 31 December 2020, assuming that all other variables remain equal.

(Euro/million)		2021		2020
	-10%	+10%	-10%	+10%
LME	(48.69)	48.69	(34.09)	34.09
COMEX	(1.95)	1.95	4.18	(4.18)
SME	(2.13)	2.13	(1.27)	1.27
Total	**(52.77)**	**52.77**	**(31.18)**	**31.18**

The potential impact shown above is solely attributable to increases and decreases in the fair value of derivatives on strategic material prices which are directly attributable to changes in the prices themselves. It does not refer to the impact on the income statement of the purchase cost of strategic materials.

[d] Credit risk

Credit risk is connected with trade receivables, cash and cash equivalents, financial instruments, and deposits with banks and other financial institutions.

Customer-related credit risk is managed by the individual subsidiaries and monitored centrally by the Group Finance Department. The Group does not have excessive concentrations of credit risk. It nonetheless has procedures aimed at ensuring that sales of goods and services are made to reliable customers, taking account of their financial situation, track record and other factors. Credit limits for major customers are based on internal and external assessments within ceilings approved by local country management. The utilisation of credit limits is periodically monitored at local level. It should be noted that credit risk was not particularly impacted during 2021 by the spread of the Covid-19 pandemic.

During 2021 the Group had a global insurance policy in place to provide coverage for part of its trade receivables against any credit losses, net of the deductible.

As for credit risk relating to the management of financial and cash resources, this risk is monitored by the Group Finance Department, which implements procedures intended to ensure that Group companies deal with independent, highly rated, reliable counterparties. In fact, it is to be noted that at 31 December 2021 (like at 31 December 2020) the vast majority of the Group's financial and cash resources were held with investment grade counterparties. Credit limits relating to the principal financial counterparties are based on internal and external assessments, within ceilings set by the Group Finance Department.

An increase/decrease in the Group's credit rating at 31 December 2021 would not have had significant effects on net profit at that date.

[e] Liquidity risk

Prudent management of the liquidity risk arising from the Group's normal operations involves the maintenance of adequate levels of cash and cash equivalents and short-term securities as well as ensuring the availability of funds by having an adequate amount of committed credit lines.
The Group Finance Department uses cash flow forecasts to monitor the projected level of the Group's liquidity reserves.

The amount of liquidity reserves at the reporting date is as follows:

(Euro/million)	31.12.2021	31.12.2020
Cash and cash equivalents	1,702	1,163
Financial assets at fair value through profit or loss	244	20
Financial assets at fair value through other comprehensive income	11	11
Undrawn committed lines of credit	1,000	1,000
Total	**2,957**	**2,194**

Undrawn committed lines of credit at 31 December 2021 refer to the Revolving Credit Facility 2019 (Euro 1,000 million).

The following table presents a due date analysis of payables, at their repayment value, other liabilities, and derivatives settled on a net basis; the various due date categories refer to the period between the reporting date and the contractual maturity of the obligations.

(Euro/million)				31.12.2021
	Due within 1 year	Due between 1 - 2 years	Due between 2 - 5 years	Due after 5 years
Borrowings from banks and other lenders	1,169	1,279	1,325	62
Derivatives	42	15	8	3
Trade and other payables	3,783	6	-	-
Total	**4,994**	**1,300**	**1,333**	**65**

(Euro/million)				31.12.2020
	Due within 1 year	Due between 1 - 2 years	Due between 2 - 5 years	Due after 5 years
Borrowings from banks and other lenders	174	1,315	1,726	63
Derivatives	46	8	5	-
Trade and other payables	2,953	6	-	-
Total	**3,173**	**1,329**	**1,731**	**63**

In completion of the disclosures about financial risks, the following is a reconciliation between the classes of financial assets and liabilities reported in the Group's consolidated statement of financial position and the categories used by IFRS 7 to identify financial assets and liabilities:

						31.12.2021
(Euro/million)	Financial assets at fair value through profit or loss	Receivables and other assets at amortised cost	Financial assets at fair value through other comprehensive income	Financial liabilities at fair value through profit or loss	Financial liabilities carried at amortised cost	Cash Flow Hedge derivatives
Other investments at fair value through other comprehensive income	-	-	13	-	-	-
Financial assets at fair value through other comprehensive income	-	-	11	-	-	-
Financial assets at amortised cost	-	3	-			
Trade receivables	-	1,622	-	-	-	-
Other receivables	-	661	-	-	-	-
Financial assets at fair value through profit or loss	244	-	-	-	-	-
Derivatives (assets)	57	-	-	-	-	176
Cash and cash equivalents	-	1,702	-	-	-	-
Borrowings from banks and other lenders	-	-	-	-	3,729	-
Trade payables	-	-	-	-	2,592	-
Other payables	-	-	-	-	1,197	-
Derivatives (liabilities)	-	-	-	23	-	45

						31.12.2020
(Euro/million)	Financial assets at fair value through profit or loss	Receivables and other assets at amortised cost	Financial assets at fair value through other comprehensive income	Financial liabilities at fair value through profit or loss	Financial liabilities carried at amortised cost	Cash Flow Hedge derivatives
Other investments at fair value through other comprehensive income	-	-	13	-	-	-
Financial assets at fair value through other comprehensive income	-	-	11	-	-	-
Financial assets at amortised cost	-	4	-	-	-	-
Trade receivables	-	1,374	-	-	-	-
Other receivables	-	522	-	-	-	-
Financial assets at fair value through profit or loss	20	-	-	-	-	-
Derivatives (assets)	38	-	-	-	-	88
Cash and cash equivalents	-	1,163	-	-	-	-
Borrowings from banks and other lenders	-	-	-	-	3,172	-
Trade payables	-	-	-	-	1,958	-
Other payables	-	-	-	-	1,001	-
Derivatives (liabilities)	-	-	-	31	-	28

C.1 CAPITAL RISK MANAGEMENT

The Group's objective in capital risk management is mainly to safeguard business continuity in order to guarantee returns for shareholders and benefits for other stakeholders. The Group also aims to maintain an optimal capital structure in order to reduce the cost of debt and to comply with a series of covenants required by the various Credit Agreements (Note 31. Financial covenants).

The Group also monitors capital using a gearing ratio (i.e. the ratio between net financial debt and capital). Details of how net financial debt is determined can be found in Note 11. Borrowings from banks and other lenders. Capital is equal to the sum of equity, as reported in the Group consolidated financial statements, and net financial debt. The gearing ratios at 31 December 2021 and 31 December 2020 are shown below:

(Euro/million)	2021	2020
Net financial debt	1,760	1,986
Equity	3,089	2,423
Total capital	**4,849**	**4,409**
Gearing ratio	**36.30%**	**45.04%**

C.2 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. Therefore, the emphasis within Level 1 is on determining both of the following:

  a) the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability; and
  b) whether the entity can enter into a transaction for the asset or liability at the price in that market at the measurement date.

- **Level 2:** Fair value is determined using valuation techniques where the input is based on observable market data. The inputs for this level include:

  a) quoted prices for similar assets or liabilities in active markets;
  b) quoted prices for identical or similar assets or liabilities in markets that are not active;
  c) inputs other than quoted prices that are observable for the asset or liability, for example:

    1. interest rate and yield curves observable at commonly quoted intervals;
    2. implied volatilities;
    3. credit spreads;

  d) market-corroborated inputs.

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

The following tables present the assets and liabilities that are recurrently measured at fair value:

(Euro/million)	Level 1	Level 2	Level 3	31.12.2021 Total
Assets				
Financial assets at fair value:				
Derivatives through profit or loss	-	57	-	57
Cash Flow Hedge derivatives	-	176	-	176
Financial assets at fair value through profit or loss	240	4	-	244
Other investments at fair value through other comprehensive income	-	-	13	13
Financial assets at fair value through other comprehensive income	11	-	-	11
Total assets	**251**	**237**	**13**	**501**
Liabilities				
Financial liabilities at fair value:				
Derivatives through profit or loss	-	23	-	23
Cash Flow Hedge derivatives	-	45	-	45
Total liabilities	**-**	**68**	**-**	**68**

(Euro/million)	Level 1	Level 2	Level 3	31.12.2020 Total
Assets				
Financial assets at fair value:				
Derivatives through profit or loss	-	38	-	38
Cash Flow Hedge derivatives	-	88	-	88
Financial assets at fair value through profit or loss	16	4	-	20
Other investments at fair value through other comprehensive income	-	-	13	13
Financial assets at fair value through other comprehensive income	11	-	-	11
Total assets	**27**	**130**	**13**	**170**
Liabilities				
Financial liabilities at fair value:				
Derivatives through profit or loss	-	31	-	31
Cash Flow Hedge derivatives	-	28	-	28
Total liabilities	**-**	**59**	**-**	**59**

Financial assets classified in fair value Level 3 have reported no significant movements in either 2021 or 2020.

Given the short-term nature of trade receivables and trade payables, their carrying amounts, net of any allowance for doubtful accounts, are treated as a good approximation of fair value.
During 2021 there were no transfers of financial assets and liabilities between the different levels of the fair value hierarchy.

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 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 currency forwards, it is determined using the forward exchange rate at the reporting date, appropriately discounted;
- for metal derivatives, 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.

C.3 RISKS RELATED TO CLIMATE CHANGE

The Group's activities are exposed to different types of risks related to climate change, as described in the Directors' Report and more extensively in the Group's Non-Financial Information Statement, to which reference should be made.
The Group assesses whether climate risks could have a material impact (e.g., the introduction of regulations to reduce emissions) and, if so, they are included in the significant assumptions.

D. Business combinations

EHC Global

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 was Euro 88 million.
The excess of the purchase consideration over the 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.
Details of the net assets acquired and goodwill are as follows:

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

(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
Net assets acquired (B)	**48**

At 31 December 2021, EHC Global accounted for Euro 73 million of Prysmian Group's total sales of goods and services, and contributed Euro 4 million to consolidated net profit for the year.

Omnisens S.A.

The total consideration for the acquisition was approximately Euro 18 million.

The fair value of the assets and liabilities of Ominsens S.A. has been determined on a provisional basis, since the acquisition accounting processes were still being finalised at the current reporting date.
As permitted by 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 at Euro 17 million.
Such goodwill is primarily justified by the future earnings expected from integrating the company into Prysmian Group, 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	18
Total cost of acquisition (A)	**18**
Fair value of net assets acquired (B)	1
Goodwill (A-B)	**17**
Financial outlay for acquisition	18
Cash and cash equivalents held by acquiree	(1)
Acquisition cash flow in the year	**17**

(Euro/million)	Euro
Inventories	2
Trade and other receivables	5
Trade and other payables	(6)
Borrowings from banks and other lenders	(1)
Cash and cash equivalents	1
Net assets acquired (B)	**1**

Omnisens S.A. accounted for Euro 2 million of Prysmian Group's total sales of goods and services, while its contribution to net profit for the year was negligible. If Omnisens S.A. had been consolidated from 1 January 2021, it would have accounted for Euro 12 million of Prysmian Group's total sales of goods and services, and contributed Euro 2 million to consolidated net profit.

Eksa Sp.z.o.o.

On 31 December 2021 Prysmian Group completed the acquisition of Eksa Sp.z.o.o., 30% of whose capital it already owned.
The total consideration for the acquisition was approximately Euro 7 million.
The fair value of the assets and liabilities of Eksa Sp.z.o.o. has been determined on a provisional basis, since the acquisition accounting processes were still being finalised at the current reporting date.
As provided by IFRS 3, the fair value of the assets, liabilities and contingent liabilities will be finalised within twelve months of the acquisition date.
Since the purchase consideration is equal to the provisional fair value of the net assets acquired, no goodwill has been recognised.
The process of purchase price allocation is currently in progress, as permitted by the relevant accounting standard.
Details of the net assets acquired are as follows:

(Euro/million)	Euro
Total cost of acquisition (A)	7
Assets already held (B)	3
Fair value of net assets acquired (C)	10
Goodwill/(Badwill) (A+B-C)	**-**
Debt for acquisition	7
Cash and cash equivalents held by acquiree	(3)
Acquisition cash flow in the year	**(3)**

(Euro/million)	Euro
Property, plant and equipment	1
Trade and other receivables	7
Borrowings from banks and other lenders	(1)
Cash and cash equivalents	3
Net assets acquired (C)	**10**

Since the company has been consolidated as from 31 December 2021, it has had a nil impact on Prysmian Group's total sales of goods and services and net profit. If Eksa had been consolidated from 1 January 2021, it would have accounted for Euro 31 million of Prysmian Group's total sales of goods and services, and contributed Euro 2 million to consolidated net profit.

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:

   1. Energy & Infrastructure (E&I): this includes Trade and Installers, Power Distribution and Overhead lines;
   2. Industrial & Network Components: this comprises Specialties and OEM, Elevators, Automotive, Network Components, core Oil & Gas and DHT;
   3. 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 indirect 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)								2021
	Projects	Energy				Telecom	Corporate	Group total
		E&I	Industrial & NWC	Other	Total Energy			
Sales*	1,594	6,361	2,838	358	9,557	1,585	-	12,736
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**210**	**353**	**195**	**(6)**	**542**	**206**	**-**	**958**
% of sales	13.2%	5.5%	6.9%		5.7%	13.0%		7.5%
Adjusted EBITDA (A)	**210**	**356**	**196**	**(6)**	**546**	**220**	**-**	**976**
% of sales	13.2%	5.6%	6.9%		5.7%	13.9%		7.7%
Adjustments	(8)	(29)	(15)	(2)	(46)	9	(4)	(49)
EBITDA (B)	**202**	**327**	**181**	**(8)**	**500**	**229**	**(4)**	**927**
% of sales	12.7%	5.2%	6.4%		5.2%	14.4%		7.3%
Amortisation and depreciation (C)	(69)	(123)	(57)	(4)	(184)	(76)	-	(329)
Adjusted operating income (A+C)	**141**	**233**	**139**	**(10)**	**362**	**144**	**-**	**647**
% of sales	8.8%	3.7%	4.9%		3.8%	9.1%		5.1%
Fair value change in metal derivatives (D)								13
Fair value stock options (E)								(33)
Asset (impairment) and impairment reversal (F)								(6)
Operating income (B+C+D+E+F)								**572**
% of sales								4.5%
Finance income								689
Finance costs								(785)
Taxes								(166)
Net profit/(loss)								**310**
% of sales								2,4%
Attributable to:								
Owners of the parent								308
Non-controlling interests								2

* 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)								2020
	Projects	Energy				Telecom	Corporate	Group total
		E&I	Industrial & NWC	Other	Total Energy			
Sales*	1,438	4,735	2,252	220	7,207	1,371	-	10,016
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**186**	**272**	**165**	**(1)**	**436**	**200**	-	**822**
% of sales	13.0%	5.8%	7.3%		6.1%	14.6%		8.2%
Adjusted EBITDA (A)	**186**	**275**	**166**	**(1)**	**440**	**214**	-	**840**
% of sales	13.0%	5.8%	7.4%		6.1%	15.6%		8.4%
Adjustments	(13)	(24)	(18)	(3)	(45)	8	(9)	(59)
EBITDA (B)	**173**	**251**	**148**	**(4)**	**395**	**222**	**(9)**	**781**
% of sales	12.1%	5.3%	6.6%		5.5%	16.2%		7.8%
Amortisation and depreciation (C)	(64)	(123)	(57)	(5)	(185)	(76)	-	(325)
Adjusted operating income (A+C)	**122**	**152**	**109**	**(6)**	**255**	**138**	-	**515**
% of sales	8.5%	3.2%	4.8%		3.5%	10.1%		5.1%
Fair value change in metal derivatives (D)								(4)
Fair value stock options (E)								(31)
Asset (impairment) and impairment reversal (F)								(68)
Operating income (B+C+D+E+F)								**353**
% of sales								3.5%
Finance income								468
Finance costs								(569)
Taxes								(78)
Net profit/(loss)								**174**
% of sales								1.7%
Attributable to:								
Owners of the parent								178
Non-controlling interests								(4)

* 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)	2021	2020
Sales	**12,736**	**10,016**
EMEA*	**6,633**	**5,344**
(of which Italy)	*1,225*	*1,021*
North America	**3,902**	**3,084**
Latin America	**1,104**	**775**
Asia Pacific	**1,097**	**813**

* EMEA: Europe, Middle East and Africa.

1. PROPERTY, PLANT AND EQUIPMENT

Details of this line item and related movements are as follows:

(Euro/million)	Land	Buildings	Plant and machinery	Equipment	Other assets	Assets under construction and advances	Total
Balance at 31 December 2020	**283**	**786**	**1,029**	**53**	**119**	**378**	**2,648**
Movements in 2021:							
- Business combinations	1	2	6	-	1	-	10
- Investments	2	3	91	3	5	154	258
- Disposals	(3)	(3)	-	-	-	-	(6)
- Depreciation	-	(51)	(142)	(19)	(49)	-	(261)
- Impairment	(3)	(1)	(2)	-	-	-	(6)
- Currency translation differences	6	21	47	2	3	6	85
- Increases for leases (IFRS 16)	-	19	1	7	36	-	63
- Monetary revaluation for hyperinflation	1	1	2	-	-	1	5
- Other	-	19	211	15	15	(262)	(2)
Balance at 31 December 2021	**287**	**796**	**1,243**	**61**	**130**	**277**	**2,794**
Of which:							
- Historical cost	304	1,278	2,624	203	350	280	5,039
- Accumulated depreciation and impairment	(17)	(482)	(1,381)	(142)	(220)	(3)	(2,245)
Net book value	**287**	**796**	**1,243**	**61**	**130**	**277**	**2,794**

(Euro/million)	Land	Buildings	Plant and machinery	Equipment	Other assets	Assets under construction and advances	Total
Balance at 31 December 2019	**301**	**821**	**1,192**	**51**	**105**	**334**	**2,804**
Movements in 2020:							
- Investments	-	9	11	3	6	195	224
- Increases for leases (IFRS 16)	4	20	1	6	48	-	79
- Disposals	-	(1)	(1)	-	-	-	(2)
- Depreciation	(1)	(54)	(135)	(17)	(52)	-	(259)
- Impairment	(9)	(5)	(50)	-	-	-	(64)
- Currency translation differences	(9)	(43)	(68)	(2)	(7)	(15)	(144)
- Reclassifications (to)/from Assets held for sale	(3)	6	4	-	-	1	8
- Monetary revaluation for hyperinflation	-	-	1	-	-	1	2
- Other	-	33	74	12	19	(138)	-
Balance at 31 December 2020	**283**	**786**	**1,029**	**53**	**119**	**378**	**2,648**
Of which:							
- Historical cost	299	1,208	2,234	177	293	383	4,594
- Accumulated depreciation and impairment	(16)	(422)	(1,205)	(124)	(174)	(5)	(1,946)
Net book value	**283**	**786**	**1,029**	**53**	**119**	**378**	**2,648**

In 2021, gross capital expenditure on property, plant and equipment came to Euro 258 million.
Details of this expenditure during the course of 2021 are provided below:

- Projects to increase and technologically upgrade production capacity and develop new products/markets: Euro 171 million (66% of the total):
  - With reference to the Projects segment, the most significant investment was for completing work on the new cable-laying vessel Leonardo Da Vinci. The new vessel has been designed to be the best performing vessel on the market and will ensure greater capacity and versatility in project execution thanks to advanced features such as: deep-water installation capability at more than 2,000 metres, superior cable loading capacity thanks to large carousels, the ability to perform complex installations supporting different burial equipment, state-of-the-art dynamic positioning systems, and a propulsion system specifically designed to ensure a lower environmental impact.
  - With reference to the Energy segment, investments were made in certain niches to ensure that growing demand in specific value-added sectors could be met: in the USA, in Battleboro (North Carolina), production capacity was increased to serve escalating demand for products and services for the escalator and elevator industry; also in the USA, investments were initiated in Marshall (Texas) to increase production of medium voltage cables serving the power transmission and distribution sectors, partly in response to the national infrastructure plan launched by the US government. Northern Europe also witnessed a growth in demand for medium voltage cables, in response to which the Group decided to invest in a plant in Nassjo, Sweden; lastly, in Latin America, specifically in Brazil, investments were made to give the Pocos de Caldas plant, in the state of Minas Gerais, the capability to produce wind turbine cables, in anticipation of escalating demand for renewable energy in this region as well.
  - With reference to the Telecom segment, the Claremont plant in North Carolina confirmed its role as a centre of excellence in the USA for the manufacture of optical cables and fibre: specifically, the Group completed a series of investments in the production of ADSS (All Dielectric Self Supporting) cables, used in outdoor applications and mainly installed on transmission towers to reach North America's vast rural areas; at the same time, investments

to increase Loose Tube cable capacity were started in Durango (Mexico), destined to become a centre serving the entire Central and North American region.

- Multiple projects to improve industrial efficiency and rationalise production capacity: Euro 45 million (17% of the total).
- Structural work: Euro 42 million (17% of the total).

At 31 December 2021, the value of machinery pledged as collateral against long-term loans was virtually nil.
During the reporting period just ended, Prysmian Group reviewed whether there was any evidence that its CGUs might be impaired, but did not identify any.
Instead, other assets belonging to larger CGUs, for which no explicit indicators of impairment were identified, were written down for impairment due to specific market conditions. This has led to the recognition of Euro 6 million in impairment losses in 2021, most of which due to writing down the Manlleu site in Spain as a result of aligning its value to the consideration received upon disposal.

2. GOODWILL AND OTHER INTANGIBLE ASSETS

Details of this line item and related movements are as follows:

(Euro/million)	Patents	Concessions, licences, trademarks and similar rights	Goodwill	Software	Other intangible assets	Intangibles in progress and advances	Total
Balance at 31 December 2020	**2**	**83**	**1,508**	**67**	**320**	**17**	**1,997**
Movements in 2021:							
- Business combinations	4	4	57	-	12	-	77
- Investments	-	-	-	7	-	18	25
- Amortisation	(1)	(12)	-	(16)	(39)	-	(68)
- Currency translation differences	(1)	5	78	1	22	(1)	104
- Other	1	-	-	13	1	(13)	2
Balance at 31 December 2021	**5**	**80**	**1,643**	**72**	**316**	**21**	**2,137**
Of which:							
- Historical cost	64	196	1,663	185	629	42	2,779
- Accumulated amortisation and impairment	(59)	(116)	(20)	(113)	(313)	(21)	(642)
Net book value	**5**	**80**	**1,643**	**72**	**316**	**21**	**2,137**

(Euro/million)	Patents	Concessions, licences, trademarks and similar rights	Goodwill	Software	Other intangible assets	Intangibles in progress and advances	Total
Balance at 31 December 2019	**4**	**100**	**1,590**	**40**	**383**	**37**	**2,154**
Movements in 2020:							
- Investments	-	1	-	9	-	12	22
- Amortisation	(2)	(14)	-	(9)	(41)	-	(66)
- Impairment	-	(3)	-	-	(1)	-	(4)
- Currency translation differences	(1)	(5)	(82)	1	(25)	1	(111)
- Other	1	4	-	26	4	(33)	2
Balance at 31 December 2020	**2**	**83**	**1,508**	**67**	**320**	**17**	**1,997**
Of which:							
- Historical cost	60	187	1,528	164	594	38	2,571
- Accumulated amortisation and impairment	(58)	(104)	(20)	(97)	(274)	(21)	(574)
Net book value	**2**	**83**	**1,508**	**67**	**320**	**17**	**1,997**

In 2021, gross capital expenditure on intangible assets came to Euro 25 million. In 2021, the group ERP system (SAP 1C) successfully migrated to the new SAP S4/HANA platform. The system, which now manages 78 plants in 28 countries, operates entirely on cloud-based infrastructure and with a simplified database. This technological leap will help accelerate the pace of innovation in coming months towards the concept of "Intelligent ERP" thanks to use of real-time data and advanced analytics and to a better user experience. In the Operations area, projects to implement the new Corporate MES (FastTrack) were launched in Pikkala (Finland) and Slatina (Romania), with go-live scheduled for April 2022. Another area of the business that saw significant IT investments was the Treasury function, with consolidation of its operations on the new SAP Treasury S4 platform. The R&D area saw continued work on the project to implement the new global "Cable Builder" platform for cable design, scheduled to go live in 2022. Investments in the Customer Centricity program has continued and grown, with the introduction of a new B2B portal as part of the Group's strategy to strengthen its eServices. In another year in which the pandemic crisis continued to severely test global IT infrastructures and systems, Prysmian's IT function has played a fundamental role in boosting the Group's digital competitive advantage, including by toughening its cybersecurity measures thanks to renewal of the contract with Microsoft. At the same time, a digital strategy ("Digital Ambition") has been developed to drive innovation and support Prysmian's transition from pure cable manufacturer to solutions provider. During 2021, the Predictive Quality project was completed at three production sites: Battipaglia, Douvrin and Clermont; also in this area, a new Data Science Lab was created involving 30 colleagues and 6 plants.

Goodwill

At 31 December 2021, Prysmian Group reported Euro 1,643 million in Goodwill (Euro 1,508 million at 31 December 2020), with the increase on the previous year due to currency translation differences and business combinations completed during the reporting period.

Goodwill impairment test

As reported in Note 38.4 Impairment of property, plant and equipment and finite-life intangible assets, the Group's activities are organised in three operating segments: Projects, Energy and Telecom. The Projects segment consists of the High Voltage, Submarine Power, Submarine Telecom and Offshore Specialties CGUs; the Energy segment consists of a number of CGUs corresponding to the Regions or Countries in keeping with the new organisation structure; lastly, the Telecom segment consists of a single CGU that coincides with the operating segment itself. Goodwill, acquired on the occasion of business combinations, has been allocated to CGU groups, corresponding to the operating segments, which are expected to benefit from the synergies of such combinations and which represent the lowest level at which Management monitors business performance.
Goodwill has therefore been allocated to each of the operating segments: Projects, Energy and Telecom:

(Euro/million)	31.12.2020	Currency translation differences	Business combinations	31.12.2021
Energy goodwill	1,000	54	57	1,111
Projects goodwill	226	12	-	238
Telecom goodwill	282	12	-	294
Total goodwill	**1,508**	**78**	**57**	**1,643**

The cash flows for all CGUs were determined, also taking into account risks related to climate change and developments in the pandemic, as follows:

a) for 2022, the post-tax cash flow was taken from the Group's 2022 budget, approved by the Board of Directors on 24 February 2022;
b) the cash flow forecasts were extended to the period 2023-2024 on the basis of growth projections consistent with expected global growth rates;
c) terminal value was calculated using a 2% perpetual growth rate, consistent with expected long-term world growth forecasts.

The rate used to discount cash flows was determined on the basis of market information about the cost of money and asset-specific risks (Weighted Average Cost of Capital, WACC). The outcome of the test has shown that the recoverable amount of the individual operating segments is higher than their net invested capital (including the share of allocated goodwill). In particular, recoverable amount is higher than carrying amount for the Projects operating segment (111%), Energy operating segment (111%) and Telecom operating segment (256%).

A WACC of 7% was used for the Projects segment. For recoverable amount to be equal to carrying amount, a theoretical WACC of 11.1% would have to be used. A WACC of 6.4% was used for the Energy segment. For recoverable amount to be equal to carrying amount, a theoretical WACC of 10.8% would have to be used. A WACC of 4.7% was used for the Telecom segment. For recoverable amount to be equal to carrying amount, a theoretical WACC of 11.2% would have to be used.

For recoverable amount to be equal to carrying amount, the growth rate for all segments would have to be negative.

3. EQUITY-ACCOUNTED INVESTMENTS

This balance, amounting to Euro 360 million, has increased by Euro 48 million since 31 December 2020, when it amounted to Euro 312 million, reflecting the effects shown in the following table:

(Euro/million)	31.12.2021 Investments in associates
Opening balance	**312**
Movements:	
- Currency translation differences	32
- Share of net profit/(loss)	27
- Disposals	-
- Dividends	(8)
- Other movements	(3)
Closing balance	**360**

(Euro/million)	31.12.2020 Investments in associates
Opening balance	**314**
Movements:	
- Currency translation differences	(10)
- Share of net profit/(loss)	18
- Disposals	(2)
- Dividends	(8)
Closing balance	**312**

Details of investments in equity-accounted companies are as follows:

(Euro/million)	31.12.2021	31.12.2020
Yangtze Optical Fibre and Cable Joint Stock Limited Company	311	263
Yangtze Optical Fibre & Cable (Shanghai) Co. Ltd.	27	25
Kabeltrommel Gmbh & Co.K.G.	6	7
Elkat Ltd.	7	6
Rodco Ltd.	2	2
Eksa Sp.Zo.o	-	3
Power Cables Malaysia Sdn Bhd	7	6
Total equity-accounted investments	**360**	**312**

The value of investments includes Euro 27 million for the share of net profit (loss) of equity-accounted companies.

Investments in associates

Information about the nature of 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 main shareholders are: China Huaxin Post and Telecommunication Economy Development Center, 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 31 December 2021, the fair value of the investment in Yangtze Optical Fibre and Cable Joint Stock Limited Company was Euro 263 million (based on the price quoted on the Hong Kong market), while its carrying amount was Euro 311 million, thus higher than fair value, identified by the aforementioned market price. However, taking into account specific analyses, this should not be treated as a lasting situation, also in view of the fact that the share price has enjoyed a substantial rebound 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, a company based in Malaysia, manufactures and sells power cables and conductors, with its prime specialism high voltage products.

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.

The following table reports key financial figures for the principal investments in associates:

(Euro/million)	Kabeltrommel Gmbh & Co.K.G.	Yangtze Optical Fibre and Cable Joint Stock Limited Company*	Elkat Ltd.	Yangtze Optical Fibre & Cable (Shanghai) Co. Ltd	Power Cables Malaysia Sdn Bhd
	31.12.2021	30.09.2021	31.12.2021	31.12.2021	31.12.2021
Non-current assets	n.a	905	n.a	10	9
Current assets	n.a	1,600	n.a	71	53
Total assets	n.a	2,505	n.a	81	62
Equity	n.a	1,341	n.a	45	15
Non-current liabilities	n.a	415	n.a	5	2
Current liabilities	n.a	749	n.a	31	45
Total equity and liabilities	n.a	2,505	n.a	81	62
	2021	2021	2021	2021	2021
Sales of goods and services	n.a	877	n.a	64	45
Net profit/(loss) for the year	n.a	74	n.a	-	1
Comprehensive income/(loss) for the year	n.a	73	n.a	-	1
Dividends received	3	5	1	-	-

* The figures for Yangtze Optical Fibre and Cable Joint Stock Limited Company, a company listed on the Hong Kong Stock Exchange, refer to its latest published financial results for the first nine months of 2021.

(Euro/million)	Kabeltrommel Gmbh & Co.K.G.	Yangtze Optical Fibre and Cable Joint Stock Limited Company	Elkat Ltd.	Yangtze Optical Fibre & Cable (Shanghai) Co. Ltd	Power Cables Malaysia Sdn Bhd
	31.12.2020	31.12.2020	31.12.2020	31.12.2020	31.12.2020
Non-current assets	9	798	6	9	10
Current assets	21	1,178	28	56	18
Total assets	30	1,976	34	65	28
Equity	11	1,170	19	41	14
Non-current liabilities	10	261	-	5	2
Current liabilities	9	546	15	19	12
Total equity and liabilities	30	1,976	34	65	28
	2020	2020	2020	2020	2020
Sales of goods and services	34	1,044	210	70	33
Net profit/(loss) for the year	7	69	3	1	2
Comprehensive income/(loss) for the year	7	63	3	1	2
Dividends received	2	6	-	-	-

4. OTHER INVESTMENTS AND FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Details are as follows:

(Euro/million)	31.12.2021	31.12.2020
Other investments at fair value through other comprehensive income (non-current)	13	13
Financial assets at fair value through other comprehensive income (current)	11	11
Total	**24**	**24**

Other investments at fair value through other comprehensive income (non-current) report shareholdings that are not intended for sale in the near term.
Financial assets at fair value through other comprehensive income (current) report securities that either mature within 12 months of the reporting date or could possibly be sold in the near term.

Other investments at fair value through other comprehensive income are analysed as follows:

(Euro/million)	Type of financial asset	% owned by the Group	31.12.2021	31.12.2020
Ravin Cables Limited	unlisted shares	51%	9.25	9.00
Tunisie Cables S.A.	unlisted shares	7.55%	1.03	0.91
Cesi Motta S.p.A.	unlisted shares	6.48%	0.81	0.59
Other			1.57	2.08
Total non-current			**12.66**	**12.58**

Other investments and financial assets at fair value through other comprehensive income are denominated in the following currencies:

(Euro/million)	31.12.2021	31.12.2020
Euro	14	14
Tunisian Dinar	1	1
Indian Rupee	9	9
Total	**24**	**24**

Other investments at fair value through other comprehensive income are classified in Level 3 of the fair value hierarchy, while Financial assets at fair value through other comprehensive income fall under Level 1 of the fair value hierarchy.

5. TRADE AND OTHER RECEIVABLES

Details are as follows:

(Euro/million)	Non-current	Current	31.12.2021 Total
Trade receivables	-	1,719	1,719
Allowance for doubtful accounts	-	(97)	(97)
Total trade receivables	-	**1,622**	**1,622**
Other receivables:			
Tax receivables	10	229	239
Financial receivables	3	12	15
Prepaid finance costs	1	2	3
Receivables from employees	1	3	4
Pension plan receivables	-	2	2
Construction contracts	-	247	247
Advances to suppliers	5	27	32
Other	14	105	119
Total other receivables	**34**	**627**	**661**
Total	**34**	**2,249**	**2,283**

(Euro/million)	Non-current	Current	31.12.2020 Total
Trade receivables	1	1,468	1,469
Allowance for doubtful accounts	(1)	(94)	(95)
Total trade receivables	-	**1,374**	**1,374**
Other receivables:			
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
Total other receivables	**30**	**492**	**522**
Total	**30**	**1,866**	**1,896**

No individual customer accounted for more than 10% of the Group's net receivables in either 2020 or 2021.

Trade receivables

The gross amount of past due receivables that are totally or partially impaired is Euro 266 million at 31 December 2021 (Euro 232 million at 31 December 2020).
Past due impaired receivables are aged as follows:

(Euro/million)	31.12.2021	31.12.2020
1 to 30 days	124	96
31 to 90 days	53	42
91 to 180 days	13	17
181 to 365 days	23	20
More than 365 days	53	57
Total	**266**	**232**

The value of trade receivables past due but not impaired is Euro 80 million at 31 December 2021 (the same amount as at 31 December 2020). These receivables mainly relate to customers in the Projects operating segment which, given the nature of the counterparties, are not considered necessary to impair.
Past due unimpaired receivables are aged as follows:

(Euro/million)	31.12.2021	31.12.2020
1 to 30 days	8	5
31 to 90 days	1	1
91 to 180 days	2	-
181 to 365 days	2	2
More than 365 days	67	72
Total	**80**	**80**

The total value of trade receivables not past due is Euro 1,346 million at 31 December 2021 (Euro 1,157 million at 31 December 2020). There are no particular problems with the quality of these receivables and there are no material amounts that would otherwise be past due if their original due dates had not been renegotiated.
The following table breaks down trade and other receivables according to the currency in which they are expressed:

(Euro/million)	31.12.2021	31.12.2020
Euro	725	814
US Dollar	635	447
British Pound	231	48
Chinese Renminbi (Yuan)	164	110
Brazilian Real	131	109
Omani Rial	109	95
Canadian Dollar	57	34
Swedish Krona	27	22
Columbian Peso	26	23
Chilean Peso	24	18
Mexican Peso	21	42
Romanian Leu	21	11
Indonesian Rupiah	12	13
Russian Rouble	12	13
Singapore Dollar	12	11
Thai Baht	12	7
Turkish Lira	9	40
Other currencies	55	39
Total	**2,283**	**1,896**

The allowance for doubtful accounts amounts to Euro 97 million at 31 December 2021 (Euro 95 million at 31 December 2020). Movements in this allowance are shown in the following table:

(Euro/million)	31.12.2021	31.12.2020
Opening balance	**95**	**88**
Movements:		
- Increases in allowance	12	20
- Releases	(6)	(6)
- Bad debt write-offs	(5)	(3)
- Currency translation differences and other movements	1	(4)
Closing balance	**97**	**95**

Increases in and releases from the allowance for doubtful accounts are reported in "Other expenses" in the income statement.

Other receivables

Other receivables include "Prepaid finance costs" of Euro 3 million at 31 December 2021 (Euro 5 million at 31 December 2020), primarily relating to arrangement costs for the Revolving Credit Facility 2019 agreed with a syndicate of leading banks on 3 April 2019.

"Construction contracts" represent the value of contracts in progress, determined as the difference between the costs incurred plus the related profit margin, net of recognised losses, and the amount invoiced by the Group. The following table shows how these amounts are reported between assets and liabilities:

(Euro/million)	31.12.2021	31.12.2020
Construction contract revenue to date	12,144	10,968
Amounts invoiced	(12,351)	(11,174)
Net amount due from/(to) customers for construction contracts	**(207)**	**(206)**
Of which:		
Other receivables for construction contracts	247	162
Other payables for construction contracts	(454)	(368)

6. INVENTORIES

Details are as follows:

(Euro/million)	31.12.2021	31.12.2020
Raw materials	635	432
of which allowance for obsolete and slow-moving raw materials	*(63)*	*(52)*
Work in progress and semi-finished goods	483	370
of which allowance for obsolete and slow-moving work in progress and semi-finished goods	*(16)*	*(16)*
Finished goods*	936	729
of which allowance for obsolete and slow-moving finished goods	*(68)*	*(79)*
Total	**2,054**	**1,531**

* Finished goods also include those for resale.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Details are as follows:

(Euro/million)	31.12.2021	31.12.2020
Listed securities	35	16
Unlisted securities	209	4
Total	**244**	**20**

Financial assets at fair value through profit or loss, amounting to Euro 244 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.

Movements in these assets are analysed as follows:

(Euro/million)	31.12.2021	31.12.2020
Opening balance	**20**	**27**
Movements:		
- Currency translation differences	-	(8)
- Purchase of securities	224	3
- Disposal of securities	-	(2)
Closing balance	**244**	**20**

8. DERIVATIVES

Details are as follows:

(Euro/million)		31.12.2021
	Asset	Liability
Interest rate derivatives (cash flow hedges)	-	3
Forward currency contracts on commercial transactions (cash flow hedges)	1	10
Metal derivatives (cash flow hedges)	102	13
Metal derivatives	2	-
Total non-current	**105**	**26**
Forward currency contracts on commercial transactions (cash flow hedges)	2	6
Interest rate derivatives (cash flow hedges)	-	6
Metal derivatives (cash flow hedges)	71	7
Forward currency contracts on commercial transactions	10	4
Forward currency contracts on financial transactions	3	3
Metal derivatives	42	16
Total current	**128**	**42**
Total	**233**	**68**

(Euro/million)	Asset	31.12.2020 Liability
Interest rate derivatives (cash flow hedges)	-	12
Forward currency contracts on financial (cash flow hedges)	2	-
Metal derivatives (cash flow hedges)	40	-
Metal derivatives	2	1
Total non-current	**44**	**13**
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
Total current	**82**	**46**
Total	**126**	**59**

Forward currency contracts have a notional value of Euro 2,574 million at 31 December 2021 (Euro 2,249 million at 31 December 2020); total notional value at 31 December 2021 includes Euro 873 million in derivatives designated as cash flow hedges (Euro 441 million at 31 December 2020).
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.

At 31 December 2021, like at 31 December 2020, almost all the derivative contracts had been entered into with major financial institutions.
Metal derivatives have a notional value of Euro 2,068 million at 31 December 2021 (Euro 1,273 million at 31 December 2020).

The following tables show the impact of offsetting assets and liabilities for derivative instruments, done on the basis of master netting arrangements (ISDA and similar agreements). They also show the effect of potential offsetting in the event of currently unforeseen default events:

(Euro/million)	Derivati lordi	Amounts offset	Derivatives r ecognised in statement of financial position	Amounts not offset*	31.12.2021 Net derivatives
Assets					
Forward currency contracts	16	-	16	(7)	9
Interest rate derivatives	-	-	-	-	-
Metal derivatives	217	-	217	(11)	206
Total assets	**233**	**-**	**233**	**(18)**	**215**
Liabilities					
Forward currency contracts	23	-	23	(7)	16
Interest rate derivatives	9	-	9	-	9
Metal derivatives	36	-	36	(11)	25
Total liabilities	**68**	**-**	**68**	**(18)**	**50**

* Derivatives potentially offsettable in the event of default events under master netting arrangements.

(Euro/million)	Derivati lordi	Amounts offset	Derivatives r ecognised in statement of financial position	Amounts not offset*	31.12.2020 Net derivatives
Assets					
Forward currency contracts	16	-	16	(13)	3
Interest rate derivatives	-	-	-	-	-
Metal derivatives	110	-	110	(18)	92
Total assets	**126**	**-**	**126**	**(31)**	**95**
Liabilities					
Forward currency contracts	22	-	22	(13)	9
Interest rate derivatives	19	-	19	-	19
Metal derivatives	18	-	18	(18)	-
Total liabilities	**59**	**-**	**59**	**(31)**	**28**

* Derivatives potentially offsettable in the event of default events under master netting arrangements.

The following table shows movements in both reporting periods in the cash flow hedge reserve for designated hedging derivatives:

(Euro/million)		2021		2020
	Riserva Lorda	Effetto imposte	Riserva Lorda	Effetto imposte
Opening balance	**56**	**(14)**	**(20)**	**7**
Changes in fair value	83	(20)	72	(20)
Reserve for other finance costs/(income)	1	-	4	(1)
Release to construction contract costs/(revenues)	(1)	-	-	-
Closing Balance	**139**	**(34)**	**56**	**(14)**

9. CASH AND CASH EQUIVALENTS

Details are as follows:

(Euro/million)	31.12.2021	31.12.2020
Cash and cheques	1	1
Bank and postal deposits	1,701	1,162
Total	**1,702**	**1,163**

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 mainly managed by the Group's treasury company amounted to Euro 1,183 million at 31 December 2021, while at 31 December 2020 the figure was Euro 797 million.
The change in cash and cash equivalents is commented on in Note 36. Statement of cash flows.

10. SHARE CAPITAL AND RESERVES

Consolidated equity has recorded a positive change of Euro 666 million since 31 December 2020, mainly reflecting the net effect of:

- positive currency translation differences of Euro 292 million;
- the positive post-tax change of Euro 63 million in the fair value of derivatives designated as cash flow hedges;
- a positive change of Euro 33 million in the share-based compensation reserve linked to stock option plans;
- the distribution of Euro 134 million in dividends;
- an increase of Euro 51 million in the reserves for actuarial gains and losses on employee benefits;
- the net profit for the year of Euro 310 million;
- an increase of Euro 15 million for the effects of hyperinflation;
- n increase of Euro 36 million for the net impact of issuing the Convertible Bond 2021 and partial redemption of the Convertible Bond 2017;
- a decrease of Euro 1 million from the disposal of non-controlling interests.

At 31 December 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
Balance at 31 December 2019	**268,144,246**	**(4,891,162)**	**263,253,084**
Allotments and sales*	-	131,729	131,729
Balance at 31 December 2020	**268,144,246**	**(4,759,433)**	**263,384,813**
Allotments and sales**	-	106,565	106,565
Balance at 31 December 2021	**268,144,246**	**(4,652,868)**	**263,491,378**

* Allotment and/or sale of treasury shares under the YES Group employee share purchase plan (131,729 shares).
** Allotment and/or sale of treasury shares under the YES Group employee share purchase plan (106,565 shares).

Treasury shares

Movements in treasury shares during 2021 refer to the allotment and sale of treasury shares serving the Group employee share purchase plan.

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

	Number of shares	Total nominal value (in Euro)	% of share capital	Average unit value (in Euro)	Total carrying value (in Euro)
Balance at 31 December 2019	**4,891,162**	**489,117**	**1.82%**	**20.33**	**99,440,992**
- Allotments and sales	(131,729)	(13,173)	-	19.92	(2,624,042)
Balance at 31 December 2020	**4,759,433**	**475,944**	**1.77%**	**20.34**	**96,816,950**
- Allotments and sales	(106,565)	(10,657)	-	19.92	(2,122,775)
Balance at 31 December 2021	**4,652,868**	**465,288**	**1.74%**	**20.35**	**94,694,176**

11. BORROWINGS FROM BANKS AND OTHER LENDERS

Details are as follows:

(Euro/million)	Non-current	Current	31.12.2021 Total
Borrowings from banks and other lenders	293	56	349
Term Loan	998	1	999
Unicredit Loan	200	-	200
Mediobanca Loan	100	-	100
Intesa Loan	150	-	150
Non-convertible bond	-	763	763
Convertible Bond 2021	707	-	707
Convertible Bond 2017	-	250	250
Lease liabilities	158	53	211
Total	**2,606**	**1,123**	**3,729**

(Euro/million)	Non-current	Current	31.12.2020 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
Total	**3,045**	**127**	**3,172**

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

(Euro/million)	31.12.2021	31.12.2020
CDP Loans	175	100
EIB Loans	110	118
Term Loan	999	997
Unicredit Loan	200	200
Mediobanca Loan	100	100
Intesa Loan	150	150
Other borrowings	64	61
Borrowings from banks and other lenders	**1,798**	**1,726**
Non-convertible bond	763	762
Convertible Bond 2021	707	-
Convertible Bond 2017	250	489
Total	**3,518**	**2,977**

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 31 December 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 on purchasing 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 31 December 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 an initial loan agreement with the European Investment Bank (EIB) for Euro 100 million, to fund the Group's research & development (R&D) programs 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 programs 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 31 December 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 31 December 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 31 December 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 31 December 2021 and 31 December 2020:

(Euro/million)			31.12.2021
	Total lines	Drawn	Undrawn
Revolving Credit Facility 2019	1,000	-	1,000
CDP Loans	175	(175)	-
EIB Loans	110	(110)	-
Term Loan	1,000	(1,000)	-
Unicredit Loan	200	(200)	-
Mediobanca Loan	100	(100)	-
Intesa Loan	150	(150)	-
Total	**2,735**	**(1,735)**	**1,000**

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

Bonds

As at 31 December 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 31 December 2021, the non-convertible bond has a fair value of Euro 762 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 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 the Euro 500 million zero-coupon equity-linked bond due 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 31 December 2021:

(Euro/million)	
Issue value of convertible bond	500
Equity reserve for convertible bond	(48)
Issue date net balance	**452**
Interest - non-monetary	46
Redemption of 50% of convertible bond	(261)
Change in equity upon redemption	13
Balance at 31 December 2021	**250**

At 31 December 2021, the fair value of the Convertible Bond 2017 (equity component and debt component) is Euro 251 million, all of which attributable to the debt component. Fair value has been determined with reference to the quoted price in the relevant market (Level 1 of the fair value hierarchy).
The Convertible Bond 2017 was redeemed in full at maturity in January 2022.

Convertible Bond 2021

On 26 January 2021, the Group announced the successful placement of an equity-linked bond (the "Bonds") for the sum 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 2021, 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, amounting to Euro 49 million on 28 April 2021, the date the Shareholders' Meeting authorised the bond's convertibility, has been reclassified to equity, while the change of Euro 16 million in fair value 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 31 December 2021:

(Euro/million)	
Value of Convertible Bond 2021	768
Equity reserve for convertible bond	(49)
Change in conversion option fair value	(16)
Issue date net balance	**703**
Interest - non-monetary	8
Related costs	(4)
Saldo al 31 dicembre 2021	**707**

At 31 December 2021, the fair value of the Convertible Bond 2021 (equity component and debt component) is Euro 816 million, of which Euro 707 million attributable to the debt component and Euro 109 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 Loans	EIB Loans	Conv. Bonds	Non-conv. Bond	Term Loan	Unicredit, Mediobanca and Intesa Loans	Other borrowings/ Lease liabilities	Total
Balance at 31 December 2020	**100**	**118**	**489**	**762**	**997**	**450**	**256**	**3,172**
Business combinations	-	-	-	-	-	-	4	4
Currency translation differences	-	-	-	-	-	-	7	7
New funds	75	-	703	-	-	-	19	797
Repayments	-	(8)	(245)	-	-	-	(75)	(328)
Amortisation of bank and financial fees and other expenses	-	-	(3)	2	2	-	-	(1)
New agreements under IFRS 16	-	-	-	-	-	-	63	63
Interest and other movements	-	-	13	(1)	-	-	1	13
Balance at 31 December 2021	**175**	**110**	**957**	**763**	**999**	**450**	**275**	**3,729**

(Euro/million)	CDP Loans	EIB Loans	Conv. Bonds	Non-conv. Bond	Term Loan	Unicredit, Mediobanca and Intesa Loans	Other borrowings/ Lease liabilities	Total
Balance at 31 December 2019	**200**	**135**	**478**	**760**	**996**	**448**	**227**	**3,244**
Currency translation differences	-	-	-	-	-	-	(15)	(15)
New funds	-	-	-	-	-	-	26	26
Repayments	(100)	(17)	-	-	-	-	(61)	(178)
Amortisation of bank and financial fees and other expenses	-	-	1	2	1	2	-	6
New agreements under IFRS 16	-	-	-	-	-	-	79	79
Interest and other movements	-	-	10	-	-	-	-	10
Balance at 31 December 2020	**100**	**118**	**489**	**762**	**997**	**450**	**256**	**3,172**

The following tables provide an analysis by maturity and currency of borrowings from banks and other lenders (excluding lease liabilities) at 31 December 2021 and 2020:

(Euro/million)							31.12.2021
	Variable interest rate			Fixed interest rate			Total
	Euro	USD	Other currencies	Euro	USD	Other currencies	
Due within 1 year	8	11	2	1,035	3	10	1,069
Due between 1 and 2 years	1,197	-	-	1	-	-	1,198
Due between 2 and 3 years	458	8	-	-	-	-	466
Due between 3 and 4 years	76	-	-	-	-	-	76
Due between 4 and 5 years	1	-	-	707	-	-	708
Due after more than 5 years	1	-	-	-	-	-	1
Total	**1,741**	**19**	**2**	**1,743**	**3**	**10**	**3,518**
Average interest rate in period, as per contract	1.0%	1.6%	7.2%	1.8%	2.3%	5.2%	1.4%
Average interest rate in period, including IRS effect*	1.3%	1.6%	7.2%	1.8%	2.3%	5.2%	1.5%

* Interest rate swaps have been put in place to hedge interest rate risk on variable rate loans in Euro. At 31 December 2021, the total hedged amount equates to 73.5% of Euro-denominated debt at that date. Interest rate hedges consist of interest rate swaps which exchange a variable rate (3 or 6-month Euribor for loans in Euro) with an average fixed rate (fixed rate + spread) of 1.3% for Euro-denominated debt. The percentages representing the average fixed rate refer to 31 December 2021.

(Euro/million)							31.12.2020
	Variable interest rate			Fixed interest rate			Total
	Euro	USD	Other currencies	Euro	USD	Other currencies	
Due within 1 year	14	9	9	39	2	3	76
Due between 1 and 2 years	-	-	-	1,238	-	-	1,238
Due between 2 and 3 years	1,196	-	-	1	-	-	1,197
Due between 3 and 4 years	459	7	-	-	-	-	466
Due between 4 and 5 years	-	-	-	-	-	-	-
Due after more than 5 years	-	-	-	-	-	-	-
Total	**1,669**	**16**	**9**	**1,278**	**2**	**3**	**2,977**
Average interest rate in period, as per contract	1.0%	1.8%	7.2%	2.1%	2.2%	5.3%	1.5%
Average interest rate in period, including IRS effect	1.3%	1.8%	7.2%	2.1%	2.2%	5.3%	1.7%

Risks relating to sources of finance and to financial investments/receivables are discussed in the section entitled "Risks factors and uncertainties" forming part of the Directors' Report.

NET FINANCIAL DEBT

(Euro/million)	Note	31.12.2021	31.12.2020
CDP Loans	11	175	100
EIB Loans	11	110	110
Non-convertible bond	11	-	748
Convertible Bond 2021	11	707	-
Convertible Bond 2017	11	-	489
Term Loan	11	998	996
Unicredit Loan	11	200	200
Mediobanca Loan	11	100	100
Intesa Loan	11	150	150
Lease liabilities	11	158	143
Interest rate swaps	8	3	12
Other financial payables	11	8	9
Total long-term financial payables	**12**	**2,609**	**3,057**
EIB Loans	11	-	8
Non-convertible bond	11	763	14
Convertible Bond 2017	11	250	-
Term Loan	11	1	1
Lease liabilities	11	53	52
Interest rate swaps	8	6	7
Forward currency contracts on financial transactions	8	3	9
Other financial payables	11	56	52
Total short-term financial payables		**1,132**	**143**
Total financial liabilities		**3,741**	**3,200**
Long-term financial receivables	5	3	2
Long-term bank fees	5	1	3
Financial assets at amortised cost		3	4
Forward currency contracts on financial transactions (current)	8	3	4
Short-term financial receivables	5	12	4
Short-term bank fees	5	2	2
Financial assets at fair value through profit or loss	7	244	20
Financial assets at fair value through other comprehensive income	4	11	11
Financial assets held for sale	-	-	1
Cash and cash equivalents	9	1,702	1,163
Total financial assets		**1,981**	**1,214**
Net financial debt		**1,760**	**1,986**

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	31.12.2021	31.12.2020
Net financial debt - as reported above		**1,760**	**1,986**
Adjustments to exclude:			
Long-term financial receivables and other assets	3	6	6
Long-term bank fees	3	1	3
Adjustments to include:			
Net non-hedging forward currency contracts on commercial transactions, excluding non-current assets	5	(6)	6
Net non-hedging metal derivatives, excluding non-current assets	5	(26)	(16)
Recalculated net financial debt		**1,735**	**1,985**

12. TRADE AND OTHER PAYABLES

Details are as follows:

(Euro/million)			31.12.2021
	Non-current	Current	Total
Trade payables	-	2,592	2,592
Total trade payables	**-**	**2,592**	**2,592**
Other payables:			
Tax and social security payables	1	204	205
Advances from customers	-	549	549
Payables to employees	-	149	149
Accrued expenses	-	130	130
Other	5	159	164
Total other payables	**6**	**1,191**	**1,197**
Total	**6**	**3,783**	**3,789**

(Euro/million)			31.12.2020
	Non-current	Current	Total
Trade payables	-	1,958	1,958
Total trade payables	**-**	**1,958**	**1,958**
Other payables:			
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
Total other payables	**6**	**995**	**1,001**
Total	**6**	**2,953**	**2,959**

Trade payables include around Euro 665 million 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 454 million at 31 December 2021 and Euro 368 million at 31 December 2020. This liability represents the excess of amounts invoiced by the Group over costs incurred plus accumulated profits (or losses), recognised using the percentage of completion method.

The following table breaks down trade and other payables according to the currency in which they are expressed:

(Euro/million)	31.12.2021	31.12.2020
Euro	1,957	1,314
US Dollar	809	774
British Pound	164	181
Chinese Renminbi (Yuan)	183	118
Brazilian Real	106	99
Bahraini Dinar	92	125
Omani Rial	65	39
Mexican Peso	40	38
Canadian Dollar	54	34
Philippine Peso	27	29
Romanian Leu	47	28
Australian Dollar	40	25
UAE Dirham	47	24
Indonesian Rupiah	13	15
Swedish Krona	17	13
Hungarian Forint	17	13
Other currencies	111	90
Total	**3,789**	**2,959**

13. PROVISIONS FOR RISKS AND CHARGES

Details are as follows:

(Euro/million)			31.12.2021*
	Non-current	Current	Total
Restructuring costs	-	21	21
Legal, contractual and other risks	29	395	424
Environmental risks	5	92	97
Tax risks	12	99	111
Total	**46**	**607**	**653**

* Provisions for risks at 31 December 2021 include Euro 123 million for potential liabilities.

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

* Provisions for risks at 31 December 2020 include Euro 124 million for potential liabilities.

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

(Euro/million)	Restructuring costs	Legal, contractual and other risks	Environmental risks	Tax risks	Total
Balance at 31 December 2020	**31**	**371**	**97**	**92**	**591**
Business combinations	-	1	-	-	1
Increases	8	128	1	19	156
Uses	(17)	(41)	(1)	(3)	(62)
Releases	(1)	(33)	(6)	(1)	(41)
Currency translation differences	-	5	6		11
Other	-	(7)	-	4	(3)
Balance at 31 December 2021	**21**	**424**	**97**	**111**	**653**

The provision for contractual, legal and other risks amounts to Euro 424 million at 31 December 2021 (Euro 371 million at 31 December 2020). This provision mainly includes the provision for Euro 179 million related to Antitrust investigations in progress and legal actions brought by third parties against Group companies as a result of and/or in connection with decisions adopted by the competent authorities, as described below. The rest of this provision relates to provisions related to and arising from business combinations and for risks associated with ongoing and completed contracts.

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. ("Prysmian CS"), had engaged in anti-competitive practices in the European market for high voltage submarine and underground power cables. The European Commission held Prysmian CS jointly liable with Pirelli & C. S.p.A. ("Pirelli") 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 CS jointly liable with Prysmian S.p.A. ("Prysmian") and The Goldman Sachs Group Inc. ("Goldman Sachs") 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, Prysmian CS, Pirelli and Goldman Sachs each filed a separate appeal against this decision with the General Court of the European Union, in first instance, and later with the Court of Justice of the European Union. In rulings handed down on 24 September 2020, 28 October 2020 and 27 January 2021 respectively, the Court of Justice definitively dismissed the appeals brought by Prysmian and Prysmian CS, Pirelli and Goldman Sachs, thus upholding the liability and fine envisaged under the European Commission's original decision. Further to the ruling dismissing the appeal by Prysmian and Prysmian CS, 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 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.

In a ruling handed down on 14 November 2019, the Court of Justice of the European Union also dismissed the appeal brought by General Cable, thus definitively confirming the fine previously levied against it by the European Commission. As a result, the Group went ahead and paid a fine for Euro 2 million.

In November 2014 and October 2019 respectively, Pirelli filed two civil actions, recently joined in one single proceeding, against Prysmian CS and Prysmian with the Court of Milan, seeking (i) to be indemnified from any loss suffered as a result of the enforcement by the European Commission of its decision and for any expenses incidental to such enforcement; (ii) to be indemnified from any losses deriving from third-party claims relating to the conduct forming the subject of the European Commission's decision and (iii) to be compensated for the damages, allegedly suffered and quantified, resulting from Prysmian CS and Prysmian having requested, in certain pending legal proceedings, that Pirelli be held liable for the unlawful conduct found by the European Commission in the period from 1999 to 2005. As part of the same proceeding, Prysmian CS and Prysmian, in addition to requesting the full dismissal of the claims brought by Pirelli, have filed symmetrical and opposing counterclaims to those of Pirelli in which they have requested (i) to be indemnified from any loss suffered as a result of the enforcement by the European Commission of its decision and for any expenses incidental to such enforcement; (ii) to be indemnified from any losses deriving from third-party claims relating to the conduct forming the subject of the European Commission's decision and (iii) to be compensated for damages suffered as a result of the legal actions brought by Pirelli. This proceeding is currently pending.

In view of the circumstances described and the developments in the proceedings, the Directors, with the assistance of their legal advisors, have recognised what they consider to be an adequate level of provisions to cover the potential liabilities related to the matters in question.

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 commenced a proceeding before the London High Court against a number of cable manufacturers, including companies of the Prysmian Group, to obtain compensation for damages purportedly suffered as a result of the alleged anti-competitive practices sanctioned by the European Commission. During the month of June 2020, the Prysmian companies concerned filed their defence and called in contribution another addressee of the EC decision . This proceeding is currently pending.

On 2 April 2019, a writ of summons was served, on behalf of Terna S.p.A., on Pirelli, Nexans and companies of the Prysmian Group, demanding compensation for damages purportedly suffered as a result of the alleged anti-competitive practices sanctioned by the European Commission in its April 2014 decision. This proceeding has been brought before the Court of Milan. On 24 October 2019, the Prysmian Group companies concerned filed their preliminary defence. By an order dated 3 February 2020, the Court upheld the requests raised by the defendants, giving Terna until 11 May 2020 to complete its writ of summons and scheduled a hearing for 20 October 2020. Terna duly completed its summons, which was filed within the required deadline. The proceeding is at evidentiary 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 a number of cable manufacturers, including companies of the Prysmian Group, on Pirelli & C. S.p.A. and The Goldman Sachs Group Inc. This proceeding, brought before the Court of Amsterdam, concerns a claim for compensation of damages purportedly suffered as a result of the alleged anti-competitive practices sanctioned by the European Commission. On 18 December 2019, the Prysmian Group companies concerned presented their preliminary defence. The matter was then heard by the Court during a hearing which took place on 8 September 2020.

On 25 November 2020, the Court of Amsterdam handed down a ruling under which it upheld the defences made and declined jurisdiction over defendants not based in the Netherlands, thus excluding them from the proceeding. On 19 February 2021, the claimants 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 challenged the appeal. The appeal proceeding is pending.

Further, on 4 April 2019, the Group learned that the following proceedings had been brought before the Court of London, both of which involving claims for damages purportedly suffered as a result of the alleged anti-competitive practices sanctioned by the European Commission:

- proceeding was abandoned after the parties reached a settlement on 31 July 2021;
- proceeding promoted by Greater Gabbard Offshore Winds Limited and Scottish and Southern Energy (SSE) Group companies against certain Prysmian Group companies. On 5 September 2019, a writ of summons was served in which the claimants substantiated and quantified their claim for damages. This proceeding is now at a pre-trial stage.

With reference to the antitrust damages proceedings brought by the British operators National Grid and Scottish Power and settled out of court in 2020, in 2021 the Prysmian Group companies involved in these proceedings resumed the contribution proceeding against Goldman Sachs and other addressees of the EC decision, previously stayed pending the outcome of the main proceeding brought by National Grid and Scottish Power, in order to obtain partial or full compensation for the settlement amounts paid to National Grid and Scottish Power. On 17 December 2021, the Group and Goldman Sachs reached an agreement by way of which they settled the above proceeding and other potential antitrust claims.

In view of the circumstances described and the developments in the proceedings, the Directors, with the assistance of their legal advisors, have recognised what they consider to be an adequate level of provisions to cover the potential liabilities related to the matters in question.

By statement of claims served respectively on 24 and 25 May 2018, Prysmian and Prysmian CS were summoned by Nexans France SAS and Nexans SA to appear before the Court of Dortmund (Germany) . The claimants have asked the Court concerned to ascertain the existence of joint and several liability between Prysmian and Prysmian CS, 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 sanctioned in the European Commission's decision. The Court concerned, with order dated 3 June 2019, stayed the proceeding 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.

Based on the information currently available and the fact that currently the above proceeding does not foresee any request for damages, the Directors have decided not to make any provision.

Antitrust - Other investigations
In Brazil, the local antitrust authority initiated investigations, notified to Prysmian in 2011, against a number of manufacturers of high voltage underground and submarine cables, including Prysmian. On 15 April 2020, the CADE Tribunal issued the operative part of the decision under which it held Prysmian liable for the alleged infringement during 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). Using the provisions already set aside in previous years, the Group made these payments within the required timeframe. Prysmian Group has filed an appeal against the CADE ruling. The appeal proceeding is pending.

At the end of February 2016, the Spanish antitrust authority commenced investigations to verify the existence of anti-competitive practices by local low voltage cable manufacturers and distributors, including the Group's local subsidiaries. On 24 November 2017, the local antitrust 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 proceeding 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 antitrust authority in its investigations. The Spanish subsidiaries of General Cable have also appealed against the decision of the local antitrust authority; the appeal proceeding is still pending.

In view of the circumstances described and the developments in the proceedings, the Directors, with the assistance of their legal advisors, have recognised what they consider to be an adequate level of provisions to cover the potential liabilities related to the matters in question.

In addition, in January 2022, an investigation was initiated by the German antitrust authority (Federal Cartel Office) concerning an alleged coordination of industry-standard metal surcharges in Germany. Further information can be found in the later note on "Events after the reporting period".
Given the high degree of uncertainty as to the timing and outcome of these ongoing investigations, the Directors believe they are currently unable to estimate the related risk.

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 sanctioned by the Spanish antitrust authority in its decision of 24 November 2017. The proceeding 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 sanctioned by the Spanish antitrust authority in its decision of 24 November 2017. The proceeding is pending before the Court of Barcelona.
In view of the circumstances described and the developments in the proceedings, the Directors, with the assistance of their legal advisors and adopting a consistent assessment approach, have adjusted the related provisions for risks to a level deemed appropriate to cover the potential liabilities for the matters in question.

With reference to the above matters, certain Group companies have received a number of notices in which third parties have claimed compensation for damages, albeit not quantified, allegedly suffered as a result of Prysmian's alleged involvement in anti-competitive practices sanctioned by the European Commission and the antitrust authorities in Brazil and Spain.

Based on the information currently available, and believing it unlikely that these potential or liabilities will arise or otherwise that they are currently unquantifiable, the Directors have decided not to make any provision.

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 to date and the developments in the proceedings described above.

Provisions for risks associated with ongoing and completed contracts
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.

14. EMPLOYEE BENEFIT OBLIGATIONS

The Group provides a number of post-employment benefits through schemes that include defined benefit plans and defined contribution plans.
The defined contribution plans require the Group to pay, under legal or contractual obligations, contributions into public or private insurance institutions. The Group fulfils its obligations through payment of the contributions. At the financial reporting date, any amounts accrued but not yet paid to such institutions are recorded in "Other payables", while the related costs, accrued on the basis of employee service, are recognised in "Personnel costs".

The defined benefit plans mainly refer to Pension plans, Statutory severance benefit (for Italian companies), Medical benefit plans and other benefits such as seniority bonuses.
The liabilities arising under these plans, net of any assets serving such plans, are recognised in Employee benefit obligations and are measured using actuarial techniques.

Employee benefit obligations are analysed as follows

(Euro/million)	31.12.2021	31.12.2020
Pension plans	359	419
Italian statutory severance benefit	15	15
Medical benefit plans	31	30
Termination and other benefits	41	42
Total	**446**	**506**

Pension plan amendments in 2021

There were no significant amendments to existing pension plans during 2021. The following notes provide more details about the three main types of benefit: pension plans, statutory severance benefit and medical benefit plans.

PENSION PLANS

Pension plans relate to defined benefit pension schemes that can be "Funded" or "Unfunded".
Pension plan liabilities are generally calculated according to employee length of service with the company and the remuneration paid in the period preceding cessation of employment.

Liabilities for "Funded pension plans" are funded by contributions paid by the employer and, in some cases, by employees, into a separately managed pension fund. The fund independently manages and administers the amounts received, investing in financial assets and paying benefits directly to employees. The Group's contributions to such funds are defined according to the requirements established in the individual countries.
Liabilities for "Unfunded pension plans" are managed directly by the employer who sees to paying the benefits to employees. These plans have no assets to cover the liabilities.

Pension plan obligations and assets at 31 December 2021 and 31 December 2020 are analysed as follows:

(Euro/million)	Germany	Great Britain	France	United States	Other countries	Total
						31.12.2021
Funded pension obligations:						
Present value of obligation	-	219	2	141	85	447
Fair value of plan assets	-	(151)	(2)	(132)	(85)	(370)
Asset ceiling	-	-	-	-	-	-
Unfunded pension obligations:						
Present value of obligations	230	-	32	5	15	282
Total	**230**	**68**	**32**	**14**	**15**	**359**

(Euro/million)	Germany	Great Britain	France	United States	Other countries	Total
						31.12.2020
Funded pension obligations:						
Present value of obligation	-	226	2	142	88	458
Fair value of plan assets	-	(135)	(2)	(122)	(81)	(340)
Asset ceiling	-	-	-	-	-	-
Unfunded pension obligations:						
Present value of obligations	243	-	36	4	18	301
Total	**243**	**91**	**36**	**24**	**25**	**419**

At 31 December 2021, the net value of funded plans in "Other countries" is close to nil and mainly refers to Canada, Mexico and Spain.

At 31 December 2021, unfunded plans in "Other countries" primarily refer to Sweden and Chile, the present value of whose obligations amounts to Euro 8 million and Euro 3 million respectively.

Changes during the year in pension plan obligations are analysed as follows:

(Euro/million)	2021	2020
Opening defined benefit obligation	**759**	**752**
Current service costs	7	7
Interest costs	10	13
Administrative costs and taxes	2	2
Actuarial (gains)/losses recognised in equity - experience	(4)	(3)
Actuarial (gains)/losses recognised in equity - demographic assumptions	(6)	-
Actuarial (gains)/losses recognised in equity - financial assumptions	(31)	52
Disbursements from plan assets	(25)	(24)
Disbursements paid directly by the employer	(12)	(13)
Currency translation differences	29	(29)
Reclassification to assets and liabilities held for sale	-	2
Closing defined benefit obligation	**729**	**759**

Changes during the year in pension plan assets are analysed as follows:

(Euro/million)	2021	2020
Opening plan assets	**340**	**343**
Interest income on plan assets	6	8
Actuarial gains/(losses) recognised in equity	18	25
Contributions paid in by the employer	20	23
Contributions paid in by plan participants	-	-
Disbursements	(38)	(37)
Plan settlements	-	-
Currency translation differences	24	(22)
Closing plan assets	**370**	**340**

At 31 December 2021, pension plan assets consisted of equities (23% versus 37% in 2020), government bonds (15% versus 12% in 2020), corporate bonds (25% versus 19% in 2020), and other assets (37% versus 32% in 2020).

The value of the asset ceiling was zero at 31 December 2021, like at 31 December 2020.

Pension plan costs and income recognised in the income statement are analysed as follows:

(Euro/million)	Germany	Great Britain	France	United States	Other countries	2021 Total
Personnel costs	1	-	3	1	4	9
Interest costs	1	3	-	3	3	10
Expected returns on plan assets	-	(2)	-	(3)	(1)	(6)
Total pension plan costs	**2**	**1**	**3**	**1**	**6**	**13**

(Euro/million)	Germany	Great Britain	France	United States	Other countries	2020 Total
Personnel costs	2	-	2	1	4	9
Interest costs	2	4	-	5	2	13
Expected returns on plan assets	-	(2)	-	(4)	(2)	(8)
Total pension plan costs	**4**	**2**	**2**	**2**	**4**	**14**

More details can be found in Note 20. Personnel costs.

As evident from the preceding tables, the most significant plans at 31 December 2021 in terms of accrued employee benefit obligations are those managed in the following countries:
- Germany;
- Great Britain;
- France;
- United States.

Pension plans in these countries account for more than 90% of the related liability. The principal risks to which they are exposed are described below:

Germany

There are eight pension plans in Germany, most of which final salary plans with the retirement age generally set at 65. Although most plans are closed to new members, additional costs may need to be recognised in the future. As at 31 December 2021, the plans had an average duration of 14 years (14.2 years at 31 December 2020).

Total plan membership is made up as follows:

	31.12.2021	31.12.2020
	Number of participants	Number of participants
Active	962	1,072
Deferred	866	1,263
Pensioners	2,200	2,222
Total membership	**4,028**	**4,557**

The German plans do not have any assets that fund the liabilities, in line with the practice in this country; the Group pays these benefits directly.
The benefits payable in 2022 will amount to Euro 9 million (Euro 9 million at 31 December 2020 for 2021).
The increase in benefits, and so in the recorded liability and service costs, mainly depends on inflation, salary growth and the life expectancy of plan members. Another variable to consider when determining the amount of the liability and service costs is the discount rate, identified by reference to market yields of AA corporate bonds denominated in Euro.

Great Britain

Two defined benefit plans were in operation at 31 December 2021: the Draka pension fund and the Prysmian pension fund. Both are final salary plans, in which the retirement age is generally set at 65 for the majority of plan participants. Neither plan has admitted any new members or incurred any new liabilities since 2013. Currently all employees participate in defined contribution plans.
As at 31 December 2021, the plans had an average duration of approximately 19 years (approximately 19.6 years at 31 December 2020).

Total plan membership is made up as follows:

			31.12.2021			31.12.2020
	Draka pension fund	Prysmian pension fund	Total	Draka pension fund	Prysmian pension fund	Total
	Number of participants	Number of participants	Number of participants	Number of participants	Number of participants	Number of participants
Active	-	-	-	-	-	-
Deferred	443	521	964	492	547	1,039
Pensioners	424	385	809	458	379	837
Total membership	**867**	**906**	**1,773**	**950**	**926**	**1,876**

Both plans operate under trust law and are managed and administered by a Board of Trustees on behalf of members and in accordance with the terms of the Trust Deed and Rules and current legislation. The assets that fund the liabilities are held by the Trust, for both plans.

For the purposes of determining the level of funding, the Trustees appoint an actuary to value the plans every three years, with annual updates. The latest valuations of the Draka pension fund and the Prysmian pension fund were conducted as at 31 December 2018 and 31 December 2020 respectively. The contribution levels are also set every three years when performing the valuations to determine the level of plan funding, but can be revised annually. The Trustees decide on the investment strategy in agreement with the company. The strategies differ for both plans. In particular, the Draka pension fund has invested its assets as follows: 8% in equities, 41% in bonds and 51% in other financial instruments. The Prysmian pension fund has invested its assets as follows: 9% in equities, 41% in bonds and 50% in other financial instruments.

In Great Britain, the main risk for the Group is that mismatches between the expected return and the actual return on plan assets would require contribution levels to be revised.
The liabilities and service costs are sensitive to the following variables: life expectancy of plan participants and future growth in benefit levels. Another variable to consider when determining the amount of the liability is the discount rate, identified according to market yields of AA corporate bonds denominated in pounds sterling.
The benefits payable in 2022 will amount to Euro 5 million (Euro 4 million at 31 December 2020 for 2021).

France

There were five pension plans in operation in France at 31 December 2021, of which four are unfunded retirement benefit plans and one is a partially funded pension plan.

All the plans generally set the retirement age at 64 for office workers and 63 for other categories. They are all open to new members, except for the funded plan which does not admit new members or incur new liabilities.
As at 31 December 2021, the plans had an average duration of approximately 10 years (11.47 years at 31 December 2020).

Total plan membership is made up as follows:

	31.12.2021 Number of participants	31.12.2020 Number of participants
Active	2,457	2,689
Deferred	-	-
Pensioners	25	25
Total membership	**2,482**	**2,714**

In France, the principal risk for the Group is salary growth, which affects the benefits that the company has to pay the employee. In the case of the retirement benefit plans, the benefits vest only upon attaining retirement age; consequently, the cost to the company will depend on the probability that an employee does not leave the company before that date. There are no life expectancy risks relating to these plans. The liabilities and service costs are sensitive to the following variables: inflation, salary growth, life expectancy of plan participants and the discount rate, determined according to market yields of AA corporate bonds denominated in Euro.

The main risks for the funded plan are those associated with inflation and life expectancy, both of which affect contribution levels. The plan's assets are entirely invested in insurance funds, whose main risk is that a mismatch between the expected return and the actual return on plan assets would require a revision of contribution levels.

United States

There were four pension plans in operation in the United States at 31 December 2021, of which two are funded plans that pay an income upon retirement; one is a supplementary unfunded plan and another is an unfunded deferred compensation plan.

All the plans generally set the retirement age at 65. They are all closed to new members and do not admit new members or incur new liabilities, except for the "Master Pension Plan" into which it is still possible to pay.
As at 31 December 2021, the plans had an average duration of approximately 9 years (9.2 years at 31 December 2020).

Total plan membership is made up as follows:

	31.12.2021 Number of participants	31.12.2020 Number of participants
Active	386	453
Deferred	631	581
Pensioners	2,769	2,896
Total membership	**3,786**	**3,930**

The benefits and contributions payable in 2022 will amount to Euro 1 million (Euro 1 million at 31 December 2020 for 2021).

The weighted average actuarial assumptions used to value the pension plans in the principal countries (Germany, Great Britain, France and United States) are as follows:

								31.12.2021
	Germany		Great Britain		France		United States	
Interest rate	1.05%		1.85%		0,95%		2,70%	
Expected future salary increase	2.46%		-		1,97%		2,50%	
Expected increase in pensions	2.05%		3.57%		1,90%		0,00%	
Inflation rate	2.55%		3.60%		1,90%		3,00%	
Life expectancy at age 65:	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**
People currently aged 65	20.50	24.00	20.34	22.34	24.16	27.63	20.06	22.00
People currently aged 50	22.60	25.70	20.94	23.32	26.23	29.84	21.19	23.09

								31.12.2020
	Germany		Great Britain		France		United States	
Interest rate	0.60%		1.30%		0,50%		2,30%	
Expected future salary increase	2.26%		-		1,58%		2,50%	
Expected increase in pensions	1.70%		-		1,00%		0,00%	
Inflation rate	1.70%		3.10%		1,58%		3,00%	
Life expectancy at age 65:	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**
People currently aged 65	20.40	23.80	21.30	23.20	24.16	27.63	19.93	21.83
People currently aged 50	23.60	25.60	22.00	24.10	26.23	29.84	21.05	22.91

The following table presents a sensitivity analysis of the effects of an increase/decrease in the most significant actuarial assumptions used to determine the present value of benefit obligations, namely the interest rate, inflation rate and life expectancy.

Inflation rate sensitivity includes those effects relating to assumptions about salary increases and increases in benefits.

								31.12.2021
		Germany		Great Britain		France		United States
Interest rate	**- 0.50%**	**+ 0.50%**	**- 0.50%**	**+0.50%**	**- 0.50%**	**+ 0.50%**	**- 0.50%**	**+ 0.50%**
Change in pension plans	7.02%	-6.34%	9.51%	-8.42%	5.21%	-4.82%	4.49%	-4.10%
Inflation rate	**-0.25%**	**+ 0.25%**	**- 0.25%**	**+ 0.25%**	**- 0.25%**	**+ 0.25%**	**- 0.25%**	**+ 0.25%**
Change in pension plans	-2.54%	2.54%	-2.14%	2.23%	-2.58%	2.67%	0.00%	0.00%

				31.12.2021
	Germany	Great Britain	France	United States
1-year increase in life expectancy	5.92%	5.36%	1.61%	3.19%

								31.12.2020
		Germany		Great Britain		France		United States
Interest rate	**- 0.50%**	**+ 0.50%**	**- 0.50%**	**+0.50%**	**- 0.50%**	**+ 0.50%**	**- 0.50%**	**+ 0.50%**
Change in pension plans	7.35%	-6.63%	10.20%	-9.11%	5.90%	-5.55%	4.62%	-4.34%
Inflation rate	**-0.25%**	**+ 0.25%**	**- 0.25%**	**+ 0.25%**	**- 0.25%**	**+ 0.25%**	**- 0.25%**	**+ 0.25%**
Change in pension plans	-3.04%	3.10%	-3.53%	3.69%	-2.90%	2.99%	0.00%	0.00%

				31.12.2020
	Germany	Great Britain	France	United States
1-year increase in life expectancy	5.84%	3.51%	1.59%	3.13%

STATUTORY SEVERANCE BENEFIT

Statutory severance benefit refers to Italian companies only and is analysed as follows:

(Euro/million)	2021	2020
Opening balance	**15**	**15**
Actuarial (gains)/losses recognised in equity	1	1
Disbursements	(1)	(1)
Closing balance	**15**	**15**

Net actuarial losses of Euro 1 million have been recognised at 31 December 2021, basically reflecting variations in the associated economic parameters (the discount and inflation rates).

Under Italian law, the amount due to each employee accrues with service and is paid when the employee leaves the company. The amount due upon termination of employment is calculated on the basis of the length of service and the taxable remuneration of each employee. The liability is adjusted annually for the official cost of living index and statutory interest, and is not subject to any vesting conditions or periods, or any funding obligation; there are therefore no assets that fund this liability.

The benefits are paid in the form of a lump sum, in accordance with the related rules. In certain circumstances, the benefit plan also allows the payment of partial advances against the full amount of the accrued benefit.

The main risk is the volatility of the inflation rate and the interest rate, as determined by the market yield on AA corporate bonds denominated in Euro.

The actuarial assumptions used to value statutory severance benefit are as follows:

	31.12.2021	31.12.2020
Interest rate	0.85%	0.50%
Expected future salary increase	1.75%	1.50%
Inflation rate	1.75%	1.50%

The following table presents a sensitivity analysis of the effects of an increase/decrease in the most significant actuarial assumptions used to determine the present value of benefit obligations, namely the interest rate and inflation rate:

		31.12.2021		31.12.2020
Interest rate	**- 0.50%**	**+ 0.50%**	**- 0.50%**	**+ 0.50%**
Change in statutory severance benefit	4.45%	-4.15%	4.93%	-4.70%
Inflation rate	**- 0.25%**	**+ 0.25%**	**- 0.25%**	**+ 0.25%**
Change in statutory severance benefit	-1.37%	1.39%	-1.36%	1.70%

MEDICAL BENEFIT PLANS

Some Group companies provide medical benefit plans for retired employees. In particular, the Group funds medical benefit plans in Brazil, Canada and the United States. The US plans account for more than 90% of the total obligation for medical benefit plans.
Apart from interest rate and life expectancy risks, medical benefit plans are particularly susceptible to increases in the cost of meeting claims. None of the medical benefit plans has any assets to fund the associated obligations, with benefits paid directly by the employer.

The obligation in respect of medical benefit plans is analysed as follows:

(Euro/million)	2021	2020
Opening balance	**30**	**27**
Personnel costs	2	2
Actuarial (gains)/losses recognised in equity - experience	(2)	5
Disbursements	(1)	(1)
Currency translation differences	2	(3)
Closing balance	**31**	**30**

The actuarial assumptions used to value medical benefit plans are as follows:

	31.12.2021		31.12.2020	
Interest rate	2.83%		2.43%	
Expected future salary increase	-		-	
Increase in claims	3.25%		5.08%	
Life expectancy at age 65:	**Male**	**Female**	**Male**	**Female**
People currently aged 65	20.56	22.63	20.49	22.50
People currently aged 50	21.66	23.67	21.58	23.52

The following table presents a sensitivity analysis of the effects of an increase/decrease in the most significant actuarial assumptions used to determine the present value of benefit obligations, such as the interest rate, inflation rate/growth in medical care costs and life expectancy.

		31.12.2021		31.12.2020
Interest rate	**- 0.50%**	**+ 0.50%**	**- 0.50%**	**+ 0.50%**
Change in medical benefit plans	8.49%	-7.51%	8.83%	-7.90%
Medical inflation rate	**- 0.25%**	**+ 0.25%**	**- 0.25%**	**+ 0.25%**
Change in medical benefit plans	-2.63%	2.63%	-4.05%	4.31%

	31.12.2021	31.12.2020
1-year increase in life expectancy	4.09%	4.19%

Headcount

Average headcount in the period is reported below, compared with closing headcount at the end of each period:

				2021
	Average	%	Closing	%
Blue collar	21,878	74%	21,963	74%
White collar and management	7,734	26%	7,800	26%
Total	**29,612**	**100%**	**29,763**	**100%**

				2020
	Average	%	Closing	%
Blue collar	20,883	73%	20,730	73%
White collar and management	7,579	27%	7,591	27%
Total	**28,462**	**100%**	**28,321**	**100%**

15. DEFERRED TAXES

The balance of deferred tax assets at 31 December 2021 is Euro 182 million (Euro 207 million at 31 December 2020) while that of deferred tax liabilities is Euro 188 million (Euro 195 million at 31 December 2020).
Movements in deferred taxes are analysed as follows:

(Euro/million)	Fixed assets	Provisions*	Tax losses	Other	Total
Balance at 31.12.2019	**(284)**	**173**	**11**	**57**	**(43)**
Currency translation differences	22	(3)	-	2	21
Impact on income statement	28	26	-	(11)	43
Impact on equity	-	8	-	(21)	(13)
Other and reclassifications	1	1	-	3	5
Balance at 31.12.2020	**(232)**	**205**	**11**	**30**	**13**
Business combinations	(5)	-	-	-	(5)
Currency translation differences	(12)	2	-	(6)	(16)
Impact on income statement	22	(2)	(2)	17	35
Impact on equity	-	(7)	-	(22)	(29)
Other and reclassifications	1	(1)	-	(4)	(4)
Balance at 31.12.2021	**(226)**	**197**	**9**	**15**	**(6)**

* These comprise Provisions for risks and charges (current and non-current) and Employee benefit obligations.

The Group has not recognised any deferred tax assets on Euro 1,005 million in carryforward tax losses at 31 December 2021 (Euro 1,052 million at 31 December 2020). Unrecognised deferred tax assets relating to the above carryforward tax losses and to deductible temporary differences amount to Euro 247 million (Euro 277 million at 31 December 2020).
At 31 December 2021, it has however recognised deferred tax assets of Euro 11 million on carryforward tax losses of Euro 31 million (Euro 47 million at 31 December 2020).

The following table presents details of carryforward tax losses:

(Euro/million)	31.12.2021	31.12.2020
Carryforward tax losses	1,036	1,099
of which recognised as deferred tax assets	31	47
Carryforward expires within 1 year	11	35
Carryforward expires between 2-5 years	59	53
Carryforward expires beyond 5 years	31	44
Unlimited carryforward	935	967

16. SALES

Details are as follows:

(Euro/million)	2021	2020
Finished goods	11,099	8,825
Construction contracts	1,126	806
Services	77	87
Other	434	298
Total	**12,736**	**10,016**

17. CHANGE IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS

Details are as follows:

(Euro/million)	2021	2020
Finished goods	124	14
Work in progress	105	55
Total	**229**	**69**

18. OTHER INCOME

Details are as follows:

(Euro/million)	2021	2020
Rental income	2	2
Insurance reimbursements and indemnities	15	30
Gains on disposal of property	3	20
Other revenue and income	105	47
Total	**125**	**99**

19. RAW MATERIALS, CONSUMABLES AND SUPPLIES

Details are as follows:

(Euro/million)	2021	2020
Raw materials	9,113	6,492
Change in inventories	(207)	(28)
Total	**8,906**	**6,464**

20. PERSONNEL COSTS

Details are as follows:

(Euro/million)	2021	2020
Wages and salaries and social security	1,349	1,270
Fair value - stock options	33	31
Pension plans	10	8
Medical benefit costs	2	2
Termination and other benefits	28	29
Company reorganisation	13	24
Other personnel costs	51	45
Total	**1,486**	**1,409**

Share-based payments

At 31 December 2021, the Prysmian Group had share-based compensation plans in place for managers and employees of Group companies and for members of the Parent Company's Board of Directors. These plans are described below.

Employee share purchase plan (2021) – YES 2.0

The YES Plan is based on financial instruments and is reserved for employees of Prysmian S.p.A. and/or of its subsidiaries, including some of the Company's Directors.

The Plan has offered 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, except for certain managers for whom the discount was 15%, and the executive Directors and key management personnel, for whom the discount was 1% on the stock price. The Plan has therefore qualified as "of particular relevance" within the meaning of art. 84-bis, par. 2 of the Issuer Regulations.

The shares purchased or received free of charge are subject to a retention period, during which they cannot be sold.
The last of the purchase windows envisaged by the Plan closed during the year.
All those who signed up to the Plan also received an entry bonus of six free shares, taken from the Company's portfolio of treasury shares, only available with their first-time purchase. If an employee had already participated in the 2013 plan, they received eight shares as an entry bonus to the new plan. For those who had already purchased shares in a 2017 purchase window, the entry bonus was three shares.
The shares purchased by participants, as well as those received by way of discount and entry bonus, are subject to a retention period during which they cannot be sold and the length of which varies according to relevant local regulations.

The fair value of the options has been determined using the Montecarlo binomial pricing model, based on the following assumptions:

	Windows
Grant date	14 November 2016
Share purchase date	from 16 February 2017 to 16 September 2021
End of retention period	from 16 February 2020 to 16 September 2024
Residual life (in years)	0.72
Share price at grant date (Euro)	23.40
Expected volatility	from 31.74% to 36.05%
Risk-free interest rate	from 0.70% to 0.75%
Expected dividend %	2.07%
Option fair value at grant date (Euro)	from €21.57 to €23.15

Costs of Euro 1 million have been recognised as "Personnel costs" in the income statement at 31 December 2021 for the fair value of options granted under this plan.

On 28 April 2021, the shareholders of Prysmian S.p.A. approved the extension of the share ownership plan for Prysmian Group employees.
In line with past practice, the extension 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%.

The information memorandum, prepared under art. 114-bis of Legislative Decree 58/98 and describing the characteristics of the above plan, is publicly available on the Company's website at http://www.prysmiangroup.com/, from its registered offices and from Borsa Italiana S.p.A.

Long-term incentive plan 2020-2022

The long-term incentive plan (LTI), approved by the Shareholders' Meeting on 28 April 2020 pursuant to art. 114-bis, par. 1, of Italian Legislative Decree no. 58/1998, is in response to the following key drivers of change:
- simplification and alignment with best market practices;
- sustainability of performance over time;
- greater participation in the creation of long-term value by extending the number of beneficiaries to a wider group of managers and professionals;
- retention to support the phase of post-merger integration with General Cable, especially in certain regions with a particularly competitive talent market.

The Plan extends to some 800 Group employees and involves the allocation of a number of options calculated according to the achievement of operational, economic and financial performance conditions. The Plan consists of the following components: Performance Share, Deferred Share and Matching Share. The Performance Share component consists of the free allocation of shares to plan participants subject to the achievement of performance conditions, measured over a three-year period and subject to continued employment.
The vesting period is three years (2020-2022), with disbursement of the shares envisaged in 2023. The Deferred Share component involves the deferred receipt, through the free allocation of shares subject to continued employment during the vesting period, of 50% of any bonus earned for the years 2020, 2021 and 2022. The vesting of the annual bonus depends on the achievement of specific economic, financial, operational and sustainability objectives defined in advance each year. Lastly, the Matching Share component is combined with the Deferred Shares and consists of the free allocation to participants of 0.5 additional shares for each Deferred Share granted and arising from deferred payment of the bonus for each year. In the case of the Chief Executive Officer and Top Management (consisting of

about 40 individuals, including Executive Directors, Key Management Personnel, front-line positions reporting to the CEO and second-line managers of key areas), the Matching Share component is subject to the achievement of a pre-determined performance condition related to sustainability (ESG).
The actual allocation of shares, in particular with reference to the Performance Shares, is subject to the level of achievement of the following performance conditions: cumulative Adjusted EBITDA, cumulative Free Cash Flow, relative TSR measured against a 9-member peer group and ESG, measured by a set of indicators.

The following table provides details about movements in the plan:

	31.12.2021
	Number of options
Shares vested at start of year	2,074,935
Change in expected participations	(14,437)
Shares vesting in period	2,245,765
Total shares vested at end of year	4,306,263

Costs of Euro 32 million have been recognised as "Personnel costs" in the income statement at 31 December 2021 for the fair value of options granted under this plan.

In accordance with IFRS 2, the options allotted have been measured at their grant date fair value. The fair value of options related to performance shares, for the entire period of the plan, and to deferred and matching shares vesting in 2020 has been calculated using the following assumptions:

Grant date	28 April 2020
Residual life at grant date (in years)	2.68
Exercise price (Euro)	-
Risk-free interest rate	-0.70%
Expected dividend %	2.30%
Option fair value (market based) at grant date (Euro)	13.54
Option fair value (not market based) at grant date (Euro)	13.85

As regards deferred and matching shares vesting in 2021, option fair value has been calculated using the following assumptions:

Grant date	28 April 2021
Residual life at grant date (in years)	1.68
Exercise price (Euro)	-
Risk-free interest rate	-0.72%
Expected dividend %	2.30%
Option fair value (not market based) at grant date (Euro)	23.14

The information memorandum, prepared under art. 114-bis of Legislative Decree 58/98 and describing the characteristics of the above plan, is publicly available on the Company's website at http://www.prysmiangroup.com/, from its registered offices and from Borsa Italiana S.p.A.

As at 31 December 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.

21. AMORTISATION, DEPRECIATION, IMPAIRMENT AND IMPAIRMENT REVERSALS

Details are as follows:

(Euro/million)	2021	2020
Depreciation of buildings, plant, machinery and equipment	188	182
Depreciation of other property, plant and equipment	18	20
Amortisation of intangible assets	68	66
Depreciation and impairment of right-of-use assets (IFRS 16)	55	57
Impairment of property, plant and equipment	6	64
Impairment of intangible assets	-	4
Total	**335**	**393**

22. OTHER EXPENSES

Details are as follows:

(Euro/million)	2021	2020
Professional services	113	99
Insurance	50	45
Maintenance costs	114	110
Selling costs	91	62
Utilities	211	167
Travel costs	25	24
Vessel charter	46	32
Increases in/(releases of) provisions for risks	96	38
Losses on disposal of assets	1	2
Sundry expenses	108	110
Other costs	930	849
Company reorganisation	8	8
Non-recurring other expenses	38	33
Total	**1,831**	**1,579**

Other costs mainly refer to those incurred for project execution.
The Group expensed Euro 95 million in research and development costs in 2021 (Euro 90 million in 2020), insofar as there were no qualifying conditions to justify their capitalisation.

23. SHARE OF NET PROFIT/(LOSS) OF EQUITY-ACCOUNTED COMPANIES

Details are as follows:

(Euro/million)	2021	2020
Share of net profit/(loss) of associates	27	18
Total	**27**	**18**

Further information can be found in Note 3. Equity-accounted investments.

24. Finance costs

Details are as follows:

(Euro/million)	2021	2020
Interest on loans	17	15
Interest on non-convertible bond	19	19
Interest on convertible bond 2021 non-monetary component	8	-
Interest on convertible bond 2017 non-monetary component	5	10
Interest Rate Swaps	7	7
Interest on lease liabilities	5	5
Amortisation of bank and financial fees and other expenses	8	6
Employee benefit interest costs net of interest on plan assets	5	7
Other bank interest	3	5
Costs for undrawn credit lines	4	3
Sundry bank fees	17	16
Non-recurring other finance costs	2	2
Finance costs for hyperinflation	1	2
Other	9	4
Finance costs	**110**	**101**
Net losses on forward currency contracts	-	11
Losses on derivatives	**-**	**11**
Foreign currency exchange losses	675	457
Foreign currency exchange losses	**675**	**457**
Total finance costs	**785**	**569**

25. FINANCE INCOME

Details are as follows:

(Euro/million)	2021	2020
Interest income from banks and other financial institutions	6	6
Non-recurring finance income	16	-
Other finance income	4	3
Finance income	**26**	**9**
Net gains on forward currency contracts	24	-
Gains on derivatives	**24**	**-**
Foreign currency exchange gains	639	459
Total finance income	**689**	**468**

26. TAXES

Details are as follows:

(Euro/million)	2021	2020
Current income taxes	201	121
Deferred income taxes	(35)	(43)
Total	**166**	**78**

The following table reconciles the effective tax rate with the Parent Company's theoretical tax rate:

(Euro/million)	2021	Tax rate	2020	Tax rate
Profit/(loss) before taxes	476		252	
Theoretical tax expense at Parent Company's nominal tax rate	114	24.0%	60	24.0%
Differences in nominal tax rates of foreign subsidiaries	2	0.4%	-	0.0%
Change in tax rates	3	0.6%	-	0.1%
Taxes on dividends	9	1.9%	11	4.4%
Accrual (Release) of Antritrust provision	5	1.1%	(9)	-3.6%
Impairment of assets	-	0.0%	4	1.5%
WHT expensed/corporate income tax branch	9	1.9%	3	1.2%
Deferred tax effect on carryforward tax losses	1	0.2%	-	0.1%
IRAP (Italian regional business tax) and US State tax	12	2.5%	14	5.4%
Prior year current taxes	(3)	-0.6%	(1)	-0.6%
Prior year deferred tax assets	-	0.0%	(11)	-4.3%
Non-deductible costs/ (non-taxable income) and other	14	2.9%	7	2.8%
Effective income taxes	**166**	**34.9%**	**78**	**31.1%**

27. EARNINGS/(LOSS) AND DIVIDENDS 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 impacted by the deferred and matching share options for 2020 under the Long-Term Incentive Plan 2020-2022 which vested after approval of the 2020 annual financial report by the Shareholders' Meeting on 28 April 2021. 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 and matching share options for 2021 and 2022 and the performance bonus options under the Long-Term Incentive Plan 2020-2022, since not yet eligible for award at 31 December 2021.

(Euro/million)	2021	2020
Net profit/(loss) attributable to owners of the parent	308	178
Weighted average number of ordinary shares (thousands)	263,408	263,274
Basic earnings per share (in Euro)	**1.17**	**0.68**
Net profit/(loss) attributable to owners of the parent for purposes of diluted earnings per share	308	178
Weighted average number of ordinary shares (thousands)	263,408	263,274
Adjustments for:		
Dilution from incremental shares arising from bond conversion into shares	-	-
Dilution from incremental shares arising from exercise of stock options (thousands)	610	119
Weighted average number of ordinary shares to calculate diluted	264.018	263.393
earnings per share (thousands)	264,018	263,393
Diluted earnings per share (in Euro)	**1.17**	**0.68**

The dividend paid in 2021 amounted to approximately Euro 132 million (Euro 0.50 per share). With reference to the year ended 31 December 2021, a recommendation to pay a dividend of Euro 0.55 per share, totalling approximately Euro 145 million, based on the number of outstanding shares, will be presented to the Shareholders' Meeting convened in single call for 12 April 2022.
The current financial statements do not reflect any liability for the proposed dividend.

28. 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.
As at 31 December 2021, contingent liabilities for which the Group has not recognised any provision for risks and charges, on the grounds that an outflow of resources is considered unlikely, but for which reliable estimates are available, amount to approximately Euro 45 million and are mainly related to legal and fiscal matters.

29. COMMITMENTS TO PURCHASE PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Contractual commitments already entered into with third parties as at 31 December 2021 and not yet reflected in the financial statements amount to Euro 85 million for investments in property, plant and equipment (Euro 125 million at 31 December 2020); commitments to third parties for investments in intangible assets amount to Euro 5 million at 31 December 2021 (Euro 2 million at 31 December 2020).

30. RECEIVABLES FACTORING

The Group has factored some of its trade receivables on a without-recourse basis. Receivables factored but not yet paid by customers amounted to Euro 295 million at 31 December 2021 (Euro 256 million at 31 December 2020).

31. FINANCIAL COVENANTS

The credit agreements in place at 31 December 2021, details of which are presented in Note 11, require the Group to comply with a series of covenants on a consolidated basis. The main covenants, classified by type, are listed below:

a) Financial covenants

- Ratio between EBITDA and Net finance costs (as defined in the relevant agreements);
- Ratio between Net Financial Debt and EBITDA (as defined in the relevant agreements).

The covenants contained in the relevant credit agreements are as follows:

EBITDA / Net finance costs* not less than:	Net financial debt/ EBITDA* not more than:
4,00x	3,00x

* The ratios are calculated on the basis of the definitions contained in the relevant credit agreements. The Net Financial Debt-EBITDA ratio can go as high as 3.5 following extraordinary transactions like acquisitions, no more than three times, including on non-consecutive occasions.

b) Non-financial covenants

A number of non-financial covenants have been established in line with market practice applying to transactions of a similar nature and size. These covenants involve restrictions on the grant of secured guarantees to third parties and on amendments to the Company's by-laws.

Default events

The main default events are as follows:
- default on loan repayment obligations;
- breach of financial covenants;
- breach of some of the non-financial covenants;
- declaration of bankruptcy by Group companies or their involvement in other insolvency proceedings;
- issuing of particularly significant court orders;
- occurrence of events that may adversely and significantly affect the business, the assets or the financial conditions of the Group.

Should a default event occur, the lenders are entitled to demand full or partial repayment of the amounts lent and not yet repaid, together with interest and any other amount due. No collateral security is required.

Actual financial ratios reported at 31 December 2021 and 31 December 2020 are as follows:

	31.12.2021	31.12.2020
EBITDA / Net finance costs*	15.82x	14.32x
Net financial debt / EBITDA*	1.63x	2.10x

* The ratios are calculated on the basis of the definitions contained in the relevant credit agreements.

The above financial ratios comply with both covenants contained in the relevant credit agreements and there are no instances of non-compliance with the financial and non-financial covenants indicated above.

32. RELATED PARTY TRANSACTIONS

Transactions by 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.

The related party disclosures also include the compensation paid to Directors, Statutory Auditors and Key Management Personnel.

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

The following tables provide a summary of related party transactions and balances for the years ended 31 December 2021 and 31 December 2020:

(Euro/million)	Equity-accounted companies	Compensation of directors, statutory auditors and key management personnel	Total related parties	Total reported amount	Related party % of total 31.12.2021
Equity-accounted investments	360	-	**360**	360	100.0%
Trade receivables	0	-	**0**	1,622	0.0%
Other receivables	3	-	**3**	661	0.5%
Trade payables	5	-	**5**	2,592	0.2%
Other payables	-	2	**2**	1,197	0.2%
Provisions for risks and charges	-	6	**6**	653	0.9%

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

(Euro/million)	Equity-accounted companies	Compensation of directors, statutory auditors and key management personnel	Total related parties	Total reported amount	Related party % of total 2021
Sales	31	-	**31**	12,736	0.2%
Other income	5	-	**5**	125	4.1%
Raw materials. consumables and supplies	(2)	-	**(2)**	(8,906)	0.0%
Personnel costs	-	(10)	**(10)**	(1,486)	0.7%
Other expenses	(5)	(2)	**(7)**	(1,831)	0.4%
Share of net profit/(loss) of equity-accounted companies	26	-	**26**	27	100.0%

(Euro/million)	Equity-accounted companies	Compensation of directors, statutory auditors and key management personnel	Total related parties	Total reported amount	Related party % of total 2020
Sales	25	-	**25**	10,016	0.2%
Other income	5	-	**5**	99	5.1%
Raw materials. consumables and supplies	(3)	-	**(3)**	(6,464)	0.0%
Personnel costs	-	(19)	**(19)**	(1,409)	1.3%
Other expenses	(7)	(1)	**(8)**	(1,579)	0.5%
Share of net profit/(loss) of equity-accounted companies	18	-	**18**	18	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.

Top management compensation

Top management compensation is analysed as follows:

(Euro/000)	2021	2020
Salaries and other short-term benefits - fixed part	5,275	7,316
Salaries and other short-term benefits - variable part	1,299	1,836
Other benefits	360	562
Share-based payments	2,563	3,730
Other costs	2,358	-
Total	**11,855**	**13,444**
of which Directors	8,134	7,685

The amounts shown in the table are the costs recognised in the income statement during the year.
At 31 December 2021, payables for top management compensation came to Euro 1.7 million, while employee benefit obligations pertaining to top managers amounted to Euro 0.1 million.

33. COMPENSATION OF DIRECTORS AND STATUTORY AUDITORS

The compensation of the executive and non-executive Directors of Prysmian S.p.A. came to Euro 8.1 million in 2021 (Euro 7.7 million in 2020). The compensation of the Statutory Auditors of Prysmian S.p.A. came to Euro 0.2 million in 2021, the same as the year before. Compensation includes emoluments, and any other types of remuneration, pension and medical benefits, received for their service as Directors or Statutory Auditors of Prysmian S.p.A. and other companies included in the scope of consolidation, and that have constituted an expense for Prysmian.

34. 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 took place during 2021.

35. SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

As required by Consob Communication DEM/6064293 dated 28 July 2006 and in accordance with the ESMA Guidelines/2015/1415, the following table presents the effects of non-recurring events and transactions on the income statement:

(Euro/million)	2021	2020
Non-recurring other income/(expenses)		
Antitrust	(2)	(9)
Non-recurring other finance costs		
Non-recurring other finance costs	14	(2)
Total	**12**	**(11)**

36. STATEMENT OF CASH FLOWS

The increase in net working capital used Euro 28 million in cash flow. After Euro 120 million in tax payments and Euro 8 million in dividend receipts, operating activities in 2021 therefore generated a net cash inflow of Euro 777 million and also includes cash inflow due to restructuring costs of Euro 24 million as well as cash flow of Euro 58 million mainly resulting from settlement agreements reached with third-counterparties.

Cash flow from acquisitions and/or disposals reported a net outflow of Euro 85 million as a result of business combinations completed during the reporting period.

Net capital expenditure used Euro 275 million in cash in 2021, a large part of which relating to projects to increase and rationalise production capacity and to develop new products. More details can be found in Note 1. Property, plant and equipment of these Explanatory Notes.

Cash flow from financing activities was influenced by the distribution of dividends, amounting to Euro 134 million. Finance costs paid, net of finance income received, came to Euro 79 million.

37. INFORMATION PURSUANT TO ART. 149-DUODECIES OF THE CONSOB ISSUER REGULATIONS

Pursuant to art. 149-duodecies of the Consob Issuer Regulations, the following table shows the fees in 2021 for audit work and other services provided by the independent auditors Ernst & Young and companies in the Ernst & Young network:

(Euro/000)	Recipient	Supplier of services	Fees for 2021	Fees for 2020
Audit services	Parent Company - Prysmian S.p.A.	Ernst & Young Italy	756	904
	Italian subsidiaries	Ernst & Young Italy	424	422
	Foreign subsidiaries	Ernst & Young Italy	401	267
	Foreign subsidiaries	Ernst & Young Network	3,027	3,257
Certification services	Parent Company - Prysmian S.p.A.	Ernst & Young Italy	410	185
	Italian subsidiaries	Ernst & Young Italy	2	3
	Foreign subsidiaries	Ernst & Young Network	-	-
Other services	Parent Company - Prysmian S.p.A.	Ernst & Young Italy	-	-
	Italian subsidiaries	Ernst & Young Italy	-	3
	Foreign subsidiaries*	Ernst & Young Network	171	182
Total			**5,191**	**5,223**

* Tax and other services.

38. BASIS OF CONSOLIDATION AND ACCOUNTING POLICIES

The financial statements of Group operating companies used for consolidation purposes have been prepared for the financial year ended 31 December 2021 and that ended 31 December 2020. They have been adjusted, where necessary, to bring them into line with Group accounting policies and standards; for those companies with different financial years to the calendar year, the consolidation has used financial information approved by the respective Boards of Directors that reflects the Group's financial year.

Subsidiaries

The Group consolidated financial statements include the financial statements of Prysmian S.p.A. (the Parent Company) and the subsidiaries over which the Parent Company exercises direct or indirect control. Subsidiaries are consolidated from the date control is acquired until the date such control ceases. Specifically, control exists when the parent Prysmian S.p.A. has all of the following:

- decision-making power, meaning the ability to direct the investee's relevant activities, i.e. the activities that significantly affect the investee's returns;
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power.

The existence of potential voting rights exercisable at the reporting date is also taken into consideration for the purposes of determining control.
Subsidiaries are consolidated on a line-by-line basis commencing from the date control is effectively obtained by the Group; at the date of obtaining control, the carrying amount of an investment is eliminated against the corresponding portion of the investee's equity by allocating its fair value to individual assets, liabilities and contingent liabilities. Any residual difference, if positive, is recognised as "Goodwill". If the acquisition is achieved in stages, the entire investment is remeasured at fair value on the date control is obtained; after this date, any additional acquisitions or disposals of equity interests, without a change of control, are treated as transactions between owners recognised in equity. Costs incurred for the acquisition are always expensed immediately to profit or loss; changes in contingent consideration are recognised in profit or loss. The share of equity and share of the result for the period attributable to non-controlling interests are presented separately within the financial statements.
Subsidiaries cease to be consolidated from the date control is transferred to third parties; the disposal of an equity interest involving a loss of control results in recognising in profit or loss (i) the gain or loss arising on the difference between the consideration received and the respective share of equity transferred to third parties, (ii) any amounts relating to the subsidiary recognised in other comprehensive income that may be reclassified to profit or loss and (iii) the gain or loss from adjusting any non-controlling interest retained by Prysmian Group to its fair value calculated at the date control is lost.

Associates and joint arrangements: joint ventures and joint operations

Associates are those entities over which the Group has significant influence. Investments in associates are accounted for using the equity method and are initially recorded at cost.
Companies managed under contractual arrangements whereby two or more parties, who share control through unanimous consent, have the power to make relevant decisions and govern the exposure to variable future returns, qualify as joint operations and as such are accounted for in the joint operator's accounts directly in proportion to the interest held in the joint operation. In addition to recording the relevant share of assets, liabilities, revenues and expenses, a joint operator also recognises its obligations under the related arrangement. Equally, if a party participates in, but does not have joint control of, a joint operation, it nonetheless recognises in its own financial statements its share of the joint operation's assets and liabilities, revenues and expenses as well as its contractual obligations under the arrangement.
Other investments in joint ventures, over which significant influence is exercised but which do not qualify as joint operations, are accounted for using the equity method.

Translation of foreign operation financial statements

The assets and liabilities of consolidated foreign operations expressed in currencies other than the Euro are translated using the closing exchange rate on the reporting date; revenues and expenses are translated at the average exchange rate prevailing in the reporting period. The resulting translation differences are presented in equity, specifically in the "Reserve for other comprehensive income", until disposal of the related foreign operation.
Foreign currency transactions are recorded at the exchange rate prevailing on the date of the transactions. Monetary assets and liabilities are translated at the closing exchange rate on the reporting date. Exchange differences arising on translation and those realised on the settlement of transactions are recorded in finance income and costs.

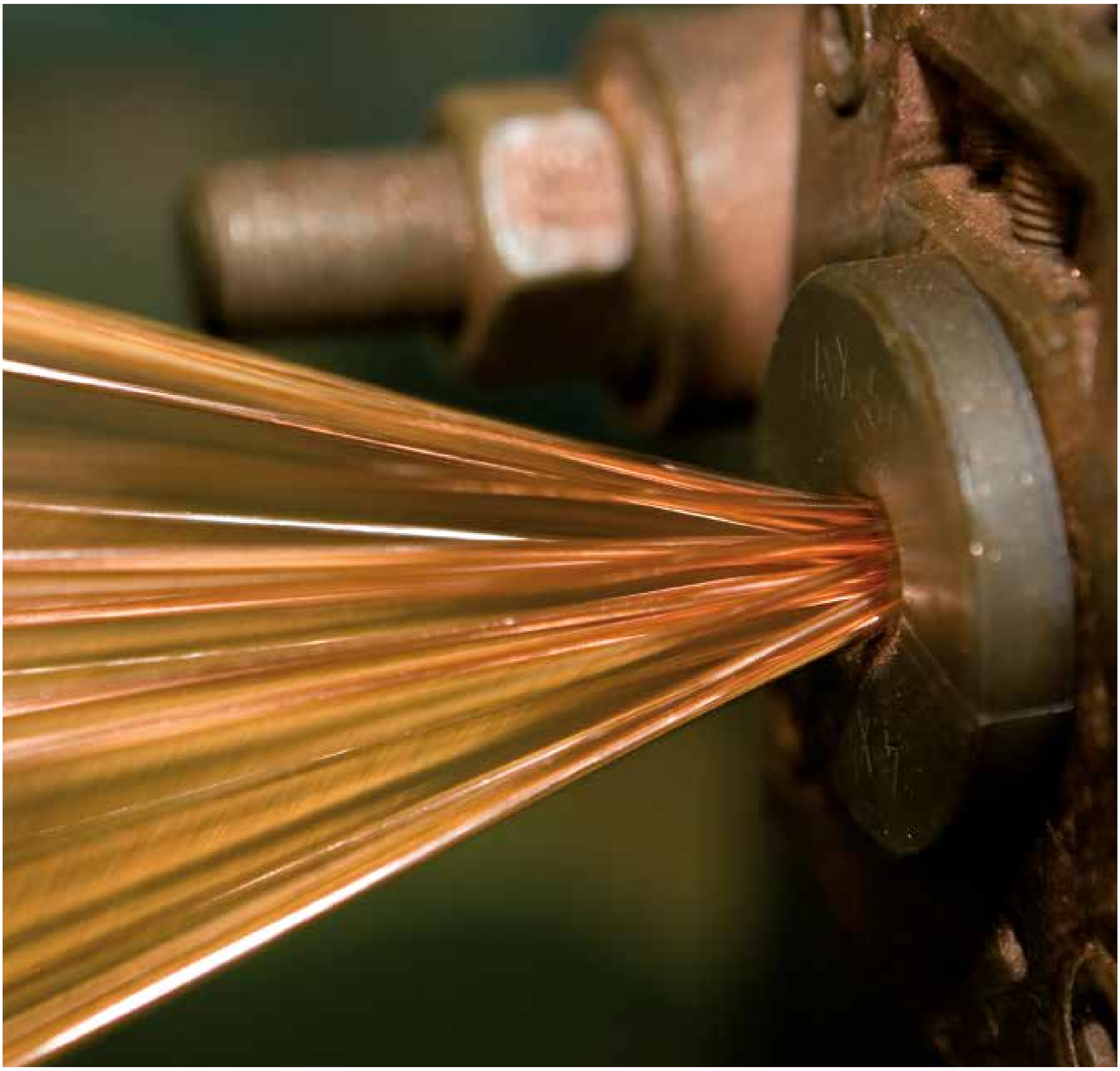
Hyperinflationary economies

IAS 29 - Financial Reporting in Hyperinflationary Economies establishes that if a foreign entity operates in a hyperinflationary economy, revenues and expenses are translated using the exchange rate current at the reporting date; accordingly, all amounts in the income statement are restated by applying the change in the general price index between the date when income and expenses were initially recorded in the financial statements and the reporting date.

Since financial year 2018, companies operating in Argentina have been considered to belong to a high inflation economy, therefore requiring the application of IAS 29 - Financial Reporting in Hyperinflationary Economies, which lays down specific procedures for restating the financial statements of companies operating in this type of economy.

With reference to the income statement, income and expenses are restated by applying the change in the general price index, in order to reflect the loss of the local currency's purchasing power at the reporting date. The income statements thus restated have been translated into Euro at the closing rates at 31 December 2021 instead of at the average rates for the reporting period. The effect of applying the standard has been to increase Net sales by Euro 18 million and reduce Net profit by Euro 14 million.

With reference to the statement of financial position, monetary items have not been restated because they are already expressed in terms of the monetary unit current at the end of the reporting period; non-monetary assets and liabilities have been restated to reflect the loss in the local currency's purchasing power from the date the assets and liabilities were originally recorded through until the reporting date.
The overall effect for 2021 is a net expense of Euro 1 million, which has been recognised in the income statement under Net finance income (costs).



The exchange rates applied are as follows:

		Closing rates at		Period average rates
	31.12.2021	31.12.2020	2021	2020
Europe				
British Pound	0.840	0.899	0.860	0.890
Swiss Franc	1.033	1.080	1.081	1.071
Hungarian Forint	369.19	363.89	358.52	351.25
Norwegian Krone	9.989	10.470	10.163	10.723
Swedish Krona	10.250	10.034	10.146	10.485
Czech Koruna	24.858	26.242	25.640	26.455
Danish Krone	7.436	7.441	7.437	7.454
Romanian Leu	4.949	4.868	4.921	4.838
Turkish Lira	14.709	9.024	10.460	8.028
Polish Zloty	4.597	4.560	4.565	4.443
Russian Rouble	85.300	91.467	87.153	82.725
North America				
US Dollar	1.133	1.227	1.183	1.142
Canadian Dollar	1.439	1.563	1.483	1.530
South America				
Colombian Peso	4,599	4,202	4,429	4,216
Brazilian Real	6.320	6.377	6.379	5.891
Argentine Peso	116.341	103.260	112.550	80.638
Chilean Peso	964.350	872.520	898.395	902.955
Costa Rican Colón	727.107	750.556	734.925	668.694
Mexican Peso	23.144	24.416	23.985	24.519
Peruvian Sol	4.519	4.443	4.591	3.996
Oceania				
Australian Dollar	1.562	1.590	1.575	1.655
New Zealand Dollar	1.658	1.698	1.672	1.756
Africa				
CFA Franc	655.957	655.957	655.957	655.957
Angolan Kwanza	635.082	800.345	743.847	661.847
Tunisian Dinar	3.260	3.294	3.288	3.200
Asia			-	
Chinese Renminbi (Yuan)	7.195	8.023	7.628	7.875
United Arab Emirates Dirham	4.160	4.507	4.344	4.195
Bahraini Dinar	0.426	0.461	0.445	0.429
Hong Kong Dollar	8.833	9.514	9.193	8.859
Singapore Dollar	1.528	1.622	1.589	1.574
Indian Rupee	84.229	89.661	87.439	84.639
Indonesian Rupiah	16,100	17,241	16,921	16,627
Japanese Yen	130.380	126.490	129.877	121.846
Thai Baht	37.653	36.727	37.837	35.708
Philippine Peso	57.763	59.125	58.299	56.615
Omani Rial	0.436	0.472	0.455	0.439
Malaysian Ringgit	4.718	4.934	4.902	4.796
Qatari Riyal	4.123	4.467	4.305	4.158
Saudi Riyal	4.247	4.602	4.435	4.284

38.1 TRANSLATION OF TRANSACTIONS IN CURRENCIES OTHER THAN THE FUNCTIONAL CURRENCY

Transactions in currencies other than the functional currency of the company which undertakes the transaction are translated using the exchange rate applicable at the transaction date.
Draka NK Cables (Asia) Pte Ltd (Singapore), Draka Philippines Inc. (Philippines), Draka Durango S. de R.L. de C.V., Draka Mexico Holdings S.A. de C.V., Prysmian Cables y Sistemas de Mexico S. de R.L. de C.V. and NK Mexico Holdings S.A. de C.V. (Mexico) present their financial statements in a currency other than that of the country they operate in, as their main transactions are not conducted in the local currency but in the reporting currency.
Foreign currency exchange gains and losses arising on completion of transactions or on the year-end translation of assets and liabilities denominated in foreign currencies are recognised in profit or loss.
Exchange differences arising on any loans between group companies that form part of the reporting entity's net investment in a foreign operation are recognised in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

38.2 PROPERTY, PLANT AND EQUIPMENT

Depreciation and any impairment. Cost includes expenditure directly incurred to prepare the assets for use, as well as any costs for their dismantling and removal which will be incurred as a consequence of contractual or legal obligations requiring the asset to be restored to its original condition.
Depreciation is charged on a straight-line, monthly basis using rates that allow assets to be depreciated until the end of their useful lives. When assets consist of different identifiable components, whose useful lives differ significantly from each other, each component is depreciated separately using the component approach.

The indicative useful lives estimated by the Group for the various categories of property, plant and equipment are as follows:

Land	Not depreciated
Buildings	25-50 years
Plant	10-15 years
Machinery	10-20 years
Equipment and Other assets	3-10 years

The residual values and useful lives of property, plant and equipment are reviewed and adjusted, if appropriate, at least at each full-year reporting period.

From time to time the Group is required to dry dock its cable-laying vessels in order to carry out inspections and maintenance. Dry-docking costs include the replacement of parts and major repairs and maintenance. These costs are incurred as part of periodically scheduled inspections and result in future economic benefits. For this reason, the Group capitalises dry-docking costs as they occur and depreciates them on a straight-line basis over a period of 3 to 5 years, which is generally the period until the next scheduled dry-docking.
If the period until the next scheduled dry-docking is shorter than expected, any undepreciated dry-docking costs are immediately expensed to profit or loss before the next scheduled dry-docking.

Right-of-use assets under IFRS 16

A lease is a contract that guarantees the right to use an asset (the leased asset) for a period of time in exchange for a payment or a series of payments.

Following adoption of the reporting standard IFRS 16 – Leases since 1 January 2019, at the date leased assets become available for use, lessees shall recognise the rights of use as non-current assets and a corresponding financial liability. Lease payments are divided into interest expense, recognised in profit or loss, and repayment of principal, accounted for as a reduction in the financial liability. Right-of-use assets are depreciated every month on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Right-of-use assets and lease liabilities are initially measured at the present value of future lease payments.

The present value of lease liabilities includes the following payments:

- fixed payments;
- variable lease payments that depend on an index or a rate;
- exercise price of a purchase option reasonably certain to be exercised;
- payments of penalties for terminating the lease if the termination option is reasonably certain to be exercised;
- optional payments after the non-cancellable period, if the lease is reasonably certain to be extended beyond the non-cancellable period;

Future lease payments are discounted using the incremental borrowing rate. This is based on the risk-free rate of the country in which the contract is negotiated and on the term of the lease, and is also adjusted for the Group's credit spread.
Lease extension options are considered for the purposes of determining the lease term, if reasonably certain to be exercised.
Right-of-use assets are measured at cost, whose initial amount is equal to the lease liability.
The Group applies the exemption for short-term leases since their recognition would have an insignificant impact on the financial liability.

The financial liabilities recognised under IFRS 16, amounting to Euro 211 million, are analysed by maturity as follows:

(Euro/million)				31.12.2021
	Less than 1 year	From 1 to 2 years	From 2 to 5 years	More than 5 years
Lease liabilities	53	39	58	61

38.3 GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

Goodwill represents the difference between the cost incurred for acquiring a controlling interest (in a business) and the fair value of the assets and liabilities identified at the acquisition date. Goodwill is not amortised, but is tested for impairment at least annually to identify any impairment losses. This test is carried out with reference to the cash-generating unit ("CGU") or group of CGUs to which goodwill is allocated and at which level it is monitored. Greater information can be found in Note 2. Goodwill and Other intangible assets.

Other intangible assets

Other intangible assets are recognised in the financial statements at acquisition cost and/or production cost, including all costs directly attributable to make the assets available for use, net of accumulated amortisation and any impairment. Amortisation commences when the asset is available for use and is calculated on a straight-line basis over the asset's estimated useful life. Other intangible assets have a finite useful life.

Other intangible assets include Patents, concessions, licences, trademarks and similar rights and Software.

Patents, concessions, licences, trademarks and similar rights

These assets are amortised on a straight-line basis over their useful lives.

Software

Software licence costs are capitalised on the basis of purchase costs and costs to make the software ready for use. These costs are amortised on a straight-line basis over the useful life of the software.

38.4 IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND FINITE-LIFE INTANGIBLE ASSETS

Property, plant and equipment and finite-life intangible assets are analysed at each reporting date for any evidence of impairment. If such evidence is identified, the recoverable amount of these assets is estimated and any impairment loss relative to carrying amount is recognised in profit or loss. The recoverable amount is the higher of the fair value of an asset, less costs to sell, and its value in use, where the latter is the present value of the estimated future cash flows of the asset. The recoverable amount of an asset which does not generate largely independent cash flows is determined in relation to the cash-generating unit to which the asset belongs. In calculating an asset's value in use, the expected future cash flows are discounted using a discount rate reflecting current market assessments of the time value of money, in relation to the period of the investment and the specific risks associated with the asset. Following adoption of IFRS 16 since 1 January 2019, the carrying amount of the cash-generating units has been increased to include right-of-use assets. The calculation of value in use excludes payments for lease liabilities. Additional details concerning the composition of cash-generating units can be found in Note 39. Estimates and assumptions.

38.5 FINANCIAL ASSETS

In accordance with IFRS 9 - Financial instruments, financial assets are initially recorded at fair value and classified in one of the following categories on the basis of their nature and the purpose for which they were acquired:

a) Financial assets at amortised cost
b) Financial assets at fair value through profit or loss;
c) Financial assets at fair value through other comprehensive income (OCI).

Financial assets are derecognised when the right to receive cash flows from the instrument expires and the Group has substantially transferred all the risks and rewards of ownership of the instrument and the related control.

(a) Financial assets at amortised cost

The Group classifies in this category receivables and securities that it expects to hold to maturity, meaning that it receives payments of interest and principal from such assets on specified due dates. Assets at amortised cost are classified in the statement of financial position under "Financial assets at amortised cost" and presented as current or non-current assets depending on whether their contractual maturity is less or more than twelve months from the reporting date.
These assets are reported at amortised cost and written down if any impairment is identified.

(b) Financial assets at fair value through profit or loss

Financial assets classified in this category are represented by instruments held for trading, having been acquired for the purpose of selling in the near term.
Financial assets at fair value through profit or loss are measured at fair value, with gains and losses from changes in fair value reported in the income statement under "Finance income" and "Finance costs", in the period in which they arise.
Assets in this category are classified as current assets.

(c) Financial assets at fair value through other comprehensive income (OCI)

The Group uses this category to record equity investments it does not expect to dispose of in the near term and with which it has no controlling relationship, classified as non-current assets, and securities in which it invests its liquidity and whose disposal date is not known, classified as current assets.
The above equity investments are measured at fair value through OCI. Dividends from such investments are recognised in finance income.
Securities classified in this category are measured at fair value through OCI. Interest from financial assets classified at fair value through OCI is recognised in finance income. When these securities are sold, the related equity reserve is recycled to profit or loss.

38.6 DERIVATIVES

Metal derivatives

Derivatives on commodity prices not designated in hedge accounting are recognised at fair value through profit and loss. The related income and expenses are classified in the operating result. In the balance sheet and financial position they are recognised as current Assets and Liabilities if the maturity of the derivative is within twelve months, otherwise they are classified as non-current Assets and Liabilities.

As from 1 January 2020, in the case of centrally managed derivatives, and as from 1 July 2020, in the case of derivatives arranged by subsidiaries in North America, Brazil and China, the Group has designated certain derivatives denominated in EUR, GBP, USD and RMB entered into with brokers and aimed at mitigating the risk of fluctuations in copper and aluminium prices, as cash flow hedges, being hedging instruments associated with highly probable transactions. These derivative financial instruments, which qualify for recognition as hedging instruments, are designed to hedge the price risk of commodities that are the subject of highly probable future purchase transactions (hedged items). A derivative that sets the commodity's purchase price is designated as a hedging instrument, since it relates to a physical commodity purchase that will be made. When the physical purchase is made, the Group unwinds the buy derivatives with sell derivatives.
The effectiveness of the hedging relationships is assessed from the inception of each derivative instrument until it is closed out. The fair values of the various derivative financial instruments used as hedging instruments are presented in Note 7. Derivatives. Movements in the "Cash flow hedge reserve" forming part of equity are reported in Note 10. Share capital and reserves.

Interest rate derivatives

Interest rate derivatives not designated as hedging instruments are recognised at fair value through profit or loss. The related income and expenses are classified in finance income and costs. They are recognised as current assets or liabilities in the statement of financial position if they mature within twelve months, otherwise they are classified as non-current assets or liabilities.

Interest rate derivatives designated as hedging instruments are recognised at fair value through other comprehensive income. When the derivative matures, the related reserve is recycled to profit or loss as finance income and costs.

The relationship between the hedged item and the designated interest rate hedge must be documented. The effectiveness of each hedge is reviewed both at the derivative's inception and during its life cycle. In particular, interest rate derivatives designated as hedging instruments are intended to hedge the risk of cash flow volatility linked to finance costs arising from variable rate debt.
The fair value of interest rate derivatives belongs to Level 2 of the fair value hierarchy.

Currency derivatives

Currency derivatives not designated as hedging instruments are recognised at fair value through profit or loss. The related income and expenses are classified in finance income and costs. They are recognised as current assets or liabilities in the statement of financial position if they mature within twelve months, otherwise they are classified as non-current assets or liabilities.

Currency derivatives designated as hedging instruments are recognised at fair value through other comprehensive income. When the derivative matures, the related reserve is recycled to profit or loss as finance income and costs. The relationship between the hedged item and the designated currency hedge must be documented. The effectiveness of each hedge is reviewed both at the derivative's inception and during its life cycle. In particular, currency derivatives designated as hedging instruments are intended to hedge exchange rate risk on contracts or orders. These hedging relationships aim to reduce cash flow volatility due to exchange rate fluctuations affecting future transactions. In particular, the hedged item is the value in the company's unit of account of a cash flow expressed in another currency that is expected to be received/paid under a contract or an order whose amount exceeds the minimum thresholds set by the Group Finance Committee: all cash flows thus identified are therefore

designated as hedged items in the hedging relationship. The reserve originating from changes in the fair value of derivative instruments is transferred to profit or loss according to the stage of completion of the contract itself, where it is classified as contract revenue/costs.
The fair value of currency derivatives belongs to Level 2 of the fair value hierarchy.

38.7 TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost, net of the allowance for doubtful accounts. Impairment of receivables is recognised on the basis of Expected Credit Loss (ECL). ECLs are based on the difference between the cash flows due by contract and all the cash flows that the Group expects to receive, discounted at an original effective interest rate.
The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages.

- For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL).
- For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group adopts a simplified approach to calculating ECLs for trade receivables and contract assets: it does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.
The Group makes use of without-recourse factoring of trade receivables. These receivables are derecognised because such transactions transfer substantially all the related risks and rewards of the receivables to the factor.

38.8 INVENTORIES

Inventories are recorded at the lower of purchase or production cost and net realisable value, defined as the amount the Group expects to obtain from their sale in the normal course of business, net of selling costs. The cost of inventories of raw materials, ancillaries and consumables, as well as finished products and goods is determined using the FIFO (first-in, first-out) method.

The exception is inventories of non-ferrous metals (copper, aluminium and lead) and quantities of such metals contained in semi-finished and finished products, which are valued using the weighted average cost method.
The cost of finished and semi-finished products includes design costs, raw materials, direct labour costs and other production costs (calculated on the basis of normal operating capacity).

38.9 CONSTRUCTION CONTRACTS

Construction contracts (hereafter also "contracts") are recognised at the value agreed in the contract, in accordance with the percentage of completion method, taking into account the progress of the project and the expected contractual risks. The progress of a project is measured by reference to the contract costs incurred at the reporting date in relation to the total estimated costs for each contract. When the outcome of a contract cannot be estimated reliably, the contract revenue is recognised only to the extent that the costs incurred are likely to be recovered. When the outcome of a contract can be estimated reliably, and it is probable that the contract will be profitable, contract revenue is recognised over the term of the contract. When it is probable that total contract costs will exceed total contract revenue, the potential loss is recognised immediately as an expense.

If the contract contains a warranty other than those used in standard market practice, this warranty is recognised separately.
The Group reports as assets the gross amount due from customers for construction contracts, where the costs incurred, plus recognised profits (less recognised losses), exceed the billing of work-in-progress; such assets are reported in "Other receivables". Amounts invoiced but not yet paid by customers are reported under "Trade receivables".

The Group records as liabilities the gross amount due to customers for all construction contracts where billing exceeds the costs incurred plus recognised profits (less recognised losses). Such liabilities are reported under "Other payables".

38.10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash, demand bank deposits and other short-term investments, with a maturity of three months or less. Current account overdrafts are classified as financial payables under current liabilities in the statement of financial position.

38.11 ASSETS AND LIABILITIES HELD FOR SALE

Assets and liabilities held for sale are classified as such if the carrying amount will be recovered principally through a sale transaction; for this to be the case, the sale must be highly probable and the related assets/liabilities must be available for immediate sale in their present condition. Assets/Liabilities held for sale are measured at the lower of carrying amount and fair value less costs to sell.

38.12 TRADE AND OTHER PAYABLES

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost.

38.13 BORROWINGS FROM BANKS AND OTHER LENDERS

Borrowings from banks and other lenders are initially recognised at fair value, less directly attributable costs. Subsequently, they are measured at amortised cost, using the effective interest method. If the estimated expected cash flows should change, the value of the liabilities is recalculated to reflect this change using the present value of the expected new cash flows and the effective internal rate originally established. Borrowings from banks and other lenders are classified as current liabilities, unless the Group has an unconditional right to defer their payment for at least twelve months after the reporting date.t

Borrowings from banks and other lenders are derecognised when they are extinguished and when the Group has transferred all the risks and expense relating to such instruments.

38.14 EMPLOYEE BENEFITS

The Group operates both defined contribution plans and defined benefit plans.

Defined contribution plans

A defined contribution plan is a plan under which the Group pays fixed contributions to third-party fund managers and to which there are no legal or other obligations to pay further contributions should the fund not have sufficient assets to meet the obligations to employees for current and prior periods. In the case of defined contribution plans, the Group pays contributions, voluntarily or as established by contract, to public and private pension insurance funds. The Group has no obligations subsequent to payment of such contributions, which are recognised as personnel costs on an accrual basis. Prepaid contributions are recognised as an asset which will be repaid or used to offset future payments, should they be due.

Defined benefit plans

In defined benefit plans, the total benefit payable to the employee can be quantified only after the employment relationship ceases, and is linked to one or more factors, such as age, years of service and remuneration; the related cost is therefore charged to the period's income statement on the basis of an actuarial calculation. The liability recognised for defined benefit plans corresponds to the present value of the obligation at the reporting date, less the fair value of the plan assets, where applicable. Obligations for defined benefit plans are determined annually by an independent actuary using the projected unit credit method. The present value of a defined benefit plan is determined by discounting the future cash flows at an interest rate equal to that of high-quality corporate bonds issued in the liability's settlement currency and which reflects the duration of the related pension plan. Actuarial gains and losses arising from the above adjustments and the changes in actuarial assumptions are recorded among the components of other comprehensive income.

Past service costs resulting from a plan amendment are recognised immediately as an expense in the period the plan amendment occurs.

Other post-employment obligations

Some Group companies provide medical benefit plans for retired employees. The expected cost of these benefits is accrued over the period of employment using the same accounting method as for defined benefit plans. Actuarial gains and losses arising from the valuation and the effects of changes in the actuarial assumptions are accounted for in equity. These liabilities are valued annually by a qualified independent actuary.

Termination benefits

The Group recognises termination benefits when it can be shown that the termination of employment complies with a formal plan communicated to the parties concerned that establishes termination of employment, or when payment of the benefit is the result of voluntary redundancy incentives. Termination benefits payable more than twelve months after the reporting date are discounted to present value.

38.15 PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are recognised for losses and charges of a definite nature, whose existence is certain or probable, but the amount and/or timing of which cannot be determined reliably. A provision is recognised only when there is a current (legal or constructive) obligation for a future outflow of economic resources as the result of past events and it is likely that this outflow is required to settle the obligation. Such amount is the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is material and the obligation settlement date can be estimated reliably, the provisions are stated at the present value of the expected outlay, using a rate that reflects market conditions, the variation in the time value of money, and risks specific to the obligation.

Increases in the provision due to changes in the time value of money are accounted for as interest expense. Risks for which the emergence of a liability is only possible but not remote are reported in the disclosures about commitments and contingencies and no provision is recognised.
Any contingent liabilities accounted for separately when allocating the cost of a business combination, are measured at the higher of the amount obtained under the method described above for calculating provisions for risks and charges and the liability's original present value.
Additional details can be found in Note 28. Contingent liabilities.
Provisions for risks and charges include an estimate of legal costs to be incurred if such costs are incidental to the discharge of the provision to which they refer.

38.16 REVENUE RECOGNITION

Revenue is recognised at the fair value of the consideration received for the sale of goods and services in the ordinary course of the Group's business. Revenue is recognised net of value-added tax, expected returns, rebates and discounts.
Revenue is accounted for as follows:

Sale of goods

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, normally coinciding with shipment or delivery of the goods and acceptance by the customer. The Group checks whether there are conditions in the contract that represent separate performance obligations to which a portion of the transaction price must be allocated (e.g., warranties), as well as the effects arising from the presence of any variable consideration, significant financing components or non-cash consideration payable to the customer. In the case of variable consideration, this is estimated based on the amount to which the Group will be entitled when the goods are transferred to the customer; such consideration is estimated at contract inception and is recognised only when it is highly probable. The Group grants discounts to certain customers when the quantity of products purchased during the period exceeds a threshold specified in the contract. Discounts are offset against amounts payable by the customer. To estimate the variable consideration for expected discounts, the Group applies the "most likely amount" method for contracts with a single-volume discount threshold and the "expected value" method for contracts with multiple thresholds. Generally, the Group receives short-term advances from its customers and the agreed amount of consideration is not adjusted for the effects of a significant financing component if it expects, at contract inception, that the period between transfer of the promised good or service to the customer and related customer payment will not exceed one year.
The method of recognising revenue for construction contracts is outlined in Note 38.9 Construction contracts.

38.17 GOVERNMENT GRANTS

Government grants are recognised on an accrual basis in direct relation to the costs incurred when there is a formal resolution approving the grant and, when the right to the grant is assured since it is reasonably certain that the Group will comply with the conditions for its receipt and that the grant will be received.

(a) Grants related to assets

Government grants for property, plant and equipment are recorded as deferred income under "Other payables", classified as current or non-current liabilities for the long-term and short-term portion of such grants respectively. Deferred income is recognised in "Other income" in the income statement on a straight-line basis over the useful life of the asset to which the grant refers.

(b) Grants related to income

Grants other than those related to assets are credited to the income statement as "Other income".

38.18 COST RECOGNITION

Costs are recognised for goods and services acquired or consumed during the reporting period or to make a systematic allocation to match costs with revenues.

38.19 TAXES

Current taxes are calculated on the basis of taxable income for the year, applying the tax rates in force at the reporting date.
Deferred taxes are calculated on all differences arising between the tax base of an asset or liability and the carrying amount, except for goodwill and differences arising from investments in subsidiaries, where the timing of the

reversal of such differences is controlled by the Group and they are unlikely to reverse in a reasonably foreseeable future. Deferred tax assets, including those relating to past tax losses, not offset by deferred tax liabilities, are recognised to the extent it is likely that future taxable profit will be available against which they can be recovered. Deferred taxes are determined using tax rates that are expected to apply in the years when the differences are realised or extinguished, on the basis of tax rates that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes are recognised in the income statement with the exception of those relating to items recognised directly in equity, in which case the tax effect is accounted for directly in equity. Income taxes are offset if they are levied by the same taxation authority, if there is a legally enforceable right to offset them and if the net balance is expected to be settled.
Other taxes not related to income, such as property tax, are accounted for in "Other expenses".

38.20 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share are calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the reporting period, excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share are calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the reporting period, excluding treasury shares. For the purposes of calculating diluted earnings per share, the weighted average number of outstanding shares is adjusted so as to include the exercise, by all those entitled, of rights with a potentially dilutive effect, while the profit attributable to owners of the parent is adjusted to account for any post-tax effects of exercising such rights.

38.21 TREASURY SHARES

Treasury shares are reported as a deduction from equity. The original cost of treasury shares and revenue arising from any subsequent sales are treated as movements in equity.

39. ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires Management to apply accounting policies and methods which, at times, rely on judgements and estimates based on past experience and assumptions deemed to be reasonable and realistic under the circumstances. The application of these estimates and assumptions affects the amounts reported in the financial statements, meaning the statement of financial position, the income statement, the statement of comprehensive income and the statement of cash flows, as well as the accompanying disclosures. Ultimate amounts, previously reported on the basis of estimates and assumptions, may differ from original estimates because of uncertainty surrounding the assumptions and conditions on which the estimates were based.
The following is a brief description of the accounting policies that require Prysmian Group's Management to exercise greater subjectivity of judgement in making estimates and a change in whose underlying assumptions could have a material impact on the consolidated financial statements.

(a) Provisions for risks and charges

Provisions are recognised for legal and tax risks to reflect the risk of an adverse outcome. The value of the provisions recorded in the financial statements against such risks represents the best estimate by Management at that date. This estimate requires the use of assumptions that depend on factors which may change over time and which could, therefore, materially impact the current estimates made by Management to prepare the Group consolidated financial statements.

(b) Impairment of assets

Goodwill

The Group's activities are organised in three operating segments: Projects, Energy and Telecom. The Projects segment consists of the High Voltage, Submarine Power, Submarine Telecom and Offshore Specialties CGUs; the Energy segment consists of a number of CGUs corresponding to the Regions or Countries in keeping with the new organisation structure; lastly, the Telecom segment consists of a single CGU that coincides with the operating segment itself. Goodwill, acquired on the occasion of business combinations, has been allocated to CGU groups, corresponding to the operating segments, which are expected to benefit from the synergies of such combinations and which represent the lowest level at which Management monitors business performance. In accordance with the accounting standards adopted and related impairment testing procedures, the Group tests annually whether Goodwill has suffered an impairment loss. The recoverable amount is determined by calculating value in use, a calculation that requires the use of estimates.
More details about the Goodwill impairment test can be found in Note 2. Goodwill and Other intangible assets.

Property, plant and equipment and finite-life intangible assets

In accordance with the Group's accounting policies and impairment testing procedures, property, plant and equipment and intangible assets with finite useful lives are tested for impairment, recognised through write-down, when there are indicators that their carrying amount may be difficult to recover through use. To verify the existence of these indicators Management has to make subjective judgements based on information available within the Group and from the market, as well as on past experience. If an impairment loss is identified, the Group will determine the amount of the loss using suitable valuation techniques. Correct identification of indicators of potential impairment, as well as its very measurement, depend on factors that may vary over time, thus influencing the judgements and estimates made by Management.
Prysmian Group has assessed during the course of 2021 whether there was any evidence that its CGUs might be impaired.
Further information can be found in Note 1. Property, plant and equipment.

(c) Climate change

As more fully explained in the Directors' Report and in the Non-Financial Information Statement, the Group is implementing an ambitious "Net Zero" strategy, in line with the requirements of the Paris Agreement. At the same time, the Group is analysing and assessing the risks and opportunities of climate change and has set targets for the reduction of greenhouse gas emissions classified as Scope 1 and 2 (direct and indirect emissions generated by its own activities) and as Scope 3 (generated by the value chain).
The consequences in terms of investments, costs and other impacts on cash flows have been considered when preparing financial forecasts, consistent with the state of progress of this process. The replacement program for certain assets aimed at achieving the "Net Zero" strategy involves reviewing the useful lives of these assets, with a consequent acceleration of their depreciation process. The 2021 impairment tests have taken into account the impacts on investment flows, as far as they can be currently estimated, without any significant effects on the test results. In addition, the Group considered challenges associated with the commitments made on climate and did not identify any further aspects that could have a material impact on the impairment tests. It is possible that in the future the carrying amount of assets or liabilities recognised in the Group's financial statements may be subject to different impacts as the strategy of managing climate change evolves. However, these aspects are more and more frequently monitored through coordination between the various company departments.

(d) Depreciation and amortisation

The cost of property, plant and equipment and intangible assets is depreciated/amortised on a straight-line basis over the estimated useful lives of the assets concerned. The useful economic life of Group property, plant and equipment and intangible assets is determined by Management when the asset is acquired. This is based on past experience for similar assets, market conditions and expectations regarding future events that could impact useful life, including developments in technology. Therefore, actual economic life may differ from estimated useful life. The Group periodically reviews technological and industry developments to update residual useful lives. This periodic review may lead to a variation in the depreciation/amortisation period and therefore also in the depreciation/amortisation charge for future years.

(e) Recognition of revenues and costs from construction contracts

The Group uses the percentage of completion method to account for long-term contracts. The margins recognised in the income statement depend on the progress of the contract and its estimated margins upon completion. This means that if work-in-progress and margins on as yet incomplete work are to be correctly recognised, Management must have correctly estimated contract revenue and completion costs, including any contract variations and any cost overruns and penalties that might reduce the expected margin. The percentage of completion method requires the Group to estimate contract completion costs and involves making estimates dependent on factors that could potentially change over time and could therefore have a significant impact on the recognition of revenue and margins in the course of formation.

(f) Taxes

Consolidated companies are subject to different tax jurisdictions. A high level of judgement is needed to establish the estimated global tax charge, also because of uncertain tax treatments. There are many transactions for which the relevant tax liability is difficult to estimate at year end. The Group recognises liabilities for ongoing tax risks on the basis of estimates, possibly made with the assistance of outside experts.

(g) Inventory valuation

Inventories are recorded at the lower of purchase cost (measured using the weighted average cost formula for non-ferrous metals and the FIFO formula for all others) and net realisable value, net of selling costs. Net realisable value is in turn represented by the value of firm sales orders in the order book, or failing that by the replacement cost of the asset or raw material. If significant reductions in the price of non-ferrous metals were to be followed by order cancellations, the loss in the value of inventories might not be fully offset by the penalties charged to customers for cancelling their orders.

(h) Employee benefit obligations

The present value of the pension plans reported in the financial statements depends on an independent actuarial calculation and on a number of different assumptions. Any changes in assumptions and in the discount rate used are duly reflected in the present value calculation and may have a significant impact on the consolidated figures. The assumptions used for the actuarial calculation are examined by the Group annually.
Present value is calculated by discounting future cash flows at an interest rate equal to that on high-quality corporate bonds issued in the currency in which the liability will be settled and which takes account of the duration of the related pension plan.
Further information can be found in Note 14. Employee benefit obligations and Note 20. Personnel costs.

(i) Incentive and share purchase plan

The employee share purchase plan, directed at almost all the Group's employees, provides an opportunity for them to obtain shares on preferential terms and conditions. The operation of this plan is described in Note 20. Personnel costs. The grant of shares is subject to continued employment with the Group in the months between signing up to one of the plan's purchase windows and the purchase of the shares themselves on the equity market. The plan's financial and economic impact has therefore been estimated on the basis of the best possible estimates and information currently available.

The long-term incentive plan 2020-2022 involves the allocation of a number of options calculated according to the achievement of operational, economic and financial performance conditions. The plan's financial and economic impact has therefore been estimated on the basis of the best possible estimates and information available at the valuation date. More details can be found in Note 20. Personnel costs.

40. EVENTS AFTER THE REPORTING PERIOD

Tax risk management and control system endorsed by the Italian Revenue Agency with admission of the Group's seven Italian companies to the "Cooperative Compliance" program.
On 3 January 2022, the Group announced that it had been admitted to the Cooperative Compliance program with the Italian Revenue Agency after the Group's seven Italian companies successfully passed the rigorous review of the adequacy of the Tax Control Framework for detecting, measuring, managing and controlling tax risk. Admission to the program, which applies from tax period 2020, will allow the Group to establish a relationship based on trust and transparency with the Italian tax authorities, aimed at the pre-emptive analysis of issues with the highest tax risk and an ever-increasing level of oversight of the most relevant tax issues. Prysmian's entry into the Collaborative Compliance program is in line with international best practice. For the Group, managing tax risk is a crucial aspect of ethical, responsible business management, in line with the Group's sustainability strategy based on transparency and an awareness that taxes constitute a significant source of contribution to the economic and social development of the countries in which it operates. The development of an effective tax risk management model, the adoption of a Group Tax Strategy and admission to the Cooperative Compliance program will therefore make it possible, within the framework of this relationship with the Revenue Agency, to eliminate tax risk, defined as the risk of operating in conflict with the principles of tax law. In accordance with the law, the admission notified by the Italian Revenue Agency means that Prysmian S.p.A. and the other six Italian group companies have been added to the list, published on the Agency's official website, of companies that operate in full transparency with the Italian tax authorities.

Award of a landmark HVDC submarine cable project in the Middle East worth Euro 220 million.
On 14 January 2022, the Group announced that it had signed a Limited Notice to Proceed (LNTP) for the supply of power cables for a landmark HVDC submarine cable project in the Middle East, worth approximately Euro 220 million. The LNTP was awarded to Prysmian by Samsung C&T through its EPC consortium with Jan De Nul Group. The new link, part of the strategic HVDC transmission system for the "Lightning Project" of Abu Dhabi National Oil Company (ADNOC) and Abu Dhabi National Energy Company PJSC (TAQA), will allow bulk power transmission between the Al Mirfa converter station in the Abu Dhabi hinterland and the station on the offshore island of Al Ghallan. The project involves the design, supply, assembly of accessories and site acceptance testing of four single-core 320 kV HVDC XLPE-insulated cables that will connect the Al Mirfa onshore converter station to Al Ghallan, an artificial offshore island in the Arabian Gulf, located off the coast of Abu Dhabi in the United Arab Emirates. Under the LNTP, Prysmian will perform engineering work, commit manufacturing capacity, proceed with partial production of the HVDC cables in advance of the Full Contract Award and Notice to Proceed (NTP), expected in the third quarter of 2022 and conditional upon Samsung C&T receiving the related NTP under the main EPC Contract. All HVDC submarine cables will be manufactured at Arco Felice (Italy), Prysmian Group's centre of excellence for the production of this type of cable, while HVDC land cables will be manufactured at the Pikkala plant in Finland. The submarine fibre optic cables will be manufactured at the Nordenham plant (Germany), while Prysmian will draw on its portfolio of asset management and electronics services to supply a range of cable monitoring solutions.

Investigation by Germany's Federal Cartel Office (FCO)
On 18 January 2022, the Group announced that the German Federal Cartel Office (FCO) had carried out inspections at some of the Group's sites in Germany. The inspections were conducted as part of an investigation by the FCO into alleged coordination in setting the standard metal surcharges applied by the industry in Germany. Prysmian is co-operating with the FCO.

Euro 135 million loan to finance R&D activities
On 3 February 2022, the Group announced that it had finalised a loan from the European Investment Bank (EIB) for Euro 135 million to support the 2021-2024 European R&D program of the world-leading Group in the power and telecom cables industry.
The EIB loan is specifically intended to support projects to be developed at R&D centres in five European countries: France, the Netherlands, Spain, Germany and Italy. A significant share of the funding is earmarked for Italy, which is home to Prysmian Group's headquarters, R&D offices and a number of plants that are centres of manufacturing excellence for optical fibres and submarine power transmission cables and systems. Globally, Prysmian Group has 26 R&D centres located in Europe, North and South America and Asia, with a team of over 900 professional researchers, technicians and operators, and an extensive portfolio of more than 5,500 patents.

Prysmian e CDC (Commercial Development Company) announces the finalizations of the purchase of Brayton Point (Massachusetts)

On 17 February 2022, the Group announced the signing of the contract
for the purchase by Prysmian of the site identified in Brayton Point (Massachusetts). The final
acquisition of the site is subject to securing state permits for the construction of the new plant.
Prysmian Group's total investment to build the new plant will amount to around $200 million.
Finalisation of the plans for the US localisation of the production footprint of submarine cables also entails confirmation of the award of the projects for cabling the Commonwealth Wind and Park Wind City offshore wind projects, for a total of approximately $900 million, by Avangrid Renewables, a subsidiary of AVANGRID (NYSE:AGR). The Notice to Proceed is yet to be issued.

Milan, 1 March 2022

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:

FULLY CONSOLIDATED SUBSIDIARIES ON A LINE BY LINE BASIS

Legal name	Office	Currency	Share Capital	% ownership	Direct parent company
EUROPE					
Austria					
Prysmian OEKW GmbH	Wien	Euro	2,053,007.56	100.00%	Prysmian Cavi e Sistemi S.r.l.
Belgium					
Draka Belgium N.V.	Leuven	Euro	61,973.38	98.52%	Draka Holding B.V.
				1.48%	Draka Kabel B.V.
Denmark					
Prysmian Group Denmark A/S	Albertslund	Danish Krone	40,001,000.00	100.00%	Draka Holding B.V.
Estonia					
Prysmian Group Baltics AS	Keila	Euro	1,664,000.00	100.00%	Prysmian Group Finland OY
Finland					
Prysmian Group Finland OY	Kirkkonummi	Euro	100,000.00	77.7972%	Prysmian Cavi e Sistemi S.r.l.
				19.9301%	Draka Holding B.V.
				2.2727%	Draka Comteq B.V.
France					
Prysmian (French) Holdings S.A.S.	Paron	Euro	129,026,210.00	100.00%	Prysmian Cavi e Sistemi S.r.l.
Prysmian Cables et Systèmes France S.A.S.	Sens	Euro	136,800,000.00	100.00%	Prysmian (French) Holdings S.A.S.
Draka Comteq France S.A.S.	Paron	Euro	246,554,316.00	100.00%	Draka France S.A.S.
Draka Fileca S.A.S.	Sainte Geneviève	Euro	5,439,700.00	100.00%	Draka France S.A.S.
Draka Paricable S.A.S.	Marne La Vallée	Euro	5,177,985.00	100.00%	Draka France S.A.S.
Draka France S.A.S.	Marne La Vallée	Euro	261,551,700.00	100.00%	Draka Holding B.V.
P.O.R. S.A.S.	Marne La Vallée	Euro	100,000.00	100.00%	Draka France S.A.S.
Silec Cable, S. A. S.	Montreau-Fault-Yonne	Euro	60,037,000.00	100.00%	Grupo General Cable Sistemas, S.L.
EHC France s.a.r.l.	Sainte Geneviève	Euro	310,717	100.00%	EHC Global Inc.
Germany					
Prysmian Kabel und Systeme GmbH	Berlin	Euro	15,000,000.00	93.75%	Draka Deutschland GmbH
				6.25%	Prysmian S.p.A.
Prysmian Unterstuetzungseinrichtung Lynen GmbH	Eschweiler	Deutsche Mark	50,000.00	100.00%	Prysmian Kabel und Systeme GmbH
Draka Comteq Berlin GmbH & Co. KG	Berlin	Deutsche Mark	46,000,000.00	50.10%	Prysmian Netherlands B.V.
		Euro	1.00	49.90%	Draka Deutschland GmbH
Draka Comteq Germany Verwaltungs GmbH	Koln	Euro	25,000.00	100.00%	Draka Comteq B.V.
Draka Comteq Germany GmbH & Co. KG	Koln	Euro	5,000,000.00	100.00%	Draka Comteq B.V.
Draka Deutschland Erste Beteiligungs GmbH	Wuppertal	Euro	25,000.00	100.00%	Draka Holding B.V.
Draka Deutschland GmbH	Wuppertal	Euro	25,000.00	90.00%	Draka Deutschland Erste Beteiligungs GmbH
				10.00%	Draka Deutschland Zweite Beteiligungs GmbH
Draka Deutschland Verwaltungs GmbH	Wuppertal	Deutsche Mark	50,000.00	100.00%	Prysmian Kabel und Systeme GmbH

Legal name	Office	Currency	Share Capital	% ownership	Direct parent company
Draka Deutschland Zweite Beteiligungs GmbH	Wuppertal	Euro	25,000.00	100.00%	Prysmian Netherlands B.V.
Draka Service GmbH	Norimberga	Euro	25,000.00	100.00%	Draka Deutschland GmbH
Höhn GmbH	Wuppertal	Deutsche Mark	1,000,000.00	100.00%	Draka Deutschland GmbH
Kaiser Kabel GmbH	Wuppertal	Deutsche Mark	9,000,000.00	100.00%	Draka Deutschland GmbH
NKF Holding (Deutschland) GmbH i.L	Wuppertal	Euro	25,000.00	100.00%	Prysmian Netherlands B.V.
Norddeutsche Seekabelwerke GmbH	Nordenham	Euro	50,025,000.00	100.00%	Grupo General Cable Sistemas, S.L.
EHC Germany GmbH	Baesweiler	Euro	25,200.00	100.00%	EHC Global Inc
Legal name	Office	Currency	Share Capital	% ownership	Direct parent company
U.K.					
Prysmian Cables & Systems Ltd.	Eastleigh	British Pound	113,901,120.00	100.00%	Prysmian UK Group Ltd.
Prysmian Construction Company Ltd.	Eastleigh	British Pound	1.00	100.00%	Prysmian Cables & Systems Ltd.
Prysmian Cables (2000) Ltd.	Eastleigh	British Pound	1.00	100.00%	Prysmian Cables & Systems Ltd.
Cable Makers Properties & Services Ltd.	Esher	British Pound	39.08	63.84%	Prysmian Cables & Systems Ltd.
				36.16%	Third Parties
Comergy Ltd.	Eastleigh	British Pound	1.00	100.00%	Prysmian Cavi e Sistemi S.r.l.
Prysmian Pension Scheme Trustee Ltd.	Eastleigh	British Pound	1.00	100.00%	Prysmian S.p.A.
Prysmian UK Group Ltd.	Eastleigh	British Pound	70,011,000.00	100.00%	Draka Holding B.V.
Draka Comteq UK Ltd.	Eastleigh	British Pound	14,000,002.00	100.00%	Prysmian UK Group Ltd.
Draka UK Ltd.	Eastleigh	British Pound	1.00	100.00%	Prysmian UK Group Ltd.
Prysmian PowerLink Services Ltd.	Eastleigh	British Pound	46,000,100.00	100.00%	Prysmian UK Group Ltd.
General Cable Holdings (UK) Limited	London	British Pound	1.00	100.00%	GK Technologies, Incorporated
General Cable Services Europe Limited	London	British Pound	1.00	100.00%	General Cable Holdings (UK) Limited
NSW Technology Limited	Aberdeen	British Pound	1.00	100.00%	Norddeutsche Seekabelwerke GmbH
Prysmian Telecom Cables and Systems UK Ltd.	Eastleigh	British Pound	1.00	100.00%	Prysmian Cables & Systems Ltd.
Escalator Handrail (UK) Ltd.	Eastleigh	British Pound	2.00	100.00%	EHC Global Inc.
Ireland					
Prysmian Re Company Designated Activity Company	Dublin	Euro	20,000,000.00	100.00%	Draka Holding B.V.
Italy					
Prysmian Cavi e Sistemi S.r.l.	Milan	Euro	50,000,000.00	100.00%	Prysmian S.p.A.
Prysmian Cavi e Sistemi Italia S.r.l.	Milan	Euro	77,143,249.00	100.00%	Prysmian S.p.A.
Prysmian Treasury S.r.l.	Milan	Euro	80,000,000.00	100.00%	Prysmian S.p.A.
Prysmian PowerLink S.r.l.	Milan	Euro	100,000,000.00	100.00%	Prysmian S.p.A.
Fibre Ottiche Sud - F.O.S. S.r.l.	Battipaglia	Euro	47,700,000.00	100.00%	Prysmian S.p.A.
Prysmian Electronics S.r.l.	Milan	Euro	10,000.00	100.00%	Prysmian Cavi e Sistemi S.r.l.
Norway					
Prysmian Group Norge AS	Drammen	Norwegian Krone	22,500,000.00	100.00%	Draka Holding B.V.

Legal name	Office	Currency	Share Capital	% ownership	Direct parent company
General Cable Nordic A/S	Drammen	Norwegian Krone	1,674,000.00	100.00%	Grupo General Cable Sistemas, S.L.
The Netherlands					
Draka Comteq B.V.	Amsterdam	Euro	1,000,000.00	100.00%	Draka Holding B.V.
Draka Comteq Fibre B.V.	Eindhoven	Euro	18,000.00	100.00%	Prysmian Netherlands Holding B.V.
Draka Holding B.V.	Amsterdam	Euro	52,229,320.50	100.000%	Prysmian S.p.A.
Draka Kabel B.V.	Amsterdam	Euro	2,277,976.68	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	1.00	100.00%	Prysmian Netherlands Holding B.V.
Prysmian Netherlands Holding B.V.	Amsterdam	Euro	1.00	100.00%	Draka Holding B.V.
General Cable Holdings Netherlands C.V.	Amsterdam	Euro	159,319,137.00	95.50%	GK Technologies, Incorporated
				1.00%	GC Global Holdings, Inc.
				3.50%	Phelps Dodge National Cables Corporation
Poland					
Eksa Sp.z.o.o	Sokolów	Polish Zloty	394,000.00	29.949%	Prysmian Cavi e Sistemi S.r.l.
				70.051%	Draka Holding B.V.
Legal name	Office	Currency	Share Capital	% ownership	Direct parent company
Portugal					
General Cable Investments, SGPS, Sociedade Unipessoal, S.A.	Funchal	Euro	8,500,020.00	100.00%	Draka Holding B.V.
General Cable Celcat, Energia e Telecomunicaçoes SA	Pero Pinheiro	Euro	13,500,000.00	100.00%	General Cable Investments, SGPS, Sociedade Unipessoal, S.A.
Czech Republic					
Draka Kabely, s.r.o.	Velké Meziříčí	Czech Koruna	255,000,000.00	100.00%	Draka Holding B.V.
Romania					
Prysmian Cabluri Si Sisteme S.A.	Slatina	Leu rumeno	103,850,920.00	99.9995%	Draka Holding B.V.
				0.0005%	Prysmian Cavi e Sistemi S.r.l.
Russia					
Limited Liability Company Prysmian RUS	Rybinsk city	Russian Rouble	230,000,000.00	99.00%	Draka Holding B.V.
				1.00%	Prysmian Cavi e Sistemi S.r.l.
Limited Liability Company "Rybinskelektrokabel"	Rybinsk city	Russian Rouble	90,312,000.00	100.00%	Limited Liability Company Prysmian RUS
Slovakia					
Prysmian Kablo s.r.o.	Bratislava	Euro	21,246,001.00	99.995%	Prysmian Cavi e Sistemi S.r.l.
				0.005%	Prysmian S.p.A.
Spain					
Prysmian Cables Spain, S.A. (Sociedad Unipersonal)	Vilanova I la Geltrù	Euro	58,178,234.22	100.00%	Draka Holding, S.L.
Draka Holding, S.L. (Sociedad Unipersonal)	Santa Perpetua de Mogoda	Euro	24,000,000.00	100.00%	Draka Holding B.V.
GC Latin America Holdings, S.L.	Abrera	Euro	151,042,030.00	100%	General Cable Holdings (Spain), S.L.

Legal name	Office	Currency	Share Capital	% ownership	Direct parent company
General Cable Holdings (Spain), S.L.	Abrera	Euro	138,304,698.48	99.349%	GK Technologies, Incorporated
				0.6510%	General Cable Overseas Holdings, LLC
Grupo General Cable Sistemas, S.L.	Abrera	Euro	22,116,018.70	100.00%	Draka Holding B.V.
EHC Spain and Portugal, S.L.	Sevilla	Euro	3,897,315.20	100.000%	EHC Global Inc.
Sweden					
Prysmian Group North Europe AB	Nässjö	Swedish Krona	100,100.00	100.00%	Draka Holding B.V.
Prysmian Group Sverige AB	Nässjö	Swedish Krona	100,000.00	100.00%	Prysmian Group North Europe AB
Switzerland					
Omnisens S.A.	Morges	Swiss Franc	11,811,719.00	100.00%	Draka Holding B.V.
Turkey					
Turk Prysmian Kablo Ve Sistemleri A.S.	Mudanya	Turkish new Lira	216,733,652.00	83.7464%	Draka Holding B.V.
				0.4614%	Turk Prysmian Kablo Ve Sistemleri A.S.
				15.7922%	Third Parties
EHC Turkey Asansör ve Yürüyen Merdiven Sanayi Limited Şirketi	Istanbul	Turkish new Lira	10,000.00	100.00%	EHC Global Inc.
Hungary					
Prysmian MKM Magyar Kabel Muvek Kft.	Budapest	Hungarian Forint	5,000,000,000.00	100.00%	Prysmian Cavi e Sistemi S.r.l.
NORTH AMERICA					
Canada					
Prysmian Cables and Systems Canada Ltd.	New Brunswick	Canadian Dollar	1,000,000.00	100.00%	Draka Holding B.V.
Draka Elevator Products Incorporated	New Brunswick	Canadian Dollar	n/a	100.00%	Prysmian Cables and Systems USA, LLC
General Cable Company Ltd.	Halifax	Canadian Dollar	133,302,216.00	100.00%	General Cable Canada Holdings LLC
EHC Global Inc.	Oshawa	Canadian Dollar	1,511,769.00	100.00%	Prysmian Cables and Systems Canada Ltd.
EHC Canada Inc.	Oshawa	Canadian Dollar	39,308.00	99.9997%	EHC Global Inc.
				0.0003%	Prysmian Cables and Systems Canada Ltd.
Elator Inc.	Oshawa	Canadian Dollar	100.00	100.00%	EHC Global Inc.
EHC Management Company Inc.	Oshawa	Canadian Dollar	1.00	100.00%	EHC Global Inc.
Dominican Repuplic					
General Cable Caribbean, S.R.L	Santa Domingo Oeste	Dominican Peso	2,100,000.00	99.995%	GK Technologies, Incorporated
				0.005%	General Cable Industries Inc.
Trinidad and Tobago					
General Cable Trinidad Limited	Port of Spain	Trinidadian Dollar	100.00	100.00%	GK Technologies, Incorporated
U.S.A.					
Prysmian Cables and Systems (US) Inc.	Carson City	US Dollar	330,517,608.00	100.00%	Draka Holding B.V.
Prysmian Cables and Systems USA, LLC	Wilmington	US Dollar	10.00	100.00%	GK Technologies, Inc
Prysmian Construction Services Inc.	Wilmington	US Dollar	1,000.00	100.00%	Prysmian Cables and Systems USA, LLC
Draka Elevator Products, Inc.	Boston	US Dollar	1.00	100.00%	Prysmian Cables and Systems USA, LLC
Draka Transport USA, LLC	Boston	US Dollar	-	100.00%	Prysmian Cables and Systems USA, LLC
GC Global Holdings, Inc.	Wilmington	US Dollar	1,000.00	100.00%	General Cable Overseas Holdings, LLC

Legal name	Office	Currency	Share Capital	% ownership	Direct parent company
General Cable Canada Holdings LLC	Wilmington	US Dollar	-	100.00%	General Cable Industries, Inc.
General Cable Corporation	Wilmington	US Dollar	1.00	100.00%	Prysmian Cables and Systems (US) Inc.
General Cable Industries, Inc.	Wilmington	US Dollar	10.00	100.00%	GK Technologies, Incorporated
General Cable Overseas Holdings, LLC	Wilmington	US Dollar	-	100.00%	GK Technologies, Incorporated
General Cable Technologies Corporation	Wilmington	US Dollar	1,000.00	100.00%	General Cable Industries, Inc.
Phelps Dodge Enfield Corporation	Wilmington	US Dollar	800,000.00	100.00%	General Cable Industries, Inc.
PHELPS DODGE NATIONAL CABLES CORPORATION	Wilmington	US Dollar	10.00	100.00%	General Cable Industries, Inc.
GK Technologies, Incorporated	West Trenton	US Dollar	1,000.00	100.00%	General Cable Corporation
EHC USA Inc.	Oshawa	US Dollar	1.00	100.00%	EHC Global Inc.
Prysmian Group Speciality Cables, LLC	Wilmington	US Dollar		100.00%	Prysmian Cables and Systems USA, LLC
CENTRAL/SOUTH AMERICA					
Argentina					
Prysmian Energia Cables y Sistemas de Argentina S.A.	Buenos Aires	Argentine Peso	992,359,215.00	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	543,219,572.00	95.00%	Draka Holding B.V.
				5.00%	Prysmian Cavi e Sistemi S.r.l.
Brazil					
Prysmian Cabos e Sistemas do Brasil S.A.	Sorocaba	Brazilian Real	910,044,390.56	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	27,467,522.00	49.352%	Draka Comteq B.V.
				50.648%	Prysmian Cabos e Sistemas do Brasil S.A.
EHC Brazil Ltda.	Cambé (Estado do Paranà)	Brazilian Real	864,183.00	98.90%	EHC Global Inc.
				1.10%	EHC Canada Inc.
Omnisens do Brasil sercicos de solucoes de monitoracao em fibra otica Ltda	Rio de Janeiro	Brazilian Real	626,050.00	100.00%	Omnisens S.A.
Chile					
Prysmian Cables Chile SpA	Santiago	Chile Peso	1,900,000,000.00	100.00%	Prysmian Cabos e Sistemas do Brasil S.A.
Cobre Cerrillos S.A.	Cerrillos	US Dollar	74,574,400.00	99.80%	General Cable Holdings (Spain), S.L.
				0.20%	Third Parties
Colombia					
Productora de Cables Procables S.A.S.	Bogotà	Colombian Peso	1,902,964,285.00	99.96%	GC Latin America Holdings, S.L.
				0.04%	GK Technologies, Incorporated
Costa Rica					
Conducen, S.R.L.	Heredia	Costa Rican Colón	1,845,117,800.00	100.00%	GC Latin America Holdings, S.L.

Legal name	Office	Currency	Share Capital	% ownership	Direct parent company
Ecuador					
Cables Electricos Ecuatorianos C.A. CABLEC	Quito	US Dollar	243,957.00	67.14%	General Cable Holdings (Spain), S.L.
				32.86%	Third Parties
El Salvador					
Conducen Phelps Dodge Centroamerica-El Salvador, S.A. de C.V.	Antiguo Cuscatlan (La Libertad)	US Dollar	22,858.00	99.95%	Conducen, S.R.L.
				0.05%	Third Parties
Guatemala					
Proveedora de Cables y Alambres PDCA Guatemala, S.A.	Guatemala City	" Guatemalan Quetzal"	100,000.00	99.00%	Conducen, S.R.L.
				1.00%	Third Parties
Honduras					
Electroconductores de Honduras, S.A. de C.V.	Tegucigalpa	Honduran Lempira	27,600,000.00	59.39%	General Cable Holdings (Spain), S.L.
				40.61%	GC Latin America Holdings, S.L.
Mexico					
Draka Durango S. de R.L. de C.V.	Durango	Mexican Peso	163,471,787.00	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	57,036,501.00	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	173,050,500.00	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	1,329,621,471.00	80.41733609%	General Cable Industries, Inc.
				19.58266361%	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	10,000.00	99.80%	GK Technologies, Incorporated
		Mexican Peso		0.20%	General Cable Industries, Inc.
PDIC Mexico, S.A. de C.V.	San Jose	Mexican Peso	50,000.00	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	50,000.00	99.80%	General Cable Industries, Inc.
		Mexican Peso		0.20%	GK Technologies, Incorporated
Servicios Latinoamericanos GC, S.A. de C.V.	Puebla	Mexican Peso	50,000.00	99.998%	General Cable de Mexico, S.A de C.V.
				0.002%	General Cable Technologies Corporation
Panama					
Alambres y Cables de Panama, S.A.	Panama	US Dollar	800,000.00	78.08%	General Cable Industries, Inc.
				21.92%	GC Latin America Holdings, S.L.
Alcap Comercial S.A.	Panama	US Dollar	10,000.00	100.00%	Conducen, S.R.L.
Perù					
General Cable Peru S.A.C.	"Santiago de Surco (Lima)"	Nuevo sol peruviano	90,327,867.50	99.99999%	GC Latin America Holdings, S.L.
				0.00001%	Third Parties

Legal name	Office	Currency	Share Capital	% ownership	Direct parent company
AFRICA					
Angola					
General Cable Condel, Cabos de Energia e Telecomunicaçoes SA	Luanda	Kwanza angolano	20,000,000.00	99.80%	General Cable Celcat, Energia e Telecomunicaçoes SA
				0.20%	Third Parties
Ivory Coast					
SICABLE - Sociète Ivoirienne de Cables S.A.	Abidjan	CFA Franc	740,000,000.00	51.00%	Prysmian Cables et Systèmes France S.A.S.
				49.00%	Third Parties
South Africa					
General Cable Phoenix South Africa Pty. Ltd.	Illovo	"South African Rand"	1,000.00	100.00%	GK Technologies, Incorporated
National Cables (Pty) Ltd.	Illovo	"South African Rand"	101.00	69.30%	Phelps Dodge National Cables Corporation
				30.70%	General Cable Holdings Netherlands C.V.
Tunisia					
Auto Cables Tunisie S.A.	Grombalia	Tunisian Dinar	4,050,000.00	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	1,850,000.00	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
OCEANIA					
Australia					
Prysmian Australia Pty Ltd.	Liverpool	Australian Dollar	56,485,736.00	100.00%	Prysmian Cavi e Sistemi S.r.l.
New Zeland					
Prysmian New Zealand Ltd.	Auckland	New Zeland Dollar	10,000.00	100.00%	Prysmian Australia Pty Ltd.
ASIA					
Saudi Arabia					
Prysmian Powerlink Saudi LLC	Al Khoabar	"Saudi Arabian Riyal"	500,000.00	95.00%	Prysmian PowerLink S.r.l.
				5.00%	Third Parties
China					
Prysmian Tianjin Cables Co. Ltd.	Tianjin	US Dollar	36,790,000.00	67.00%	Prysmian (China) Investment Company Ltd.
				33.00%	Third Parties
Prysmian Cable (Shanghai) Co. Ltd.	Shanghai	US Dollar	5,000,000.00	100.00%	Prysmian (China) Investment Company Ltd.
Prysmian Wuxi Cable Co. Ltd.	Yixing (Jiangsu Province)	US Dollar	29,941,250.00	100.00%	Prysmian (China) Investment Company Ltd.
Prysmian Hong Kong Holding Ltd.	Hong Kong	Euro	72,000,000.00	100.00%	Prysmian Cavi e Sistemi S.r.l.
Prysmian (China) Investment Company Ltd.	Beijing	Euro	74,152,961.00	100.00%	Prysmian Hong Kong Holding Ltd.
Nantong Haixun Draka Elevator Products Co. LTD	Nantong	US Dollar	2,400,000.00	75.00%	Draka Elevator Products, Inc.
				25.00%	Third Parties
Nantong Zhongyao Draka Elevator Products Co. LTD	Nantong	US Dollar	2,000,000.00	60.00%	Draka Elevator Products, Inc.
				40.00%	Third Parties

Legal name	Office	Currency	Share Capital	% ownership	Direct parent company
Suzhou Draka Cable Co. Ltd.	Suzhou	Chinese Renminbi (Yuan)	304,500,000.00	100.00%	Draka Cableteq Asia Pacific Holding Pte Ltd.
Prysmian Technology Jiangsu Co. Ltd.	Yixing	Euro	53,300,000.00	100.00%	Prysmian (China) Investment Company Ltd.
Prestolite Wire (Shanghai) Company, Ltd	Shanghai	US Dollar	300,000.00	100.00%	General Cable Industries, Inc.
EHC Escalator Handrail (Shanghai) Co. Ltd.	Shanghai	US Dollar	2,100,000.00	100.00%	EHC Global Inc.
EHC Engineered Polymer (Shanghai) Co. Ltd.	Shanghai	US Dollar	1,600,000.00	100.00%	EHC Global Inc.
EHC Lift Components (Shanghai) Co. Ltd.	Shanghai	US Dollar	200,000.00	100.00%	EHC Global Inc.
EHC Technology Development (Shanghai) Co. Ltd.	Shanghai	Chinese Renminbi (Yuan)	-	100.00%	EHC Escalator Handrail (Shanghai) Co. Ltd.
Philippines					
Draka Philippines Inc.	Cebu	Philippine Peso	253,652,000.00	99.9999975%	Draka Holding B.V.
				0.0000025%	Third Parties
India					
Associated Cables Pvt. Ltd.	Mumbai	Indian Rupee	61,261,900.00	100.00%	Oman Cables Industry (SAOG)
Jaguar Communication Consultancy Services Private Ltd.	Mumbai	Indian Rupee	122,268,218.00	99.99999%	Prysmian Cavi e Sistemi S.r.l.
				0.000001%	Prysmian S.p.A.
Indonesia					
PT.Prysmian Cables Indonesia	Cikampek	US Dollar	67,300,000.00	99.48%	Draka Holding B.V.
				0.52%	Prysmian Cavi e Sistemi S.r.l.
Malaysia					
Sindutch Cable Manufacturer Sdn Bhd	Malacca	"Malaysian Ringgit"	500,000.00	100.00%	Draka Cableteq Asia Pacific Holding Pte Ltd.
Draka (Malaysia) Sdn Bhd	Malacca	"Malaysian Ringgit"	8,000,002.00	100.00%	Cable Supply and Consulting Company Pte Ltd.
Oman					
Oman Cables Industry (SAOG)	Al Rusayl	Omani Riyal	8,970,000.00	51.17%	Draka Holding B.V.
				48.83%	Third Parties
Oman Aluminium Processing Industries (SPC)	Sohar	Omani Riyal	4,366,000.00	100.00%	Oman Cables Industry (SAOG)
Singapore					
Prysmian Cables Asia-Pacific Pte Ltd.	Singapore	Singapore Dollar	213,324,290.00	100.00%	Draka Holding B.V.
Prysmian Cable Systems Pte Ltd.	Singapore	Singapore Dollar	25,000.00	50.00%	Draka Holding B.V.
				50.00%	Prysmian Cables & Systems 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	1,500,000.00	100.00%	Draka Cableteq Asia Pacific Holding Pte Ltd.
Cable Supply and Consulting Company Private Limited	Singapore	Singapore Dollar	50,000.00	100.00%	Draka Cableteq Asia Pacific Holding Pte Ltd.
Draka NK Cables (Asia) Pte Ltd.	Singapore	Singapore Dollar	200,000.00	100.00%	Prysmian Group Finland OY
Thailand					
MCI-Draka Cable Co. Ltd.	Bangkok	Thai Baht	435,900,000.00	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
Japan					
EHC Japan K.K.	"Chiyoda-ku Tokyo"	Yen	4,000.00	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
EUROPE					
Germany					
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
U.K.					
Rodco Ltd.	Woking	British Pound	5,000,000	40.00%	Prysmian Cables & Systems Ltd.
				60.00%	Third parties
Russia					
Elkat Ltd.	Moscow	Russian Rouble	10,000	40.00%	Prysmian Group Finland OY
				60.00%	Third parties
CENTRAL/SOUTH AMERICA					
Chile					
Colada Continua Chilena S.A.	Quilicura (Santiago)	Chile Peso	100	41.00%	Cobre Cerrillos S.A.
				59.00%	Third parties
ASIA					
China					
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.
Malaysia					
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 other investments not consolidated pursuant to IFRS 10:

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

Certification of the consolidated financial statements

pursuant to art. 81-ter of consob regulation 11971 dated 14 may 1999 and subsequent amendments and additions

1. The undersigned Valerio Battista, as Chief Executive Officer, Stefano Invernici and Alessandro Brunetti, as managers responsible for preparing the financial reports of Prysmian S.p.A., certify, also taking account of the provisions of paragraphs 3 and 4, art. 154-bis of Italian Legislative Decree 58 dated 24 February 1998, that during 2021 the accounting and administrative processes for preparing the consolidated financial statements:
   - have been adequate in relation to the business's characteristics and
   - have been effectively applied.

2. The adequacy of the accounting and administrative processes for preparing the consolidated financial statements at 31 December 2021 has been evaluated on the basis of a procedure established by Prysmian in compliance with the internal control framework established by the Committee of Sponsoring Organizations of the Treadway Commission, which represents the generally accepted standard model internationally.

   It is nonetheless reported that:
   - during 2021, several of Prysmian Group's companies were involved in the information system changeover project. The process of fine-tuning the new system's operating and accounting functions is still in progress for some of them; in any case, the system of controls in place ensures uniformity with the Group's system of procedures and controls.

3. It is also certified that:

   3.1 The consolidated financial statements at 31 December 2021:
   a) have been prepared in accordance with applicable international accounting standards recognised by the European Union under Regulation (EC) 1606/2002 of the European Parliament and Council dated 19 July 2002;
   b) correspond to the underlying accounting records and books of account;
   c) are able to provide a true and fair view of the issuer's statement of financial position and results of operations and of the group of companies included in the consolidation.

   3.2 The directors' report contains a fair review of performance and the results of operations, and of the situation of the issuer and the group of companies included in the consolidation, together with a description of the principal risks and uncertainties to which they are exposed.

Milan, 1 March 2022

Valerio Battista	Stefano Invernici	Alessandro Brunetti
CHIEF EXECUTIVE OFFICER	MANAGERS RESPONSIBLE FOR PREPARING COMPANY FINANCIAL REPORTS	

Indipendent Auditors' Report

Building a better working world

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

To the Shareholders of
Prysmian S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Prysmian Group (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of income, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

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

Key Audit Matters

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

EY S.p.A.
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Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. di Milano 606158 - P.IVA 00891231003
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Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

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We identified the following key audit matters:

Key Audit Matters	Audit Response
Recognition of revenues and margins from construction contracts and risks related to ongoing and completed contracts	
The consolidated financial statements include revenues related to the "Projects" segment for Euro 1,594 million. These revenues, and the related margins, are mainly derived from construction contracts and are recognized in the income statement considering the progress of the project, in accordance with the percentage of completion method, which is determined on the basis of actual costs, as compared to expected costs. Processes and method of revenue recognition and evaluation of construction contracts and the valuation of liabilities related to ongoing and completed contracts are based on assumptions, sometimes complex, which imply, by their nature, estimates by directors, especially with regard to forecasted costs to complete each project, including the estimate of risks and penalties where applicable and for warranty repairs on completed projects, as well as to contract modifications either expected or under negotiation as well as to changes in estimates from prior periods. Considering the complexity of assumptions adopted in forecasting costs to complete the projects, in accounting for contract modifications under negotiation and in the valuation of risks related to ongoing and completed contracts as well as the potential significant impact of changes in estimates on the net result of the fiscal year we assessed this matter as a key audit matter. Financial statements disclosures related to this matter are reported in the notes "13. Provisions for risks and charges", "38.9 Construction contracts" and "39. Estimates and assumptions" of the consolidated financial statements.	Our audit procedures related to the key audit matter included, among the others, the analysis of the accounting treatment adopted by Prysmian Group, as well as the analysis of the procedures and key controls implemented by management to assess the criteria for recognition of revenues and margins from construction contracts. We performed a detailed analysis of assumptions involving a significant judgment by directors, in particular with regard to the estimate of costs to complete significant projects, including expected risks and penalties and contract modifications expected or under negotiation. This analysis included also the valuation of liabilities related to completed contracts and the expected costs for warranty repairs. The analysis has been performed through the analysis of the contracts and project documentation, the inquiries with project managers and the analysis of significant events occurred after the reporting period. We performed a comparative analysis of material variances of projects results in comparison with the original budget, and, where applicable, with prior period. As part of our procedures, we also performed substantive testing on a sample of costs recognized in the fiscal year. We also requested external confirmations to a sample of contractors, in order to test the existence and completeness of specific contract clauses. Finally, we analyzed the disclosures provided in the consolidated financial statements of Prysmian Group as of 31 December 2021.

Recoverability of goodwill

The goodwill recognized in the consolidated financial statements of Prysmian Group as of 31 December 2021 amounts to Euro 1,643 million. Goodwill has been allocated to groups of CGUs, corresponding to the operating segments (Projects, Energy, Telecom), which are expected to benefit from the synergies of business combinations and which represent the lowest level at which management monitors segment business performance.

The process as well as the methods of evaluation and calculation of the recoverable amount of each operating segment are based on assumptions, sometimes complex, which imply, by their nature, estimates by the directors, especially with regard to the forecast of future results, to the identification of long-term growth and discount rates applied on forecasted future cash flows.

Considering the complexity of assumptions adopted in the estimation of the recoverable amount of goodwill we assessed this matter as a key audit matter.

Financial statements disclosures related to this matter are reported in the notes "2. Goodwill and other intangible assets" of the consolidated financial statements.

Our audit procedures related to the key audit matter included, among the others, the analysis of the policy adopted by the Company with regard to the impairment testing, the analysis of the adequacy of the allocation to each CGU of the assets and liabilities and the analysis of future cash flows, taking into account the impairment testing procedure approved by the Board of Directors.

In addition, our procedures included the reconciliation of forecasted cash flows per each segment with the Group budget prepared for the 2022 fiscal year, the analysis of the quality of the forecasts taking into account the historical accuracy of the previous forecasts and the analysis of the calculation of long-term growth and discount rates.

Our procedures were performed with the support of our experts in valuation techniques who performed independent calculation and sensitivity analysis on the key assumptions in order to identify the change in the assumptions that could have a significant impact on the valuation of the recoverable amount.

Finally, we analyzed the disclosures provided in the consolidated financial statements of Prysmian Group as of 31 December 2021.

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

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

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

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

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

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

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

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

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

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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

The shareholders of Prysmian S.p.A., in the general meeting held on 16 April 2015, engaged us to perform the audits of the consolidated financial statements for each of the years ending 31 December 2016 to 31 December 2024.

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

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

Report on compliance with other legal and regulatory requirements

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

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

We have performed the procedures required under audit standard SA Italia n. 700B, in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

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

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

The Directors of Prysmian S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of Prysmian Group as at 31 December 2021, including their consistency with the related consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the consolidated financial statements of Prysmian Group as at 31 December 2021 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operations and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the consolidated financial statements of Prysmian Group as at 31 December 2021 and comply with the applicable laws and regulations.

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

Statement pursuant to article 4 of Consob Regulation implementing Legislative Decree n. 254, dated 30 December 2016

The Directors of Prysmian S.p.A. are responsible for the preparation of the non-financial information pursuant to Legislative Decree n. 254, dated 30 December 2016. We have verified that non-financial information have been approved by Directors.

Pursuant to article 3, paragraph 10, of Legislative Decree n. 254, dated 30 December 2016, such non-financial information are subject to a separate compliance report signed by us.

Milan, 14 March 2022

EY S.p.A.
Signed by: Massimo Meloni, Auditor

This report, that includes the opinion on the consolidated financial statements of Prysmian S.p.A. and the opinions on the Prysmian S.p.A.'s compliance with other legal and regulatory requirements as applicable to our audit, has been translated into the English language solely for the convenience of international readers. Accordingly, we express no such opinions in respect of the English translation of the consolidated financial statements of Prysmian S.p.A. and XHTML format thereof.

Parent Company Report

CONTENTS

Significant events in 2021

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%.

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. 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.

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).

Other significant events

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 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.

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 business processes, providing operational support to all Group entities. To sharpen the focus on ESG objectives, a Group Chief Sustainability Officer has been appointed.

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:

- 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.

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.

Financial performance of Prysmian S.p.A.

The financial information presented and discussed below has been prepared by reclassifying the accompanying financial statements for the year ended 31 December 2021, which in turn have been drawn up in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, and with the implementation guidance for art. 9 of Legislative Decree 38/2005. In addition to the standard financial reporting formats and indicators required under IFRS, a number of reclassified statements and alternative performance indicators have also been presented with the intention of helping users of the financial statements better evaluate the Company's economic and financial performance. Such reclassified statements and performance indicators should not however be treated as substitutes for the accepted ones required by IFRS.

INCOME STATEMENT

(Euro/thousand)	2021	2020
Sales and other income	292,852	193,553
Operating costs	(71,395)	(65,625)
Other expenses	(165,100)	(117,276)
Amortisation, depreciation and impairment	(29,637)	(22,893)
Operating income	**26,720**	**(12,241)**
Net finance income/(costs)	(14,550)	(28,046)
Net income from investments	148,551	111,941
Profit/(loss) before taxes	**160,721**	**71,654**
Taxes	(21,754)	8,822
Net profit/loss)	**138,967**	**80,476**

If not specifically mentioned below, the more significant changes in individual items within the Prysmian S.p.A. income statement are discussed in the Explanatory Notes to its financial statements, to which reference should be made.
The Parent Company's income statement for 2021 reports Euro 138,967 thousand in net profit, up Euro 58,491 thousand from the previous year.

Sales and other income of Euro 292,852 thousand (Euro 193,553 thousand in 2020) include the income of Prysmian S.p.A. from ordinary operations. Following the application of IFRS 15, sales and other income also include the net margin on buying strategic metals and selling them to other Group companies. For information purposes only, the gross revenue from selling strategic materials to Group companies, for whom the Company acts as an agent, amounted to Euro 1,819,833 thousand, while the related costs were Euro 1,818,752 thousand. The net margin on the purchase and sale of strategic materials for the benefit of Group companies therefore amounted to Euro 1,081 thousand in 2021.

Sales and other income also include amounts charged by Prysmian S.p.A. to Group companies for coordination and other services provided by head office functions and for royalties on patents, know-how and trademarks licensed to Group companies.

Operating costs of Euro 71,395 thousand in 2021 (Euro 65,625 thousand in 2020) mostly comprise personnel costs (Euro 64,151 thousand in 2021 versus Euro 61,448 thousand in 2020), with the remainder referring to purchases of other consumables (Euro 7,000 thousand in 2021 versus Euro 4,439 thousand in 2020) and the fair value change in metal derivatives (Euro 243 thousand negative in 2021 versus Euro 262 thousand positive in 2020).
In particular, the growth in personnel costs in 2021 primarily reflects recognition of higher costs for stock-option based incentive plans. Further details can be found in Note 17. Personnel costs of the Explanatory Notes to the financial statements.

Other expenses of Euro 165,100 thousand in 2021 (Euro 117,276 thousand in 2020) were affected by higher recurring and non-recurring costs arising from intercompany transactions.
Further details can be found in the Explanatory Notes to the financial statements under Note 26. Significant non-recurring events and transactions.

Net finance costs of Euro 14,550 thousand (Euro 28,046 thousand in 2020) consist of interest expense on bonds and loans and the aging costs of foreign currency derivatives, net of finance income earned mostly from fees for guarantees given on behalf of Group companies.

Net income from investments amounts to Euro 148,551 thousand, compared with Euro 111,941 thousand in the previous year, and mostly comprises a total of Euro 121,500 in dividends paid by the subsidiaries Draka Holding B.V., Prysmian Treasury S.r.l. and Prysmian Cavi e Sistemi S.r.l., Euro 5,000 thousand in impairment of the investment in Fibre Ottiche Sud – F.O.S. S.r.l. and Euro 32,051 thousand for the increase since the grant date in the fair market value of stock options under the Long-term incentive (LTI) 2020-2022 plan charged to group companies.
Income taxes report a charge of Euro 21,754 thousand (versus income of Euro 8,822 thousand in 2020), of which Euro 20,617 thousand in current tax expense and Euro 1,137 thousand in deferred tax expense. More specifically, current taxes reflect the net effect of the tax charge for the period and net income from Italian companies arising from the election by the Company and its Italian subsidiaries for a group tax consolidation. Further information can be found in Note 22. Taxes of the Explanatory Notes to the financial statements.

Research costs are fully expensed to income, while development costs are capitalised if they meet the required qualifying conditions.
A total of Euro 27,236 thousand in research and development costs were expensed to income in the period under review (Euro 23,321 thousand in 2020); more details can be found in Note 33. Research and development of the Explanatory Notes to the financial statements.

STATEMENT OF FINANCIAL POSITION

The Parent Company's statement of financial position is summarised as follows:

(Euro/thousand)	31 december 2021	31 december 2020
Net fixed assets	5,937,889	5,581,515
of which Investments in subsidiaries	5,719,977	5,367,294
Net working capital	(228,513)	(149,097)
Provisions	(28,372)	(13,672)
Net capital employed	**5,681,004**	**5,418,746**
Employee benefit obligations	7,284	7,253
Total equity	2,294,862	2,208,983
Net financial debt	3,378,858	3,202,509
Total equity and sources of funds	**5,681,004**	**5,418,746**

Note: the composition and method of calculating the above indicators are detailed in the Directors' Report within the Group Annual Report.

If not specifically mentioned below, the more significant changes in individual items within the Prysmian S.p.A. statement of financial position are discussed in the Explanatory Notes to its financial statements, to which reference should be made. Net fixed assets basically comprise the controlling interests in Prysmian Cavi e Sistemi S.r.l., Draka Holding B.V. and in the Group's other Italian companies. The increase of Euro 352,683 thousand in the value of investments in subsidiaries since 2020 is attributable to the net effect of capital contributions paid to the subsidiaries Prysmian Cavie e Sistemi S.r.l., Fibre Ottiche Sud - F.O.S. S.r.l. and Prysmian Cavi e Sistemi Italia S.r.l. minus impairment recognised against the value of the investment in Fibre Ottiche Sud – F.O.S. S.r.l.. The value of investments has also been impacted by the pay-related component of stock option plans, with underlying Prysmian S.p.A. shares, for employees of other Group companies.

Capital expenditure on "Property, plant and equipment" and "Intangible assets" totalled Euro 23,562 thousand in 2021 (Euro 24,624 thousand in 2020). Expenditure on property, plant and equipment amounted to Euro 2,731 thousand, relating to the purchase of IT infrastructure for the Group and fixed installations for the Prysmian Group headquarters. Expenditure on intangible assets, totalling Euro 20,831 thousand, related to the ongoing upgrade of IT systems and Digital Transformation projects, as well as the purchase of new software. More details can be found in Note 1. Property, plant and equipment and Note 2. Intangible assets of the Explanatory Notes to the financial statements.
The balance of net fixed assets in 2021 includes net increases of Euro 9,779 thousand to account for leases in accordance with IFRS 16.

Net working capital is a negative Euro 228,513 thousand and comprises:

- Euro 337,540 thousand as the net negative balance between trade receivables and trade payables (see Notes 5 and 11 to the financial statements);
- Euro 109,027 thousand as the net positive balance of other receivables/payables and financial receivables/payables (see Notes 5 and 11 to the financial statements).

Provisions, presented net related to deferred tax assets, amount to Euro 28,372 thousand at 31 December 2021 (see Notes 4 and 12 to the financial statements) compared with Euro 13,672 thousand at 31 December 2020. The year-on-year difference primarily reflects adjustments to the provisions for risks and charges.

Equity amounts to Euro 2,294,862 thousand at 31 December 2021, reporting a net increase of Euro 85,879 thousand since 31 December 2020. A more detailed analysis of the changes in equity can be found in the Statement of Changes in Equity forming part of the Financial Statements presented in the following pages.
The Group's consolidated equity at 31 December 2021 and consolidated net profit for 2021 are reconciled with the corresponding figures for the Parent Company Prysmian S.p.A. in a table presented in the Directors' Report within the Group Annual Report.

Net financial debt amounts to Euro 3,378,858 thousand at 31 December 2021, compared with Euro 3,202,509 thousand at 31 December 2020.

The following table presents a detailed breakdown of net financial debt.

(Euro/thousand)	Note	31 december 2021	of which related parties (Note 25)	31 december 2021	of which related parties (Note 25)
Long-term financial payables					
CDP Loans	10	174,528		99,767	
Mediobanca Loan	10	99,819		99,739	
Intesa Loan	10	149,656		149,536	
EIB Loans	10	109,931		109,908	
Non-convertible bond	10	-		747,822	
Convertible Bond 2017	10	-		488,776	
Term Loan	10	997,797		996,287	
Convertible Bond 2021	10	707,088		-	
Unicredit Loan	10	199,681		199,516	
Interest rate swaps	7	2,548		12,294	
Lease liabilities	10	17,173		13,186	
Total long-term financial payables		**2,458,221**		**2,916,830**	
Short-term financial payables					
CDP Loans	10	71		77	
Mediobanca Loan	10	144		148	
Intesa Loan	10	315		315	
EIB Loans	10	4		8,322	
Non-convertible bond	10	763,087		13,562	
Term Loan	10	703		703	
Convertible Bond 2017	10	249,824		-	
Unicredit Loan	10	303		319	
Lease liabilities	10	5,721		6,068	
Short-term loans from Group companies	11	194,941	194,941	258,882	258,882
Other borrowings	10	1,533		1,508	
Interest rate swaps	7	6,476		6,503	
Total short-term financial payables		**1,223,121**		**296,407**	
Total financial liabilities		**3,681,342**		**3,213,237**	
Long-term financial receivables	5	172		134	
Long-term bank fees	5	1,420		2,556	
Short-term financial receivables	6	199,609	-	-	
Short-term loans to Group companies	5	-	-	6,652	6,652
Short-term bank fees	5	1,185		1,136	
Cash and cash equivalents	8	100,097		250	
Net financial debt		**3,378,858**		**3,202,509**	

Note 10 of the Explanatory Notes to the financial statements contains a reconciliation of the Company's net financial debt to the amount reported in accordance with the requirements of CONSOB communication 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).
A more detailed analysis of cash flows can be found in the Statement of Cash Flows, forming part of the Financial Statements presented in the following pages.

Human Resources, Safety and Environment

Prysmian S.p.A. had a total of 421 employees at 31 December 2021 (406 at 31 December 2020), of whom 380 management/white-collar staff (364 at 31 December 2020) and 41 blue-collar staff (42 at 31 December 2020).
The Company has taken systematic, ongoing steps to implement all the fundamental activities required to manage issues concerning the environment, and the health and safety of its employees.
More details can be found in the Group's Consolidated Disclosure of Non-Financial Information.

Direction and Coordination

Prysmian S.p.A. is not under the direction and coordination of other companies or entities but decides its general and operational strategy in complete autonomy. Pursuant to art. 2497-bis of the Italian Civil Code, the direct and indirect subsidiaries of Prysmian S.p.A. have identified it as the entity which exercises direction and coordination for them. Such direction and coordination involves identifying general and operational strategies for the Group as a whole and defining and implementing internal control systems, models of governance and corporate structure.

Intercompany and Related party transactions

Information on related party transactions, including that required by the Consob Communication dated 28 July 2006, is presented in Note 25 to the Parent Company Financial Statements.

Secondary offices

The Company does not have any secondary offices.

Share Capital and Corporate Governance

Share capital amounts to Euro 26,814,425 at 31 December 2021, consisting of 268,144,246 ordinary shares (including 4,642,199 treasury shares), with a nominal value of Euro 0.10 each. The total number of outstanding voting shares is 263,502,047, net of 10,669 treasury shares held indirectly.
Information about Corporate Governance can be found in the Directors' Report within the Group Annual Report.

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 took place during 2021.

Risk Factors

Prysmian S.p.A. is exposed in the normal conduct of its business to a number of financial and non-financial risk factors which, if they should arise, could even have a material impact on its results of operations and financial condition. Prysmian S.p.A. adopts specific procedures to manage the risk factors that might influence its business results. These procedures are the result of corporate policy which has always been directed at maximising value for shareholders by taking all necessary steps to prevent the risks inherent in the Company's business.

Based on its financial performance and cash generation in recent years, as well as its financial resources available at 31 December 2021 and committed undrawn credit lines at that date, the Company believes that, barring any extraordinary events, there are no material uncertainties that could cast significant doubt upon the business's ability to continue to operate on a going concern basis.
More details about risk factors and the system of internal controls can be found in the Directors' Report within the Group Annual Report.

Financial risk management policies

Financial risk management policies are discussed in Section C of the Explanatory Notes to the financial statements.

Business outlook

With regard to business outlook, please refer to the Directors' Report within the Group Annual Report.

Statement of financial position

(Euro/thousand)	Note	31.12.2021	of which related parties (Note 25)	31.12.2020	of which related parties (Note 25)
Non-current assets					
Property, plant and equipment	1	91,073,444		89,631,033	
Intangible assets	2	126,838,617		124,589,988	
Investments in subsidiaries	3	5,719,976,842	5,719,976,842	5,367,293,696	5,367,293,696
Derivatives	7	-		-	
Deferred tax assets	4	9,400,192		12,810,200	
Other receivables	5	96,529,880	94,920,335	43,431,004	40,741,423
Total non-current assets		**6,043,818,975**		**5,637,755,921**	
Current assets					
Trade receivables	5	224,766,271	221,921,987	180,704,286	178,875,508
Other receivables	5	110,065,881	42,993,019	89,695,930	36,045,496
Financial assets at fair value through profit or loss	6	199,608,525			
Derivatives	7	55,257	55,257	302,523	302,523
Cash and cash equivalents	8	100,097,408		250,108	
Total current assets		**634,593,342**		**270,952,847**	
Total assets		**6,678,412,317**		**5,908,708,768**	
Capital and reserves:					
Share capital	9	26,814,425		26,814,425	
Reserves	9	2,129,080,464		2,101,692,394	
Net profit/(loss)	9	138,966,969		80,476,123	
Total equity		**2,294,861,858**		**2,208,982,942**	
Non-current liabilities					
Borrowings from banks and other lenders	10	2,455,672,985		2,904,536,317	
Employee benefit obligations	13	7,283,947	12,333	7,253,442	116,937
Derivatives	7	2,547,820		12,293,989	
Other payables	11	281,059	281,059	3,610	3,610
Total non-current liabilities		**2,465,785,811**		**2,924,087,358**	
Current liabilities					
Borrowings from banks and other lenders	10	1,021,702,243		31,021,591	
Provisions for risks and charges	12	37,771,967	5,473,590	26,482,257	5,473,590
Derivatives	7	6,800,066	323,208	6,716,797	213,534
Trade payables	11	562,306,414	11,536,273	421,106,006	10,721,811
Other payables	11	276,213,575	254,787,338	290,311,817	273,196,668
Current tax payables	14	12,970,383	277,163		
Total current liabilities		**1,917,764,648**		**775,638,468**	
Total liabilities		**4,383,550,459**		**3,699,725,826**	
Total equity and liabilities		**6,678,412,317**		**5,908,708,768**	

Income Statement

(Euro/thousand)	Note	2021	of which related parties (Note 25)	2020	of which related parties (Note 25)
Sales and other income	15	292,852,059	222,026,112	193,552,757	186,576,203
Total sales and other income		**292,852,059**		**193,552,757**	
Raw materials, consumables and supplies	16	(7,000,417)	(4,870,322)	(4,439,240)	(2,254,921)
Fair value change in metal derivatives		(242.806)	(242,806)	262,027	262,027
Personnel costs	17	(64,151,494)	(9,835,072)	(61,447,854)	(12,478,677)
Amortisation, depreciation, impairment and impairment reversals	18	(29,637,006)		(22,893,075)	
Other expenses	19	(165,100,130)	(89,703,663)	(117,276,040)	(31,439,070)
Operating income		**26,720,206**		**(12,241,425)**	
Finance costs	20	(80,112,904)	(8,221,036)	(73,922,837)	(6,181,705)
Finance income	20	65,562,750	49,547,772	45,877,165	42,571,191
Dividends from subsidiaries	21	153,550,924	153,550,924	144,441,360	144,441,360
(Impairment)/revaluation of investments	3	(5,000,000)	(5,000,000)	(32,500,000)	(32,500,000)
Profit before taxes		**160,720,976**		**71,654,263**	
Taxes	22	(21,754,007)	12,352,957	8,821,860	2,019,580
Net profit/(loss)		**138,966,969**		**80,476,123**	

Statement of changes in equity

(Euro/thousand)	Share capital	Share premium reserve	Capital increase costs	Legal reserve	Treasury shares reserve	Extraord-inary reserve	IAS/IFRS first-time adoption reserve
Balance at 31 December 2019	**26,814**	**1,281,071**	**(14,343)**	**5,363**	**97,207**	**52,688**	**30,177**
Dividend distribution	-	-	-	-	-	-	-
Share-based compensation	-	-	(133)	-	(2,624)	-	-
Allocation of prior year net profit	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the year	-	-	-	-	-	-	-
Balance at 31 December 2020	**26,814**	**1,281,071**	**(14,476)**	**5,363**	**94,583**	**52,688**	**30,177**
Dividend distribution	-	-	-	-	-	-	-
Share-based compensation	-	-	-	-	(2,122)	-	-
Non-monetary components of convertible bondconvertible bond	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the year	-	-	-	-	-	-	-
Balance at 31 December 2021	**26,814**	**1,281,071**	**(14,476)**	**5,363**	**92,461**	**52,688**	**30,177**

(*) At 31 December 2021, the number of treasury shares held came to 4,642,199 with a total nominal value of Euro 464,220.

Statement of comprehensive income

(Euro/thousand)	Note	2021	2021
Net profit/(loss)		**138,967**	**80,476**
Other comprehensive income:			
A) Change in cash flow hedge reserve:		**7,427**	**2,252**
Profit/(loss) for the year	9	9,773	2,964
Taxes	9	(2,346)	(711)
B) Actuarial gains/(losses) on employee benefits (*)		**(230)**	**(86)**
Profit/(loss) for the year	9	(303)	(113)
Taxes	9	73	27
Total other comprehensive income (A+B)		**7,197**	**2,166**
Total other comprehensive income (A+B)		**146,164**	**82,643**

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

	Capital contri-bution reserve	Actuarial gains/ (losses) on employee benefits	Convertible bond reserve	Stock option reserve	Cash flow hedge reserve	Treasury shares (*)	Share issue reserve	Retained earnings	Net profit/ (loss) for the year	Total
	6,113	**(1,860)**	**48,189**	**7,762**	**(16,540)**	**(97,207)**	**759**	**556,105**	**178,682**	**2,160,980**
	-	-	-	-	-	-	-	-	(65,816)	(65,816)
	-	-	30,388	-	2,624	-	921	-	31,176	31.176
	-	-	-	-	-	-	341	112,525	(112,866)	-
	-	(86)	-	-	2,253	-	-	-	80,476	82,643
	6,113	**(1,946)**	**48,189**	**38,150**	**(14,287)**	**(94,583)**	**1,100**	**669,551**	**80,476**	**2,208,983**
	-	-	-	-	-	-	-	(51,221)	(80,476)	(131,697)
	-	-	-	(51,221)	(80,476)	(131,697)	-	11.175	-	35.281
	-	-	36,132	-	-	-	-	-	-	36,132
	-	(231)	-	-	7,427	-	-	-	138,967	146,163
	6,113	**(2,177)**	**84,321**	**62,256**	**(6,860)**	**(92,461)**	**1,100**	**629,505**	**138,967**	**2,294,862**


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Statement of Cash Flows

	(Euro/thousand)	2021	of which related parties (Note 25)	2020	of which related parties (Note 25)
	Profit before taxes	160.720.976		71,654,263	
	Amortisation, depreciation and impairment	29.637.006		22,893,076	
	Impairment/(revaluation) of investments	5.000.000	5.000.000	32,500,000	32,500,000
	Net gains (losses) on disposal of fixed assets	-		2,227	
	Dividends	(153.550.924)	(153.550.924)	(144,441,360)	(144,441,360)
	Share-based compensation	9.440.001	2.563.190	7,116,491	2,957,030
	Fair value change in metal derivatives	242.806	242.806	(262,027)	(262,027)
	Net finance costs	14.550.154	(41.326.736)	28,045,672	**(36,389,486)**
	Change in trade receivables/payables	97.325.164	(42.232.017)	36,798,461	(17,969,169)
	Change in other receivables/payables	26.271.800	(2.196.401)	(7,010,087)	8,441,373
	Change in employee benefit obligations	(306.491)	(105.000)	46,729	1,548
	Change in provisions for risks and other movements	(440.546)	-	4,605,302	(196,021)
	Taxes collected/(paid)	800.700	800.700	21,387,992	**26,301,922**
A	**Cash flow from operating activities**	**189.690.646**		**73,336,739**	
	Investments in property, plant and equipment	(2.730.578)		(3,543,445)	
	Investments in intangible assets	(20.831.017)		(21,206,588)	-
	Disposals of intangible assets	-		1,200,000	**1,200,000**
	Investments in financial assets at fair value through profit or loss	(200.000.000)			
	Investments to recapitalise subsidiaries	(355.000.000)	(355.000.000)	(110,000,000)	**(110,000,000)**
	Dividends received	121.500.004	121.500.004	123,000,000	**123,000,000**
B	**Cash flow from investing activities**	**(457.061.591)**		**(10,550,033)**	
	Capital payments and movements in equity	-		(132,710)	
	Dividend distribution	(131.067.383)		(65,815,938)	
	Sale of treasury shares	1.029.405		921,046	
	Proceeds of new loans	75.000.000		-	
	Repayment of loans	(8.333.333)		(116,667,000)	
	Redemption of bonds	(261.000.000)			
	Proceeds of new bonds	768.750.000			
	Changes in other net financial receivables/payables	(58.032.601)	(57.288.795)	131,449,964	**138,296,214**
	Finance costs paid [1]	(83.576.851)	(7.465.581)	(57,963,571)	**(6,051,305)**
	Finance income received [2]	64.449.008	46.440.260	45,609,054	**42,529,535**
C	**Cash flow from financing activities**	**367.218.245**		**(62,599,155)**	
D	**Net increase/(decrease in cash and cash equivalents (A+B+C**	**99.847.300**		**187,551**	
E	**Cash and cash equivalents at the beginning of the year**	**250.108**		**62,557**	
F	**Cash and cash equivalents at the end of the year (D+E)**	**100.097.408**		**250,108**	

1 Finance costs paid of Euro 83,577 thousand include both interest expense and bank fees paid in 2021.
2 Finance income received of Euro 64,449 thousand includes amounts collected from Group companies for recharged fees for guarantees given.


PRYSMIAN

06_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 was formed on 12 May 2005 and as from 1 March 2017 has its registered office in Via Chiese 6, Milan (Italy).
Through its controlling interests in Italian companies and the sub-holding companies Prysmian Cavi e Sistemi S.r.l. and Draka Holding B.V., the Company indirectly owns equity interests in the Prysmian Group's operating companies. The Company and its subsidiaries produce cables and systems and related accessories for the energy and telecommunications industries, and distribute and sell them around the globe.
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.

The financial statements contained herein were approved by the Board of Directors of Prysmian S.p.A. on 1 March 2022.

B. Accounting standards

B.1 BASIS OF PREPARATION

The 2021 financial statements represent the Separate Financial Statements of Prysmian S.p.A., the Parent Company of the Prysmian Group.
The present financial statements have been prepared on a going concern basis, with the Directors having assessed that there are no financial, operating or other kind of indicators that might provide evidence of material uncertainties as to the Company's ability to meet its obligations in the foreseeable future and particularly in the next 12 months. Section C. Financial risk management and Section C.1 Capital risk management of these Explanatory Notes contain a description of how the Company manages financial risks, including liquidity and capital risks.
Under Legislative Decree 38 of 28 February 2005 "Exercise of the options envisaged by art. 5 of European Regulation 1606/2002 on international accounting standards", issuers are required to prepare not only consolidated financial statements but also separate financial statements for the Parent Company in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and published in the Official Journal of the European Union.

The term "IFRS" refers to all the International Financial Reporting Standards, all the International Accounting Standards ("IAS"), and all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

IFRS have been applied consistently to all the periods presented in this document. The Company's financial statements have, therefore, been prepared in accordance with IFRS and related best practice; any future guidance and new interpretations will be reflected in subsequent years, in the manner established from time to time by the relevant accounting standards.

The financial statements have been prepared on the historical cost basis, except for the valuation of certain financial assets and liabilities, including derivatives, for which application of the fair value method is compulsory.

REPORTING FORMATS AND DISCLOSURES

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

The Company has also applied the provisions of Consob Resolution 15519 dated 27 July 2006 concerning financial statement formats and the requirements of Consob Communication 6064293 dated 28 July 2006 regarding disclosures.

All the amounts shown in the tables in the following Notes are expressed in thousands of Euro, unless otherwise stated.

The accounting policies and standards adopted are the same as those used for preparing the consolidated financial statements, to which reference should be made, except as described below.

B.2 NEWLY ADOPTED ACCOUNTING STANDARDS AND PRINCIPLES

The accounting policies and standards used to prepare the current financial statements are consistent with those used for the 2020 separate financial statements. This means there are no new standards or interpretations that have been applied for the first time in these financial statements and that have had an impact on them. Full details can be found in the Explanatory Notes to the Consolidated Financial Statements.
A description of the standards and interpretations applicable from 1 January 2021 and of their effects will now follow..

New standards, interpretations and amendments

The following is a list of new standards, interpretations and amendments whose application became mandatory from 1 January 2021 but which have not shown to have had a material impact on the separate financial statements at 31 December 2021:

- Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021;
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform - Phase 2;
- Amendments to IFRS 4 Insurance Contracts: Deferral of IFRS 9.

B.3 ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET APPLICABLE AND NOT ADOPTED EARLY BY THE COMPANY

The following new Standards, Amendments and Interpretations have been issued at the date of preparing the present report but are not yet applicable:

New Standards, Amendments and Interpretations	Mandatory application as from
Amendments to IAS 1 Presentation of Financial Statements; IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent	1 January 2022
Liabilities and Contingent Assets; and Annual Improvements 2018-2020 IFRS 17 Insurance Contracts	1 January 2023

Preliminary review has indicated that the new standards, amendments and interpretations listed above have no material impact on the Company's financial statements.

C. Financial risk management

Prysmian S.p.A. measures and manages its exposure to financial risks in accordance with the Group's policies. The main financial risks are centrally coordinated and monitored by the Group Finance Department. Risk management policies are approved by the Group Finance, Administration and Control Department, which provides written guidelines on managing the different kinds of risks and on using financial instruments.
The financial risks to which Prysmian S.p.A. is exposed, directly or indirectly through its subsidiaries, are the same as those of the companies of which it is the Parent Company. Reference should therefore be made to Section C. Financial risk management of the Explanatory Notes to the Group's Consolidated Financial Statements.
The principal types of risks to which the Company is exposed are discussed below:

(a) Exchange rate risk

This arises from trade or financial transactions not yet completed and from assets and liabilities in foreign currency already recognised in the accounts. The Company mitigates this risk by using forward contracts entered into with the Group's central treasury company (Prysmian Treasury S.r.l.), which manages the various currency positions. The principal exchange rates affecting the Company are:

- Euro/British Pound: in relation to trade transactions on the British market and vice versa;
- Euro/US Dollar: in relation to trade transactions in US dollars;
- Euro/Australian Dollar: in relation to trade transactions on the Australian market;
- Euro/Chinese Renminbi: in relation to trade transactions on the Chinese market;
- Euro/Singapore Dollar: in relation to trade transactions on the Singapore market.

In 2021, trade flows exposed to the above exchange rates accounted for most of the exposure to exchange rate risk arising from trade transactions.

It is the Company's policy to hedge, where possible, exposures in currencies other than its unit of account. In particular, the Company hedges:

- firm cash flows: invoiced trade flows and exposures arising from loans receivable and payable;
- projected cash flows: trade and financial flows arising from firm or highly probable contractual commitments.

The following sensitivity analysis shows the effects on net profit of a 5% and 10% increase/decrease in exchange rates versus closing exchange rates at 31 December 2021.

(Euro/thousand)	2021 -5%	2021 5%	2020 -5%	2020 5%
British Pound	(152)	138	(79)	72
US Dollar	(130)	118	(580)	525
Australian Dollar	(4)	4	(33)	30
Chinese Renminbi	(4)	4	(78)	71
Singapore Dollar	-	-	(60)	54
Other currencies	(15)	14	(99)	90
Total	**(307)**	**277**	**(929)**	**841**

(Euro/thousand)	2021 -10%	2021 10%	2020 -10%	2020 10%
British Pound	(322)	263	(168)	137
US Dollar	(275)	225	(1,225)	1,002
Australian Dollar	(9)	8	(69)	56
Chinese Renminbi	(9)	8	(165)	135
Singapore Dollar	-	-	(126)	103
Other currencies	(32)	26	(209)	171
Total	**(647)**	**530**	**(1,962)**	**1,605**

When assessing the potential impact of the above, the assets and liabilities in currencies other than their unit of account were considered, net of any derivatives hedging the above-stated cash flows.

The following sensitivity analysis shows the post-tax effects on equity reserves of an increase/decrease in the fair value of designated cash flow hedges following a 5% and 10% increase/decrease in exchange rates versus closing exchange rates at 31 December 2021.

(Euro/thousand)	2021 -5%	2021 5%	2020 -5%	2020 5%
British Pound	31	(28)	48	(53)
Total	**31**	**(28)**	**48**	**(53)**

(Euro/thousand)	2021 -10%	2021 10%	2020 -10%	2020 10%
British Pound	65	(53)	92	(112)
Total	**65**	**(53)**	**92**	**(112)**

(b) Interest rate risk

The interest rate risk to which the Company is exposed is mainly due to long-term financial liabilities, carrying both fixed and variable rates.
Fixed rate debt exposes the Company to a fair value risk. The Company does not operate any particular hedging policies in relation to the risk arising from such contracts.

The Group Finance Department monitors the exposure to interest rate risk and adopts appropriate hedging strategies to keep the exposure within the limits defined by the Group Administration, Finance and Control Department, arranging derivative contracts, if necessary.

The net liabilities considered for sensitivity analysis include variable rate financial receivables and payables and cash and cash equivalents whose value is influenced by rate volatility. The Company calculates the pre-tax impact of changes in interest rates on the income statement.

The simulations carried out for balances at 31 December 2021 indicate that, with all other variables remaining equal, a 25 b.p. increase/decrease in interest rates would have respectively reduced the level of financial payables by Euro 396 thousand (2020: decrease of Euro 1,795 thousand) or increased them by Euro 396 thousand (2020: increase of Euro 1,795 thousand). This simulation exercise is carried out on a regular basis to ensure that the maximum potential loss is within the limits set by Management.

(c) Price risk

This risk relates to the possibility of fluctuations in the price of strategic materials, whose purchase price is subject to market volatility and whose procurement from third-party suppliers is managed centrally by the Company, which then sells them on to Group operating companies. The Company is exposed to a residual price risk on those purchasing positions that have not been promptly recharged to Group operating companies. More information about metal derivatives can be found in Note 7. Derivatives

(d) Credit risk

The Company does not have excessive concentrations of credit risk insofar as almost all its customers are companies belonging to the Group. In addition, there are no material past due receivables that have not been written down.

(e) Liquidity risk

Prudent management of the liquidity risk arising from the Company's normal operations involves having adequate levels of cash and cash equivalents and short-term securities and access to funds from a sufficient amount of committed credit lines. The Company's Finance Department prefers flexible forms of funding in the form of committed credit lines.
At 31 December 2021, cash and cash equivalents stood at Euro 100,097 thousand, compared with Euro 250 thousand at 31 December 2020. The Company is able to draw down on the credit lines granted to the Group in the form of the Revolving Credit Facility 2019 (Euro 1,000 million). More details can be found in the Explanatory Notes to the Consolidated Financial Statements (Section C. Financial risk management).

The following table presents an analysis, by due date, of the payables and liabilities settled on a net basis. The various due date categories refer to the period between the reporting date and the contractual maturity of the obligations.

	31 december 2021			
(Euro/thousand)	Due within 1 year	Due between 1-2 years	Due between 2-5 years	Due after 5 years
Borrowings from banks and other lenders	1,169,188	1,279,024	1,325,336	62,212
Lease liabilities	5,685	4,302	6,245	6,727
Derivatives	6,816	2,532	-	-
Trade and other payables	838,520	-	-	-
Total	**2,020,209**	**1,285,858**	**1,331,581**	**68,939**

	31 december 2020			
(in migliaia di Euro)	Due within 1 year	Due between 1-2 years	Due between 2-5 years	Due after 5 years
Borrowings from banks and other lenders	67.255	1,263,040	1,669,755	127
Lease liabilities	6.279	2,766	3,658	7,422
Derivatives	6.717	7,084	5,210	-
Trade and other payables	711.418	-	-	-
Total	**791.670**	**1,272,890**	**1,678,623**	**7,549**

In completion of the disclosures about financial risks, the following is a reconciliation between the classes of financial assets and liabilities reported in the Company's statement of financial position and the categories used by IFRS 7 to identify financial assets and liabilities:

	31 december 2021				
(Euro/thousand)	Financial assets at fair value through profit or loss	Receivables and other assets at amortised cost	Financial liabilities at fair value through profit or loss	Financial liabilities carried at amortised cost	Hedging derivatives
Trade receivables	-	224,766	-	-	-
Other receivables	-	206,596	-	-	-
Derivatives (assets)	55	-	-	-	-
Cash and cash equivalents	-	100,097	-	-	-
Borrowings from banks and other lenders	-	-	-	3,477,377	-
Trade payables	-	-	-	562,306	-
Other payables	-	-	-	276,495	-
Derivatives (liabilities)	-	-	41	-	9,307

(Euro/thousand)	31 december 2021 Financial assets at fair value through profit or loss	Receivables and other assets at amortised cost	Financial liabilities at fair value through profit or loss	Financial liabilities carried at amortised cost	Hedging derivatives
Trade receivables	-	180,704	-	-	-
Other receivables	-	133,127	-	-	-
Derivatives (assets)	296	-	-	-	6
Cash and cash equivalents	-	250	-	-	-
Borrowings from banks and other lenders	-	-	-	2,935,558	-
Trade payables	-	-	-	421,106	-
Other payables	-	-	-	290,315	-
Derivatives (liabilities)	-	-	33	-	18,978

C.1 CAPITAL RISK MANAGEMENT

The Company's objective in capital risk management is primarily to safeguard business continuity in order to guarantee returns for shareholders and benefits for other stakeholders.
The Company also aims to maintain an optimal capital structure in order to reduce the cost of debt and to comply with a series of covenants under the various credit agreements (Note 10. Borrowings from banks and other lenders and Note 29. Financial covenants).

The Company also monitors capital on the basis of its gearing ratio (ie. the ratio between net financial debt and capital). Details of the composition of net financial debt can be found in Note 10.
Borrowings from banks and other lenders. Capital is defined as the sum of equity and net financial debt.

The gearing ratios at 31 December 2021 and 31 December 2020 are shown below

(Euro/thousand)	31 december 2021	31 december 2020
Net financial debt	3,378,858	3,202,509
Equity	2,294,861	2,208,983
Total capital	5,673,719	5,411,492
Gearing ratio	**60%**	**59%**

C.2 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. Therefore, the emphasis within Level 1 is on determining both of the following:
  - the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability; and
  - whether the entity can enter into a transaction for the asset or liability at the price in that market at the measurement date.

- **Level 2:** Fair value is determined using valuation techniques where the input is based on observable market data. The inputs for this level include:
  - quoted prices for similar assets or liabilities in active markets;
  - quoted prices for identical or similar assets or liabilities in markets that are not active;
  - inputs other than quoted prices that are observable for the asset or liability, for example:
    - interest rate and yield curves observable at commonly quoted intervals;
    - implied volatilities;
    - credit spreads;
  - market-corroborated inputs
- **Level 3:** Fair value is determined using valuation techniques where the input is not based on observable market data.

The following tables present the assets and liabilities that are recurrently measured at fair value:

(Euro/thousand)	31 december 2021 Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value:				
Derivatives through profit or loss	-	55	-	55
Hedging derivatives	-	-	-	-
Total assets	**-**	**55**	**-**	**55**
Liabilities				
Financial liabilities at fair value:				
Derivatives through profit or loss	-	41	-	41
Hedging derivatives	-	9,307	-	9,307
Total liabilities	**-**	**9,348**	**-**	**9,348**

(Euro/thousand)	31 december 2020 Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value:				
Derivatives through profit or loss	-	296	-	296
Hedging derivatives	-	6	-	6
Total assets	**-**	**302**	**-**	**302**
Liabilities				
Financial liabilities at fair value:				
Derivatives through profit or loss	-	33	-	33
Hedging derivatives	-	18,978	-	18,978
Total liabilities	**-**	**19,011**	**-**	**19,011**

C.3 RISKS RELATED TO CLIMATE CHANGE

The Company's activities are exposed to different types of risks related to climate change, as described in the Directors' Group Report and more extensively in the Group's Non-Financial Information Statement, to which reference should be made. The Company assesses whether climate risks could have a material impact (e.g., the introduction of regulations to reduce emissions) and, if so, they are included in the significant assumptions.
The grant of shares is subject to continued employment with the Group in the months between signing up to one of

the plan's purchase windows and the purchase of the shares themselves on the equity market. The plan's financial and economic impact has therefore been estimated on the basis of the best possible estimates and information currently available.

1. PROPERTY, PLANT AND EQUIPMENT

(Euro/thousand)	Land and buildings	Plant and machinery	Equipment	Other assets	Assets under construction and advances	Total
Balance at 31 December 2020	**53,029**	**14,710**	**3,548**	**11,068**	**7,276**	**89,631**
Movements in 2021:						
Investments	12	8	175	19	2,517	2,731
Increases for leases (IFRS 16)	1,114			8,665		9,779
Disposals	-	-	-	-	-	-
Depreciation	(2,586)	(735)	(1,245)	(5,476)	-	(10,042)
Impairment	-	-	-	-	(111)	(111)
Reclassifications	1,495	868	202	1,574	(5,054)	(915)
Total movements	**35**	**141**	**(868)**	**4,782**	**(2,648)**	**1,442**
Balance at 31 December 2021	**53,064**	**14,851**	**2,680**	**15,850**	**4,628**	**91,073**
Of which:						
Historical cost	74,849	23,527	10,259	33,098	4,739	146,472
Accumulated depreciation and impairment	(21,785)	(8,676)	(7,579)	(17,248)	(111)	(55,399)
Net book value	**53,064**	**14,851**	**2,680**	**15,850**	**4,628**	**91,073**

(Euro/thousand)	Land and buildings	Plant and machinery	Equipment	Other assets	Assets under construction and advances	Total
Balance at 31 December 2019	**52,775**	**15,427**	**2,924**	**10,629**	**10,260**	**92,015**
Movements in 2020:						
Investments	487	-	96	265	2,695	3,543
Increases for leases (IFRS 16)	1,623	-	-	4,481	-	6,104
Disposals	-	-	-	-	-	-
Depreciation	(2,724)	(717)	(1,304)	(5,928)	-	(10,673)
Impairment	-	-	-	-	-	-
Reclassifications	868	-	1,832	1,620	(5,679)	(1,359)
Total movements	**254**	**(717)**	**624**	**438**	**(2,984)**	**(2,384)**
Balance at 31 December 2020	**53,029**	**14,710**	**3,548**	**11,068**	**7,276**	**89,631**
Of which:						
Historical cost	73,269	22,652	9,883	23,552	7,276	136,632
Accumulated depreciation and impairment	(20,240)	(7,942)	(6,334)	(12,484)	-	(47,001)
Net book value	**53,029**	**14,710**	**3,548**	**11,068**	**7,276**	**89,631**

"Land and buildings", with a net book value of Euro 53,064 thousand, have recorded a net increase of Euro 35 thousand in 2021, reflecting the net effect of capitalisations (Euro 1,495 thousand), asset depreciation (Euro 2,586

thousand), the effect of applying IFRS 16 (Euro 1,114 thousand) and new investments (Euro 12 thousand).
"Plant and machinery" (Euro 14,851 thousand) and "Equipment" (Euro 2,680 thousand) mostly refer to instrumentation used for R&D activities and to various fixed installations within Prysmian Group's headquarters.
"Other assets" (Euro 15,850 thousand) mainly consist of office furniture and equipment and computer equipment for Euro 5,845 thousand, and capitalisations under IFRS 16 for Euro 10,005 thousand.
"Assets under construction and advances" (Euro 4,628 thousand) mostly refer to expenditure on plant and machinery for use in R&D and on other equipment intended for the Prysmian headquarters.

2. INTANGIBLE ASSETS

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

(Euro/thousand)	Patents	Concessions, licences, trademarks and similar rights	Software	Other intangible assets	Intangibles in progress and advances	Total
Balance at 31 December 2020	**45**	**43,597**	**65,700**	**84**	**15,164**	**124,590**
Movements in 2021:						
Investments	-	2	5,951	-	14,878	20,831
Disposals	-	-	-	-	-	-
Amortisation	(4)	(5,359)	(14,050)	(84)	-	(19,497)
Reclassifications	-	580	12,275	-	(11,940)	915
Total movements	**(4)**	**(4,777)**	**4,176**	**(84)**	**2,938**	**2,249**
Balance at 31 December 2021	**41**	**38,820**	**69,876**	**-**	**18,103**	**126,839**
Of which:						
Historical cost	11,455	69,151	156,078	787	18,103	255,573
Accumulated amortisation and impairment	(11,414)	(30,331)	(86,202)	(787)	-	(128,734)
Net book value	**41**	**38,820**	**69,876**	**-**	**18,103**	**126,839**

(Euro/thousand)	Patents	Concessions, licences, trademarks and similar rights	Software	Other intangible assets	Intangibles in progress and advances	Total
Balance at 31 December 2019	**50**	**40,882**	**39,263**	**216**	**35,163**	**115,574**
Movements in 2020:						
Investments	-	1,410	8,856	-	10,815	21,081
Disposals	-	-	(1,202)	-	-	(1,202)
Amortisation	(5)	(4,498)	(7,585)	(133)	-	(12,221)
Reclassifications	-	5,804	26,368	-	(30,813)	1,359
Total movements	**(5)**	**2,715**	**26,437**	**(133)**	**(19,999)**	**9,016**
Balance at 31 December 2020	**45**	**43,597**	**65,700**	**84**	**15,164**	**124,590**
Of which:						
Historical cost	11,455	68,569	137,727	787	15,164	233,702
Accumulated amortisation and impairment	(11,410)	(24,972)	(72,027)	(704)	-	(109,112)
Net book value	**45**	**43,597**	**65,700**	**84**	**15,164**	**124,590**

In 2021, gross capital expenditure on intangible assets came to Euro 20,831 thousand, most of which attributable to ongoing enhancement of information systems and Digital Transformation projects. In 2021, the group ERP system

(SAP 1C) successfully migrated to the new SAP S4/HANA platform. The system, which now manages 78 plants in 28 countries, operates entirely on cloud-based infrastructure and with a simplified database.
Another area of the business that saw significant IT investments was the Treasury function, with consolidation of its operations on the new SAP Treasury S4 platform.

"Concessions, licences, trademarks and similar rights" amount to Euro 38,820 thousand at 31 December 2021, with the change since the previous year attributable to amortisation (Euro 5,359 thousand), capitalisations in the year (Euro 580 thousand) and new investments (Euro 2 thousand).

"Software" amounts to Euro 69,876 thousand at 31 December 2021, with the change since the previous year attributable to amortisation (Euro 14,050 thousand), capitalisations in the year (Euro 12,275 thousand) and new investments (Euro 5,951 thousand).

"Intangibles in progress and advances" of Euro 18,103 thousand mostly refer to expenditure on rolling out the above SAP projects, and on developing other software

3. INVESTMENTS IN SUBSIDIARIES

These present a balance of Euro 5,719,977 thousand at 31 December 2021, having recorded the following movements over the year:

(Euro/thousand)	31.12.2020	Capital contributions	Investment (impairment)/ revaluation	Capital contributions for stock options	31.12.2021
Prysmian Cavi e Sistemi S.r.l.	100,421	300,000		1,186	401,607
Draka Holding B.V.	4,788,619			1,364	4,789,983
Prysmian Cavi e Sistemi Italia S.r.l.	91,192	25,000		28	116,220
Prysmian Power Link S.r.l.	219,657			84	219,741
Fibre Ottiche Sud - F.O.S. S.r.l.	80,421	30,000	(5,000)	20	105,441
Prysmian Treasury Srl	83,549			1	83,550
Prysmian Kabel und Systeme GmbH	3,434				3,434
Draka Kabely SRO	1				1
Total investments in subsidiaries	**5,367,294**	**355,000**	**(5,000)**	**2,683**	**5,719,977**

The change in the value of Investments in subsidiaries of Euro 352,683 thousand consists of an increase of Euro 357,683 thousand and a decrease of Euro 5,000 thousand for impairment.
The increase is due to capital contributions paid to Prysmian Cavi e Sistemi S.r.l., Fibre Ottiche Sud - F.O.S. S.r.l. and Prysmian Cavi e Sistemi Italia S.r.l. and to increases related to the pay-related component of stock option plans, with underlying Prysmian S.p.A. shares, for employees of other Group companies, as explained in Note 17.

Personnel costs. Since it is not recharged, this component has been treated like a capital contribution and so reported as an increase in the value of the investments in the subsidiaries in which the plan beneficiaries are directly or indirectly employed. These increases are matched by a corresponding movement in the specific equity reserve. Further information can be found in Note 9. Share capital and reserves.

At the end of the financial year, the Company reviewed whether there was any evidence of impairment. This review identified the following companies for impairment testing: Draka Holding B.V., Fibre Ottiche Sud – F.O.S. S.r.l., Prysmian Cavi e Sistemi Italia S.r.l., and Prysmian Power Link S.r.l.. The carrying amount of the investments in these subsidiaries was compared with their recoverable amount, defined as the higher of value in use and fair value.

The cash flow projection used to calculate value in use took the post-tax cash flow in the 2022 budget for year one, projecting this to 2023-2024 using growth rates ranging between 1.02% and 3.4% depending on the individual company's country of operation. The WACC (Weighted Average Cost of Capital) used to discount cash flows for determining value in use was also determined according to company country of operation.

The values of WACC thus determined were in a range of 5.65% to 8.22%. The perpetuity growth rate for projections after 2024 was 2%.
It should also be noted that any reasonably possible change in the relevant assumptions used to determine recoverable amount (+/-0.5% change in the growth rate, and +/-0.5% change in the discount rate) would not produce significantly different results. Fair value, on the other hand, was calculated using the market multiples method, with reference to companies in the same sector.
These impairment tests revealed the need for a partial write-down of Euro 5,000 thousand against the value of the investment in Fibre Ottiche Sud - F.O.S. S.r.l..

The following table summarises key information about investments held in subsidiaries:

Company name	Registered office	Share capital	% interest 2021	% interest 2020
Prysmian Cavi e Sistemi S.r.l.	Milan	Eur 50,000,000	100	100
Draka Holding B.V.	Amsterdam	Eur 52,229,321	100	100
Prysmian Cavi e Sistemi Italia S.r.l.	Milan	Eur 77,143,249	100	100
Prysmian PowerLink S.r.l.	Milan	Eur 100,000,000	100	100
Fibre Ottiche Sud - F.O.S. S.r.l.	Battipaglia	Eur 47,700,000	100	100
Prysmian Treasury S.r.l.	Milan	Eur 80,000,000	100	100
Prysmian Kabel Und Systeme GmbH	Berlin	Eur 15,000,000	6.25	6.25
Prysmian Pension Scheme Trustee Ltd	Hampshire	GBP 1	100	100
Prysmian Kablo SRO(1)	Bratislava	Eur 21,246,001	0.005	0.005
Jaguar Communication Consultancy Services Private Ltd. (1)	Mumbai	INR 122,268,218	0.000001	0.00000
Prysmian Cabos e Sistemas do Brasil S.A (1)	Sorocaba	BRL 910,044,391	0.040177	0.040177

(1) Controlled indirectly

4. DEFERRED TAX ASSETS

Details are as follows::

(Euro/thousand)	31 december 2021	31 december 2020
Deferred tax assets:		
Deferred tax assets recoverable beyond 12 months	9,274	12,718
Deferred tax assets recoverable within 12 months	126	92
Total deferred tax assets	**9,400**	**12,810**

Movements in deferred taxes are analysed as follows:

(Euro/thousand)	Employee benefit obligations	Provisions for risks	Other	Total
Balance at 31 December 2020	**615**	**5,402**	**6,794**	**12,810**
Impact on income statement	-	(125)	(1,012)	(1,137)
Impact on equity	73	-	(2,346)	(2,273)
Balance at 31 December 2021	**687**	**5,277**	**3,436**	**9,400**

Deferred tax assets amount to Euro 9,400 thousand (Euro 12,810 thousand at 31 December 2020) and reflect the effect of temporary differences between the accounting value of assets and liabilities at 31 December 2021 and their corresponding tax value. Further information can be found in Note 22. Taxes.

5. TRADE AND OTHER RECEIVABLES

Details are as follows:

	31 december 2021		
(Euro/thousand)	Non-current	Current	Total
Trade receivables	-	224,804	224,804
Allowance for doubtful accounts	-	(38)	(38)
Total trade receivables	**-**	**224,766**	**224,766**
Other receivables:			
Tax receivables	-	51,211	51,211
Financial receivables	172	-	172
Prepaid finance costs	1,420	1,185	2,605
Receivables from employees	18	1,418	1,436
Other	94,920	56,252	151,172
Total other receivables	**96,530**	**110,066**	**206,596**
Total	**96,530**	**334,832**	**431,362**

	31 december 2020		
(Euro/thousand)	Non-current	Current	Total
Trade receivables	-	180,742	180,742
Allowance for doubtful accounts	-	(38)	(38)
Total trade receivables	**-**	**180,704**	**180,704**
Other receivables:			
Tax receivables	-	40,144	40,144
Financial receivables	134	6,652	6,786
Prepaid finance costs	2,556	1,136	3,692
Receivables from employees	-	1,622	1,622
Other	40,741	40,142	80,883
Total other receivables	**43,431**	**89,696**	**133,127**
Total	**43,431**	**270,400**	**313,831**

The following table breaks down trade and other receivables according to the currency in which they are expressed:

(Euro/thousand)	31 december 2021	31 december 2020
Euro	344,530	254,281
British Pound	23,268	27,210
US Dollar	37,095	18,031
Other currencies	26,469	14,309
Total	**431,362**	**313,831**

"Trade receivables" at 31 December 2021 mainly refer to amounts charged by Prysmian S.p.A. to its subsidiaries for head office services and the resale of strategic materials.
The book value of trade receivables approximates their fair value.
Trade receivables are all due within the next year and do not include any material past due balances.

"Tax receivables" of Euro 51,211 thousand mainly refer to:

- foreign tax credits (Euro 5,385 thousand);
- VAT credits (Euro 20,116 thousand);
- R&D tax credits (Euro 3,213 thousand);
- corporate income tax (IRES) credit for Italian companies participating in the national and world tax consolidation group (Euro 11,603 thousand);
- other tax receivables (Euro 10,894 thousand).

"Financial receivables" mainly refer to guarantees given for the benefit of employees.
"Prepaid finance costs" of Euro 2,605 thousand mainly consist of the Company's share of the costs incurred for the Revolving Credit Facility opened on 3 April 2019, which are being amortised over the term of the agreement, i.e. until April 2024.
At 31 December 2021, "Other" receivables of Euro 151,172 thousand mainly comprise:

- Euro 94,920 thousand in receivables from Group companies for recharges of the LTI (long-term incentive) plan 2020-2022;
- Euro 11,324 thousand in receivables from Italian Group companies for the transfer of IRES (Italian corporate income tax) under the national tax consolidation (art. 117 et seq of the Italian Income Tax Code);
- Euro 31,730 thousand in receivables from Group companies mainly for the chargeback of patent and know-how licences;
- Euro 12,779 thousand in prepayments.

The change in "Other" receivables is mainly due to receivables from Group companies for the LTI plan 2020-2022 and to receivables from Italian Group companies for the transfer of IRES (Italian corporate income tax) for the purposes of the national tax consolidation (Euro 3,538 thousand in 2020).
The book value of financial receivables and other current receivables approximates the respective fair value.

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss, amounting to Euro 199,609 thousand (nil at 31 December 2020), refer to monetary funds in which the Parent Company has temporarily invested its liquidity.

7. DERIVATIVES

Details of these balances are presented below:

31 december 2021		
(Euro/thousand)	Asset	Liability
Non-current		
Interest rate derivatives (cash flow hedges)	-	2,548
Total cash flow hedges	**-**	**2,548**
Total non-current	**-**	**2,548**
Current		
Interest rate derivatives (cash flow hedges)	-	6,477
Forward currency contracts on commercial transactions (cash flow hedges)	-	282
Total cash flow hedges	**-**	**6,759**
Forward currency contracts on commercial transactions	18	30
Forward currency contracts for General Cable acquisition	-	-
Metal derivatives	38	12
Total other derivatives	**55**	**41**
Total current derivatives	**55**	**6,800**
Total	**55**	**9,348**

31 december 2020		
(Euro/thousand)	Asset	Liability
Non-current		
Interest rate derivatives (cash flow hedges)	-	12,294
Total cash flow hedges	**-**	**12,294**
Total non-current	**-**	**12,294**
Current		
Interest rate derivatives (cash flow hedges)	-	6,503
Forward currency contracts on commercial transactions (cash flow hedges)	6	181
Total cash flow hedges	**6**	**6,684**
Forward currency contracts on commercial transactions	25	30
Metal derivatives	272	3
Total other derivatives	**296**	**33**
Total current derivatives	**303**	**6,717**
Total	**303**	**19,011**

The above derivatives are mostly with Prysmian Treasury S.r.l., the Group's central treasury company, except for Interest Rates Swaps (IRS) transforming variable into fixed rates which are arranged directly with leading financial institutions.
Forward currency contracts have a notional value of Euro 33,582 thousand at 31 December 2021, of which Euro 19,403 thousand for designated as cash flow hedges relating to a service agreement and currency hedges of metal purchase and sale transactions.
Metal derivatives have a notional value of Euro 4,450 thousand.
Information about the notional value of Interest Rate Swaps can be found in Note 9. Share capital and reserves - Cash flow hedge reserve.

8. CASH AND CASH EQUIVALENTS

These amount to Euro 100,097 thousand at 31 December 2021, compared with Euro 250 thousand at 31 December 2020, and relate to the cash held on Euro and foreign currency bank current accounts repayable on demand.
The credit risk associated with cash and cash equivalents is limited insofar as the counterparties are major national and international banks.

9. SHARE CAPITAL AND RESERVES

Equity amounts to Euro 2,294,862 thousand at 31 December 2021, reporting an increase of Euro 85,879 thousand since 31 December 2020. The changes over the year are discussed in the following paragraphs on the individual components of equity.

Share capital

Share capital amounts to Euro 26,814 thousand at 31 December 2021, consisting of 268,144,246 ordinary shares (including 4,642,199 treasury shares), with a nominal value of Euro 0.10 each. The total number of outstanding voting shares is 263,502,047, net of 10,669 treasury shares held indirectly.
Share capital at 31 December 2021 is unchanged compared with 31 December 2020.
The following table reconciles the number of outstanding shares at 31 December 2019, at 31 December 2020 and 31 December 2021:

	Ordinary shares	Treasury shares	Total
Balance at 31 December 2019	**268,144,246**	**(4,880,493)**	**263,263,753**
Allotments and sales (1)		131,729	131,729
Balance at 31 December 2020	**268,144,246**	**(4,748,764)**	**263,395,482**
Allotments and sales (2)		106,565	106,565
Balance at 31 December 2021	**268,144,246**	**(4,642,199)**	**263,502,047**

(1) Allotment of 75,578 treasury shares under the Group employee share purchase plan (YES Plan) and sale of 56,151 shares.
(2) Allotment of 60,316 treasury shares under the Group employee share purchase plan (YES Plan) and sale of 46,249 shares.

More details about treasury shares can be found in the subsequent note on "Treasury shares".

Share premium reserve

This amounts to Euro 1,281,071 thousand at 31 December 2021, the same as at 31 December 2020.

Capital increase costs

This reserve, which reports a post-tax negative balance of Euro 14,476 thousand at 31 December 2021, mainly relates to the costs incurred for the capital increase serving the public mixed exchange and cash offer for the ordinary shares of Draka Holding B.V., announced on 22 November 2010 and formalised on 5 January 2011, and the costs incurred for the capital increase resolved and approved in 2018.

Legal reserve

This amounts to Euro 5,363 thousand at 31 December 2021, the same as at 31 December 2020.

Treasury shares reserve

This reserve, which amounts to Euro 92,461 thousand at 31 December 2021 (Euro 94,583 thousand at 31 December 2020), complies with statutory requirements (art. 2357-ter of the Italian Civil Code).

Treasury shares

The book value of treasury shares is Euro 92,461 thousand at 31 December 2021 and refers to 4,642,199 ordinary shares with a total nominal value of Euro 464,220.

Movements in treasury shares have been as follows:

	Number of shares	Total nominal value (in Euro)	% of share capital	Average unit valu (in Euro)	Total carrying value (in Euro)
At 31 December 2019	**4,880,493**	**488,049**	**1.82%**	**20**	**97,207,246**
- Share buyback	-	-		-	-
- Allotments and sales	(131,729)	(13,173)		20	(2,623,713)
At 31 December 2020	**4,748,764**	**474,876**	**1.77%**	**20**	**94,583,532**
- Share buyback		-		-	-
- Allotments and sales	(106,565)	(10,657)		20	(2,122,509)
At 31 December 2021	**4,642,199**	**464,220**	**1.73%**	**20**	**92,461,023**

During 2021, the number of treasury shares decreased by a total of 106,565 to serve the YES share purchase plan for Group employees. Of this total, 60,316 shares were allotted to employees who had signed up to the YES employee share purchase plan, while 46,249 shares were sold to employees of another group company under the same plan.

Extraordinary reserve

This reserve amounts to Euro 52,688 thousand at 31 December 2021 (the same as at 31 December 2020), and was formed following the apportionment of net profit for 2006, as approved by the shareholders on 28 February 2007.

IAS/IFRS first-time adoption reserve

This reserve was created in accordance with IFRS 1 and reflects the differences arising on first-time adoption of IAS/IFRS.
It amounts to Euro 30,177 thousand at 31 December 2021, the same as at 31 December 2020.

Capital contribution reserve

This reserve amounts to Euro 6,113 thousand at 31 December 2021, the same as at 31 December 2020.

Actuarial gains/(losses) on employee benefits

The reserve for remeasuring employee benefit plans reports a negative balance at 31 December 2021 of Euro 2,177 thousand for post-tax actuarial losses, recognised in other comprehensive income, in accordance with IAS 19.

Convertible bond reserve

This reserve amounts to Euro 84,321 thousand (net of the related tax effect) at 31 December 2021, having increased by Euro 36,132 thousand since 31 December 2020, and refers to the non-monetary components of the Company's outstanding convertible bonds, discussed in more detail in Note 10. Borrowings from banks and other lenders.

Stock option reserve

This reserve amounts to Euro 62,256 thousand at 31 December 2021 (Euro 38,150 thousand at 31 December 2020), reporting a net increase of Euro 24,106 thousand since 31 December 2020 mainly due to:

- the transfer of Euro 57 thousand in costs to profit or loss for the period (Euro 186 thousand in 2020) in connection with the YES plan, a stock option plan involving Prysmian S.p.A. shares;
- an increase of Euro 523 thousand in the carrying amount of investments in subsidiaries, in which beneficiaries of the YES Plan involving Prysmian S.p.A. shares are directly or indirectly employed;
- an increase of Euro 33,671 thousand for the Long-term incentive (LTI) plan 2020-2022. Of this total, Euro 9,383 thousand relates to Prysmian S.p.A. personnel, while Euro 24,288 thousand refers to the grant date fair value of options allotted to LTI plan beneficiaries who are employees of other Group companies, of which Euro 3,108 thousand is not rechargeable;
- a decrease after reclassifying Euro 10,145 thousand to retained earnings on conclusion of the 2021 YES Plan as of 31 December 2021.

Further information can be found in Note 17. Personnel costs.

Cash flow hedge reserve

The cash flow hedge reserve, presenting post-tax negative balances of Euro 6,860 thousand at 31 December 2021 and Euro 14,287 thousand at 31 December 2020, reports hedging derivatives that qualify for hedge accounting under IFRS 9.
On 4 February 2021, the Company entered into derivative contracts for a total value of Euro 75 million to hedge the Euro 75 million loan outstanding with Cassa Depositi e Prestiti, which came into effect on 9 February 2021 and matures on 28 July 2025. The maturities and amortisation schedule of these derivatives are consistent with the terms of the loan.

The notional value of interest rate swaps at 31 December 2021 is therefore Euro 1,285 thousand. Their fair value is reflected in the reserve of Euro 6,858 thousand reported at 31 December 2021.

Share issue reserve

The share issue reserve amounts to Euro 1,100 thousand at 31 December 2021, the same as at 31 December 2020.

Retained earnings

Retained earnings amount to Euro 629,505 thousand at 31 December 2021, reporting a decrease of Euro 40,047 thousand since 31 December 2020, of which Euro 51,221 thousand drawn from the reserve to pay the 2020 dividend, net of an increase of Euro 1,029 thousand from selling YES plan shares to employees of a subsidiary and an increase of Euro 10,145 thousand following a reclassification from the stock option reserve.

The following table analyses each component of equity, indicating its origin, permitted use and availability for distribution, as well as how it has been used in previous years.

(Euro/thousand)	Nature/ description	Amount	Permitted use (A,B,C)	Amount available for distribution	Uses in three previous years	
					to cover losses	other purposes
Share capital		**26,814**				
Capital reserves:						
.	Capital contribution reserve	6,113	A,B,C	6,113		
.	Share premium reserve	1,281,071	A,B,C	1,281,071		
.	Capital increase costs	(14,476)		(14,476)		
Earnings reserves:						
.	Extraordinary reserve	52,688	A,B,C	52,688		
.	**IAS/IFRS first-time adoption reserve**	**30,177**	**A,B,C**	**30,177**		
.	**Legal reserve**	**5,363**	**B**			
.	Share issu reserve	1,100	A,B,C	1,100		
.	Convertible bond reserve	84,321				
.	Retained earnings	629,503	A,B,C	629,503		18,339
Measurement reserves (*):						
.	**Stock option reserve**	**62,256**				
.	**Cash flow hedge reserve**	**(6,860)**				
.	**Actuarial gains and losses on employee benefits**	**(2,177)**				
Total reserves		**2,129,080**				
Undistributable amount				142,904		
Distributable amount				**1,986,176**		

A: to increase capital
B: to cover losses
C: distribution to shareholders
(*) These reserves are not available for distribution under art. 6 of Italian Legislative Decree 38/05

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 to shares outstanding on the record date of 25 May 2021, with the shares going ex-dividend on 24 May 2021. A recommendation to pay a dividend of Euro 0.55 per share, for a total of some Euro 145 million in respect of the year ended 31 December 2021, will be presented to the Shareholders' Meeting convened in single call for 12 April 2022.
The present financial statements do not reflect any liability for the proposed dividend.

10. BORROWINGS FROM BANKS AND OTHER LENDERS

These amount to Euro 3,477,377 thousand at 31 December 2021, compared with Euro 2,935,558 thousand at 31 December 2020.

	31 december 2021		
(Euro/thousand)	Non-current	Current	Total
Long-term financial payables			
Mediobanca Loan	99,819	144	99,963
Intesa Loan	149,656	315	149,971
CDP Loans	174,528	71	174,599
EIB Loans	109,931	4	109,934
Unicredit Loan	199,681	303	199,984
Term Loan	997,797	703	998,500
Non-convertible bond	-	763,087	763,087
Convertible Bond 2021	707,088	-	707,088
Convertible Bond 2017	-	249,824	249,824
Lease liabilities	17,173	5,721	22,895
Other payables to banks and other lenders	-	1,533	1,533
Total	**2,455,673**	**1,021,704**	**3,477,377**

	31 december 2020		
(Euro/thousand)	Non-current	Current	Total
Long-term financial payables			
Mediobanca Loan	99,739	148	99,887
Intesa Loan	149,536	315	149,851
CDP Loans	99,767	77	99,844
EIB Loans	109,908	8,322	118,230
Unicredit Loan	199,516	319	199,835
Term Loan	996,287	703	996,990
Non-convertible bond	747,822	13,562	761,384
Convertible Bond 2017	488,776	-	488,776
Lease liabilities	13,186	6,068	19,254
Other payables to banks and other lenders	-	1,508	1,508
Total	**2,904,536**	**31,022**	**2,935,558**

Borrowings from banks and other financial institutions and Bonds are analysed as follows:

(Euro/thousand)	31 december 2021	31 december 2020
Mediobanca Loan	99,963	99,887
Intesa Loan	149,971	149,851
CDP Loans	174,599	99,844
EIB Loans	109,934	118,230
Term Loan	998,500	996,990
Unicredit Loan	199,984	199,835
Other borrowings	1,533	1,508
Borrowings from banks and other financial institutions	1,734,483	1,666,144
Non-convertible bond	763,087	761,384
Convertible Bond 2017	249,824	488,776
Convertible Bond 2021	707,088	-
Total	**3,454,482**	**2,916,304**

Credit Agreement:

Prysmian S.p.A. had the following Credit Agreements in place during the course of 2021:

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 on purchasing 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 31 December 2021, the fair value of the CDP Loans approximates their related carrying amount.

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 31 December 2021, this facility was not being used.

EIB Loans
On 18 December 2013, Prysmian S.p.A. entered into an initial loan agreement with the European Investment Bank (EIB) for Euro 100 million, to fund the Group's research & development (R&D) programs 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 programs 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 31 December 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 31 December 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 31 December 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. At 31 December 2021, the fair value of this 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.

At 31 December 2021, the fair value of this loan approximates its carrying amount.

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

	31 december 2021		
(Euro/thousand)	**Total lines**	**Drawn**	**Undrawn**
Revolving Credit Facility 2019	1,000,000	-	1,000,000
CDP Loans	175,000	(175,000)	
Intesa Loan	150,000	(150,000)	
Mediobanca Loan	100,000	(100,000)	
Term Loan	1,000,000	(1,000,000)	
Unicredit Loan	200,000	(200,000)	
EIB Loans	110,000	(110,000)	
Total	**2,735,000**	**(1,735,000)**	**1,000,000**

	31 december 2020		
(Euro/thousand)	**Total lines**	**Drawn**	**Undrawn**
Revolving Credit Facility 2019	1,000,000	-	1,000,000
CDP Loans	100,000	(100,000)	
Intesa Loan	150,000	(150,000)	
Mediobanca Loan	100,000	(100,000)	
Term Loan	1,000,000	(1,000,000)	
Unicredit Loan	200,000	(200,000)	
EIB Loans	118,333	(118,333)	
Total	**2,668,333**	**(1,668,333)**	**1,000,000**

More details about the nature and drawdown of the Group-level facilities shown above can be found in the Explanatory Notes to the Consolidated Financial Statements (Note 11. Borrowings from banks and other lenders).

Bonds

Prysmian S.p.A. had the following bonds outstanding as at 31 December 2021:

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 31 December 2021, the non-convertible bond has a fair value of Euro 762 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 ("Convertible Bond 2017"). 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 accounting treatment for the 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 the Euro 500 million zero-coupon equity-linked related to Convertible Bond 2017 bond due 2022, up to a face value of Euro 250 million, representing 50% of the bonds in issue. The partial redemption of the Convertible Bond 2017 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 31 December 2021:

(Euro/thousand)	
Issue value of convertible bond	500,000
Equity reserve for convertible bond	(48,189)
Issue date net balance	**451,811**
Interest - non-monetary	45,595
Redemption of 50% of convertible bond	(261,000)
Change in equity upon redemption	13,418
Balance at 31 December 2021	**249,824**

At 31 December 2021, the fair value of the Convertible Bond 2017 (equity component and debt component) is Euro 251 million, all of which attributable to the debt component. Fair value has been determined with reference to the quoted price in the relevant market (Level 1 of the fair value hierarchy).
The Convertible Bond 2017 was redeemed in full at maturity in January 2022.

Convertible Bond 2021

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

The Convertible Bond has 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 2021, 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, amounting to Euro 49 million on 28 April 2021, the date the Shareholders' Meeting authorised the bond's convertibility, has been reclassified to equity, while the change of Euro 16 million in fair value 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 31 December 2021:

(Euro/thousand)	
Value of Convertible Bond 2021	768,750
Equity reserve for convertible bond	(49,550)
Change in conversion option	(16,130)
Issue date net balance	**703,070**
Interest - non-monetary	8,314
Related costs	(4,296)
Balance at 31 December 2021	**707,088**

At 31 December 2021, the fair value of the Convertible Bond 2021 (equity component and debt component) is Euro 816 million, of which Euro 707 million attributable to the debt component and Euro 109 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:

(in migliaia di Euro)	CDP	BEI	Unic. Mediob. and Intesa	Non conv. bond	Conv. bonds	Term Loan	Other borrowings and lease liabilities	Total
Balance al 31 december 2020	**99,843**	**118,229**	**449,572**	**761,384**	**488,776**	**996,990**	**20,763**	**2,935,558**
New funds	75.000		-	-	703.070			778.070
Repayments/ Conversions		(8,333)		-	(245,277)			(253,610)
Amortisation of bank and financial fees and other expenses	136	60	366	1,703	(3,239)	1,510	-	535
New IFRS 16 leases							4,118	4,118
Interest and other movements	(380)	(22)	(19)	-	13,583	-	(454)	12,708
Total movements	**74,756**	**(8,295)**	**347**	**1,703**	**468,136**	**1,510**	**3,664**	**541,821**
Balance al 31 december 2021	**174,599**	**109,934**	**449,919**	**763,087**	**956,913**	**998,500**	**24,427**	**3,477,377**

The following tables provide an analysis by maturity and currency of borrowings from banks and other lenders (excluding lease liabilities) at 31 December 2021 and 2020:

	31 december 2021		
(Euro/thousand)	Variable rate	Fixed rate	Total
Due within 1 year	3,106	1,012,911	1,016,017
Due between 1 and 2 years	1,197,467		1,197,467
Due between 2 and 3 years	459,126	-	459,126
Due between 3 and 4 years	74,784	-	74,784
Due between 4 and 5 years	-	707,088	707,088
Due after more than 5 years	-	-	-
Total	**1,734,483**	**1,719,999**	**3,454,482**
Average interest rate in period, as per contract	1.0%	1.8%	1.4%
Average interest rate in period, including IRS effect (a)	1.3%	1.8%	1.5%

a) Interest rate swaps have been put in place to hedge interest rate risk on variable rate loans in Euro. At 31 December 2021, the total hedged amount equates to 73.7% of Euro-denominated variable-rate debt at that date. Interest rate hedges consist of interest rate swaps which exchange a variable rate (3 or 6-month Euribor for loans in Euro) with an average fixed rate (fixed rate + spread) of 1.3% for Euro-denominated debt. The percentages representing the average fixed rate refer to 31 December 2021.

	31 december 2020		
(Euro/thousand)	Variable rate	Fixed rate	Total
Due within 1 year	11,390	13,562	24,951
Due between 1 and 2 years	1	1,236,598	1,236,599
Due between 2 and 3 years	1,195,803	-	1,195,803
Due between 3 and 4 years	458,950	-	458,950
Due between 4 and 5 years	-	-	-
Due after more than 5 years	-	-	-
Total	**1,666,144**	**1,250,160**	**2,916,303**
Average interest rate in period, as per contract	1.0%	2.1%	1.5%
Average interest rate in period including IRS effect	1.3%	2.1%	1.7%

NET FINANCIAL DEBT

	Note	31 december 2021	of which related parties (Nota 24)	31 december 2020	of which related parties (Nota 24)
Long-term financial payables					
CDP Loans	10	174,528		99,767	
Mediobanca Loan	10	99,819		99,739	
Intesa Loan	10	149,656		149,536	
EIB Loans	10	109,931		109,908	
Non-convertible bond	10	-		747,822	
Convertible Bond 2017	10	-		488,776	
Term Loan	10	997,797		996,287	
Convertible Bond 2021	10	707,088		-	
Unicredit Loan	10	199,681		199,516	
Interest rate swaps	7	2,548		12,294	
Lease liabilities	10	17,173		13,186	
Total long-term financial payables		**2,458,221**		**2,916,830**	
Short-term financial payables					
CDP Loans	10	71		77	
Mediobanca Loan	10	144		148	
Intesa Loan	10	315		315	
EIB Loans	10	4		8,322	
Non-convertible bond	10	763,087		13,562	
Term Loan	10	703		703	
Convertible Bond 2017	10	249,824		-	
Unicredit Loan	10	303		319	
Lease liabilities	10	5,721		6,068	
Short-term loans from Group companies	11	194,941	194,941	258,882	258,882
Other financial payables	10	1,533		1,508	
Interest rate swaps	7	6,476		6,503	
Total short-term financial payables		**1,223,121**		**296,407**	
Total financial liabilities		**3,681,342**		**3,213,237**	
Long-term financial receivables	5	172		134	
Long-term bank fees	5	1,420		2,556	
Short-term financial receivables	6	199,609	-	-	
Short-term loans to Group companies	5	-	-	6,652	6,652
Short-term bank fees	5	1,185		1,136	
Cash and cash equivalents	8	100,097		250	
Net financial debt		**3,378,858**		**3,202,509**	

The following table presents a reconciliation of the Company's net financial debt to the amount reported in accordance with the requirements of CONSOB communication 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):

	Note	31 december 2021	of which related parties (Note 25)	31 december 2020	of which related parties (Note 25)
Net financial debt - as reported above		**3,378,858**		**3,202,509**	
Adjustments to exclude:					
Long-term financial receivables and other assets	5	172		134	
Long-term bank fees	5	1,420		2,556	
Adjustments to include:					
Net non-cash flow hedge forward currency contracts on commercial transactions, excluding non-current assets	7	12	12	5	5
Net non-cash flow hedge metal derivatives, excluding non-current assets	7	(26)	(26)	(269)	(269)
Recalculated net financial debt		**3,380,436**		**3,205,935**	

11. TRADE AND OTHER PAYABLES

Details are as follows:

	31 december 2021		
(Euro/thousand)	Non-current	Current	Total
Trade payables	-	562,306	562,306
Total trade payables	**-**	**562,306**	**562,306**
Other payables:			
Tax and social security payables	-	8,060	8,060
Advances from customers	-	-	-
Payables to employees	-	10,098	10,098
Accrued expenses	-	401	401
Other	281	62,706	62,706
Financial payables	-	194,949	194,949
Total other payables	**281**	**276,214**	**276,496**
Total	**281**	**838,520**	**838,802**

(Euro/thousand)	31 december 2020 Non-current	Current	Total
Trade payables	-	421,106	421,106
Total trade payables	**-**	**421,106**	**421,106**
Other payables:			
Tax and social security payables	-	12,328	12,328
Advances from customers	-	-	-
Payables to employees	-	10,713	10,713
Accrued expenses	-	372	372
Other	4	8,017	8,017
Financial payables	-	258,882	258,882
Total other payables	**4**	**290,312**	**290,316**
Total	**4**	**711,418**	**711,422**

Trade payables mainly comprise invoices received from suppliers of strategic metals and only to a minor extent those received from suppliers of other goods and outside professional services involving organisational, legal and IT advice.

Other payables comprise:
- social security payables for contributions on employee wages and salaries and amounts payable into supplementary pension funds;
- tax payables mainly for tax withheld from employees and not yet paid to the tax authorities;
- payables to employees for accrued wages and salaries not yet paid;
- other payables, mainly referring to amounts owed to Group companies for various reasons;
- inancial payables of Euro 195 thousand, mainly relating to the intercompany current account with Prysmian Treasury S.r.l..

Trade payables include around Euro 388,563 thousand for the supply of strategic metals, for which a payment extension of more than 60 days has been obtained.

The following table breaks down trade and other payables according to the currency in which they are expressed:

(Euro/thousand)	31 december 2021	31 december 2020
Euro	821,844	698,972
US Dollar	10,149	9,176
British Pound	1,609	2,091
Other currencies	5,200	1,183
Total	**838,802**	**711,422**

12. PROVISIONS FOR RISKS AND CHARGES

The following table reports movements in this balance during the reporting period:

(Euro/thousand)	Legal and contractual risks	Other risks and charges	Total
Balance at 31 december 2020	**22,857**	**3,625**	**26,482**
Movements in 2021:			
Increases	762	11,810	12,572
Uses	(788)	-	(788)
Releases	(495)	-	(495)
Other	1	-	1
Total movements	**(521)**	**11,810**	**11,290**
Balance at 31 December 2021	**22,337**	**15,435**	**37,772**

The provision for risks, amounting to Euro 37,772 thousand at 31 December 2021, reports a net increase of Euro 11,290 thousand since 31 December 2020 after adjusting the provision to an appropriate level to cover the potential liabilities concerned.
This provision includes the provision for the antitrust investigations discussed in the following paragraphs.

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. ("Prysmian CS"), had engaged in anti-competitive practices in the European market for high voltage submarine and underground power cables. The European Commission held Prysmian CS jointly liable with Pirelli & C. S.p.A. ("Pirelli") 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 CS jointly liable with Prysmian S.p.A. ("Prysmian") and The Goldman Sachs Group Inc. ("Goldman Sachs") 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, Prysmian CS, Pirelli and Goldman Sachs each filed a separate appeal against this decision with the General Court of the European Union, in first instance, and later with the Court of Justice of the European Union. In rulings handed down on 24 September 2020, 28 October 2020 and 27 January 2021 respectively, the Court of Justice definitively dismissed the appeals brought by Prysmian and Prysmian CS, Pirelli and Goldman Sachs, thus upholding the liability and fine envisaged under the European Commission's original decision. Further to the ruling dismissing the appeal by Prysmian and Prysmian CS, 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 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.

In a ruling handed down on 14 November 2019, the Court of Justice of the European Union also dismissed the appeal brought by General Cable, thus definitively confirming the fine previously levied against it by the European Commission. As a result, the Group went ahead and paid a fine for Euro 2 million.

In November 2014 and October 2019 respectively, Pirelli filed two civil actions, recently combined, against Prysmian CS and Prysmian in the Court of Milan, seeking (i) to be held harmless from any claim brought by the European Commission in enforcement of its decision and for any expenses incidental to such enforcement; (ii) to be held harmless from any third-party claims for damages relating to the conduct forming the subject of the European Commission's decision and (iii) to be compensated for the damages allegedly suffered and quantified as a result of Prysmian CS and Prysmian having requested, in certain pending legal actions, that Pirelli be held liable for the unlawful conduct found by the European Commission in the period from 1999 to 2005.

As part of the same proceedings, Prysmian CS and Prysmian, in addition to requesting full dismissal of the claims brought by Pirelli, have filed symmetrical and opposing counterclaims to those of Pirelli in which they have requested (i) to be held harmless from any claim brought by the European Commission in enforcement of its decision and for any expenses incidental to such enforcement; (ii) to be held harmless from any third-party claims for damages relating to the conduct forming the subject of the European Commission's decision and (iii) to be compensated for damages suffered as a result of the legal actions brought by Pirelli. This action is currently pending.

In view of the circumstances described and the developments in the proceedings, the Directors, with the assistance of their legal advisors, have recognised what they consider to be an adequate level of provisions to cover the potential liabilities related to the matters in question.

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 a number of cable manufacturers, including companies in the Prysmian Group, to obtain compensation for damages purportedly suffered as a result of the alleged anti-competitive practices sanctioned 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. This action is currently pending.

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 sanctioned 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.

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 a number of 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 sanctioned 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. 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. The appeal decision is pending.

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 sanctioned 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. These proceedings were abandoned after the parties reached a settlement on 31 July 2021;
- 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. These proceedings are now at a pre-trial stage.

With reference to the antitrust damages actions brought by the British operators National Grid and Scottish Power and settled out of court in 2020, in 2021 the Group companies involved in these actions resumed the proceedings against Goldman Sachs and other parties named in the EU ruling, previously stayed pending the outcome of the main case brought by National Grid and Scottish Power, in order to obtain partial or full compensation for the settlement paid to National Grid and Scottish Power. On 17 December 2021, the Group and Goldman Sachs reached an agreement in settlement of both the above proceedings and other potential antitrust claims.

In view of the circumstances described and the developments in the proceedings, the Directors, with the assistance of their legal advisors, have recognised what they consider to be an adequate level of provisions to cover the potential liabilities related to the matters in question.

Prysmian and Prysmian CS 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 and Prysmian CS, 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 sanctioned 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 the basis of the information currently available and the fact that, at this stage, no claim for damages has been made, the Directors have decided not to make any provision.

Antitrust - Other investigations

In Brazil, the local antitrust authority initiated proceedings against a number of manufacturers of high voltage underground and submarine cables, including Prysmian, notified of such in 2011. On 15 April 2020, the CADE Tribunal issued the operative part of the decision under which it held Prysmian liable for the alleged 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). Using the provisions already set aside in previous years, the Group made these payments within the required timeframe. Prysmian Group has filed an appeal against the CADE ruling. The appeal decision is pending.

In addition, in January 2022, an investigation was initiated by the German antitrust authority (Federal Cartel Office) concerning alleged coordination in setting the standard metal surcharges applied by the industry in Germany. Further information can be found in the later note on "Events after the reporting period".
Given the high degree of uncertainty as to the timing and outcome of these ongoing investigations, the Directors believe they are currently unable to estimate the related risk.

As at 31 December 2021, the amount of the provision reported by Prysmian S.p.A. is approximately Euro 16,123 thousand (Euro 15,894 thousand in 2020).
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.
The provision for other risks amounts to Euro 15,435 thousand at 31 December 2021, reporting a net increase of Euro 11,810 thousand over the year. The provision refers to risks deemed probable in connection with tax assessment notices or tax audits carried out by the competent authorities.

13. EMPLOYEE BENEFIT OBLIGATIONS

Prysmian S.p.A. provides post-employment benefits through schemes that include defined benefit plans, like the statutory severance benefit and seniority bonuses.
Employee benefit obligations amount to Euro 7,284 thousand at 31 December 2021 (Euro 7,253 thousand at 31 December 2020) and are detailed as follows

(Euro/thousand)	31 dicember 2021	31 dicember 2020
Statutory severance benefit	5,297	4,979
Termination and other benefits	1,987	2,274
Total	**7,284**	**7,253**

Employee benefit obligations have had the following impact on the income statement:

(in migliaia di Euro)	31 dicember 2021	31 dicember 2020
Statutory severance benefit	329	330
Termination and other benefits	(195)	111
Total	**134**	**441**

STATUTORY SEVERANCE BENEFIT

Details are as follows:

(Euro/thousand)	31 dicember 2021	31 dicember 2020
Opening balance	**4,979**	**4,813**
Current service costs	306	295
Interest costs	23	35
Actuarial (gains)/losses recognised in equity	303	113
Disbursements	(314)	(277)
Total movements	**318**	**166**
Closing balance	**5,297**	**4,979**

The actuarial losses recognised at 31 December 2021 (Euro 303 thousand) mainly relate to the change in the associated economic parameters (the discount and inflation rates).
Under Italian law, the amount due to each employee accrues with service and is paid when the employee leaves the company. The amount due upon termination of employment is calculated on the basis of the length of service and the taxable remuneration of each employee. The liability is adjusted annually for the official cost of living index and statutory interest, and is not subject to any vesting conditions or periods, or any funding obligation; there are therefore no assets that fund this liability.

The rules governing this liability were revised by Legislative Decree 252/2005 and Law 296/2006 (Finance Act 2007): amounts accrued since 2007 by companies with at least 50 employees now have to be paid into the INPS Treasury Fund or to supplementary pension schemes, as decided by employees, which now take the form of "defined contribution plans". All companies nonetheless still account for revaluations of amounts accrued before 2007, while those companies with fewer than 50 employees continue to accrue amounts for this liability not allocated to supplementary pension schemes.

The benefits relating to this plan are paid to participants in the form of capital, in accordance with the related rules. In certain circumstances, the benefit plan also allows the payment of partial advances against the full amount of the accrued benefit.
The main risk is the volatility of the inflation rate and the discount rate, as determined by the market yield on AA corporate bonds denominated in Euro. Another risk factor is the possibility that members leave the plan earlier than expected or that higher advance payments than expected are requested, resulting in an actuarial loss for the plan, due to an acceleration of cash flows.

The actuarial assumptions used to value statutory severance benefit are as follows:

	31 december 2021	31 december 2020
Discount rate	0.85%	0.50%
Expected future salary increase	1.75%	1.50%
Inflation rate	1.75%	1.50%

The following table presents a sensitivity analysis of the effects of an increase/decrease in the most significant actuarial assumptions used to determine the present value of statutory severance benefit, namely the discount rate and inflation rate:

	31 december 2021	
Change in inflation rate	**-0.25%**	**0.25%**
Effects on obligation	-1.44%	1.47%
Change in discount rate	**-0.50%**	**0.50%**
Effects on obligation	4.67%	-4.28%

Average headcount in the period is reported below, compared with closing headcount at the end of each period:

2021	Average	%	Closing	
White collar and management	374	90%	380	90%
Blue collar	41	10%	41	10%
Total	**415**	**100%**	**421**	**100%**

2020	Average	%	Closing	
White collar and management	357	89%	364	90%
Blue collar	42	11%	42	10%
Total	**399**	**100%**	**406**	**100%**

14. CURRENT TAX PAYABLES

Current tax payables amount to Euro 12,970 thousand at 31 December 2021 (nil at 31 December 2020). At 31 December 2021, the Company reports a tax credit for IRES (Italian corporate income tax) for the Italian companies that participate in the national and world tax consolidation, as presented in Note 5. Trade and other receivables.

15. SALES AND OTHER INCOME

This line item reports Euro 292,852 thousand, compared with Euro 193,553 thousand in 2020, and is detailed as follows:

(Euro/thousand)	2021	2020
Royalties	122,651	94,234
Head office services	78,930	65,195
Sundry income	91,271	34,124
of which non-recurring	63,266	2,085
Total	**292,852**	**193,553**

Royalties mostly refer to amounts charged to Prysmian Group subsidiaries for the use of patents, know-how and trademarks; they amount to Euro 122,651 thousand at 31 December 2021 (Euro 94,234 thousand in the previous year).
Head office services of Euro 78,930 thousand (Euro 65,195 thousand in the previous year), refer to charges invoiced by Prysmian S.p.A., under specific contracts, to its sub-holding company Prysmian Cavi e Sistemi S.r.l. for coordination and other services provided by head office functions to Group companies.
Sundry income of Euro 91,271 thousand mainly consists of proceeds received under legal settlements, expense recharges and other miscellaneous income.

In accordance with IFRS 15, sales and other income include the net margin on the purchase and sale of strategic materials for the benefit of Group companies, amounting to Euro 1,081 thousand in 2021 (Euro 664 thousand in 2020).

16. RAW MATERIALS, CONSUMABLES AND SUPPLIES

Consumables amount to Euro 7,000 thousand, compared with Euro 4,439 thousand in 2020.

17. PERSONNEL COSTS

Details are as follows:

(Euro/thousand)	2021	2020
Wages and salaries	48,636	45,602
of which Fair Value Stock Options	9,440	7,116
Social security	10,235	9,837
Retirement pension costs	2,338	2,309
Statutory severance benefit	306	295
Personnel costs for company reorganisation	1,332	2,310
Other personnel costs	1,305	1,095
Total	**64,151**	**61,448**

Personnel costs report an increase of Euro 2,703 thousand on the previous year.

Share-based payments

At 31 December 2021, Prysmian S.p.A. had share-based compensation plans in place for managers and employees of Group companies and members of the Company's Board of Directors. These plans are described below.

Employee share purchase plan (2021) – YES 2.0

The YES Plan is based on financial instruments and is reserved for employees of Prysmian S.p.A. and/or of its subsidiaries, including some of the Company's Directors.

The Plan has offered 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, except for certain managers, for whom the discount was 15%, and the executive Directors and key management personnel, for whom the discount was 1% on the stock price.
The Plan has therefore qualified as "of particular relevance" within the meaning of art. 84-bis, par. 2 of the Issuer Regulations.

The shares purchased or received free of charge are subject to a retention period, during which they cannot be sold. The last of the purchase windows envisaged by the Plan closed during the year.
All those who signed up to the Plan also received an entry bonus of three to eight free shares, taken from the Company's portfolio of treasury shares, only available with their first-time purchase.
The fair value of the options has been determined using the Montecarlo binomial pricing model, based on the following assumptions:

	Window
Grant date	14 November 2016
Share purchase date	from 16 February 2017 to 16 September 2021
End of retention period	from 16 February 2020 to 16 September 2024
Residual life (in years)	0.72
Share price at grant date (Euro)	23.40
Expected volatility	from 31.74% to 36.05%
Risk-free interest rate	from 0.70% to 0.75%
Expected dividend %	2.07%
Option fair value at grant date (Euro)	from €21.57 to €23.15

Costs of Euro 57 thousand have been recognised as "Personnel costs" in the income statement at 31 December 2021 for the fair value of options granted under this plan.

On 28 April 2021, the shareholders of Prysmian S.p.A. approved the extension of the share ownership plan for Prysmian Group employees.
In line with past practice, the extension 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%.

The information memorandum, prepared under art. 114-bis of Legislative Decree 58/98 and describing the characteristics of the above plan, is publicly available on the Company's website at http://www.prysmiangroup.com, from its registered offices and from Borsa Italiana S.p.A.

Long-term incentive plan 2020-2022

The long-term incentive plan (LTI), approved by the Shareholders' Meeting on 28 April 2020 pursuant to art. 114-bis, par. 1, of Italian Legislative Decree no. 58/1998, is in response to the following key drivers of change:

- simplification and alignment with best market practices;
- sustainability of performance over time;
- greater participation in the creation of long-term value by extending the number of beneficiaries to a wider group of managers and professionals;
- retention to support the phase of post-merger integration with General Cable, especially in certain regions with a particularly competitive talent market.

The Plan extends to some 800 Group employees and involves the allocation of a number of options calculated according to the achievement of operational, economic and financial performance conditions. The Plan consists of the following components: Performance Share, Deferred Share and Matching Share.

The Performance Share component consists of the free allocation of shares to plan participants subject to the achievement of performance conditions, measured over a three-year period and subject to continued employment. The vesting period is three years (2020-2022), with disbursement of the shares envisaged in 2023. The Deferred Share component involves the deferred receipt, through the free allocation of shares subject to continued employment during the vesting period, of 50% of any bonus earned for the years 2020, 2021 and 2022. The vesting of the annual bonus depends on the achievement of specific economic, financial, operational and sustainability objectives defined in advance each year.

Lastly, the Matching Share component is combined with the Deferred Shares and consists of the free allocation to participants of 0.5 additional shares for each Deferred Share granted and arising from deferred payment of the bonus for each year. In the case of the Chief Executive Officer and Top Management (consisting of about 40 individuals, including Executive Directors, Key Management Personnel, front-line positions reporting to the CEO and second-line managers of key areas), the Matching Share component is subject to the achievement of a pre-determined performance condition related to sustainability (ESG).

The actual allocation of shares, in particular with reference to the Performance Shares, is subject to the level of achievement of the following performance conditions: cumulative Adjusted EBITDA, cumulative Free Cash Flow, relative TSR measured against a 9-member peer group and ESG, measured by a set of indicators.

The following table provides details about movements in the plan:

	31 december 2021
	Number of options
Options at start of year	2,074,935
Granted	2,245,765
Change in expected participations	(14,437)
Cancelled	-
Exercised	-
of which for Prysmian S.p.A. employees	-
Options at end of year	4,306,263

Costs of Euro 9,383 thousand have been recognised as "Personnel costs" in the income statement at 31 December 2021 for the fair value of options granted under this plan.

In accordance with IFRS 2, the options allotted have been measured at their grant date fair value. The fair value of the options has been determined using the following assumptions:

Grant date	28 april 2020
Residual life at grant date (in years)	2,68
Exercise price (Euro)	-
Risk-free interest rate	-0,70%
Expected dividend %	2,30%
Option fair value (market based) at grant date (Euro)	13,54
Option fair value (not market based) at grant date (Euro)	13,85

As regards deferred and matching shares vesting in 2021, option fair value has been calculated using the following assumptions:

Grant date	28 April 2021
Residual life at grant date (in years)	1.68
Exercise price (Euro)	-
Risk-free interest rate	-0.72%
Expected dividend %	2.30%
Option fair value (not market based) at grant date (Euro)	23.14

The information memorandum, prepared under art. 114-bis of Legislative Decree 58/98 and describing the characteristics of the above plan, is publicly available on the Company's website at http://www.prysmiangroup.com, from its registered offices and from Borsa Italiana S.p.A.

As at 31 December 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.

18. AMORTISATION, DEPRECIATION AND IMPAIRMENT

Details are as follows::

(Euro/thousand)	2021	2020
Depreciation of buildings, plant, machinery and equipment	3,405	3,384
Depreciation of other property, plant and equipment	1,355	937
Amortisation of intangible assets	19,497	12,221
Impairment of other assets	100	-
Depreciation and impairment of right-of-use assets (IFRS 16)	5,280	6,351
Total	**29,637**	**22,893**

Amortisation and depreciation charges amount to Euro 29,637 thousand in 2021, posting a net increase of Euro 6,744 thousand on the previous year (Euro 22,893 thousand at 31 December 2020), mainly due to higher intangible asset amortisation

19. OTHER EXPENSES

Other expenses amount to Euro 165,100 thousand in 2021, compared with Euro 117,276 thousand in the previous year, analysed as follows:.

(Euro/thousand)	2021	2020
Professional services	41,119	37,397
IT costs	33,827	29,719
Insurance	3,263	3,417
Maintenance services	15	50
Operating and other costs	28,488	26,458
Utilities	851	822
Travel costs	1,589	1,145
Rental costs	596	93
Increases in provisions for risks	361	1,020
Release of provisions for risks	(495)	-
Non-recurring other expenses and provisions/(releases):		
Increase in provisions for risks	401	15,244
Release of provisions for risks	-	(384)
Business reorganisation costs	1,319	-
Other non-recurring costs	53,766	2,294
Total non-recurring other expenses/(income)	55,486	17,154
Total	**165,100**	**117,276**

Professional services of Euro 41,119 thousand (Euro 37,397 thousand in 2020) include costs for the use of personnel seconded from other Group companies of Euro 11,974 thousand (Euro 10,017 thousand in 2020) and costs incurred to manage the patents portfolio of Euro 3,593 thousand (Euro 4,067 thousand in 2020).

Professional services also include the compensation of the directors and statutory auditors of Prysmian S.p.A. and the fees of the independent auditors for audit and related services, details of which can be found in Notes 25, 27 and 31.
Operating and other costs mainly refer to costs incurred for promotional activities and attendance at exhibitions and trade fairs.

Rental costs amount to Euro 596 thousand (Euro 93 thousand at 31 December 2020).
As regards "Non-recurring other expenses and provisions", the change primarily reflects the transfer to other Group companies of Euro 53,500 thousand in proceeds received under legal settlements reached in 2021 with third parties.

20. FINANCE INCOME AND COSTS

Finance costs are detailed as follows:

(Euro/thousand)	2021	2020
Interest on loans	16,435	15,515
Interest on non-convertible bond	18,750	18,750
Interest on Convertible Bond 2017- non-monetary component	5,285	9,934
Interest on Convertible Bond 2021- non-monetary component	8,314	-
Amortisation of bank and financial fees and other expenses	7,305	5,816
Interest on lease liabilities	243	263
Employee benefit interest costs	34	51
Other bank interest	1,044	3,459
Costs for undrawn credit lines	3,649	3,389
Sundry bank fees	248	775
Other	1,419	130
Interest Rate Swaps	7,272	6,922
Non-recurring other finance costs:		
Antitrust bank guarantee and interest costs	-	737
Finance costs for partial redemption of convertible bond	1,929	-
Total non-recurring other finance costs	1,929	737
Finance costs	**71,928**	**65,742**
Foreign currency exchange losses	8,185	8,181
Total finance costs	**80,113**	**73,923**

Amortisation of bank and financial fees and other expenses mainly reflects the Company's share of the transaction costs incurred to arrange the loans for the General Cable acquisition and to issue convertible and non-convertible bonds.
Other bank interest mainly refers to the EIB Loans (Euro 80 thousand), the CDP Loans (Euro 766 thousand) and interest on the intercompany current account with Prysmian Treasury S.r.l. (Euro 140 thousand).

Finance income is detailed as follows:

(Euro/thousand)	2021	2020
Interest income from banks and other financial institutions	104	-
Other finance income	42,426	37,050
Non-recurring other finance income:		
Recovery of Antitrust guarantee costs	-	501
Gain on conversion of conv. bond 2021 from equity linked to convertible	15,638	-
Total non-recurring other finance income	15,638	501
Finance income	58,168	37,551
Foreign currency exchange gains	7,395	8,326
Total finance income	**65,563**	**45,877**

Other finance income mainly refers to fees charged to Group companies for guarantees given by the Company for their benefit.

21. DIVIDENDS FROM SUBSIDIARIES

During 2021, Prysmian S.p.A. recorded a total of Euro 121,500 thousand in dividends received from its subsidiaries Draka Holding B.V., Prysmian Cavi e Sistemi S.r.l. and Prysmian Treasury S.r.l.. The total amount of dividends also includes income of Euro 32,051 thousand to account for share-based payments, reflecting the difference between the grant date fair value of shares and their fair value at the reporting date. For more details, see Note B.2 Share-based payments.

22. TAXES

Details are as follows:

(Euro/thousand)	2021	2020
Current income taxes	20,617	(3,446)
Deferred income taxes	1,137	(5,376)
Total	**21,754**	**(8,822)**

Current income taxes have had a negative impact of Euro 20,617 thousand in 2021, compared with a positive Euro 3,446 thousand in 2020.
Information about deferred taxes can be found in Note 4. Deferred tax assets.

Taxes charged on profit before taxes differ from those calculated using the theoretical tax rate applying to the Company for the following reasons:

(Euro/thousand)	2021	Tax rate	2020	Tax rate
Profit before taxes	160,721		71,654	
Theoretical tax expense at nominal tax rate	38,573	24.0%	17,197	24.0%
Dividends from subsidiaries	(27,702)	(17.2%)	(28,044)	(39.1%)
Impairment/(Revaluation) of investments in subsidiaries	1,200	0.7%	7,800	10.9%
Other permanent differences	5,524	3.4%	12,938	18.1%
IRAP for the year	1,333	0.8%	-	0.0%
Other	17,897	11.1%	(3,494)	(4.9%)
Net effect of group tax consolidation for the year	(15,071)	(9.4%)	(15,219)	(21.2%)
Effective income taxes	**21,754**	**13.5%**	**(8,822)**	**(12.3%)**

"Other" mainly includes provisions for tax risks of Euro 11,810 thousand, the benefits arising from the application of a higher ACE (Allowance for Corporate Equity) deduction for Prysmian S.p.A. and differences on prior year taxes.

The Company, along with all its Italian resident subsidiaries, participates, as head of the tax group, in a group tax consolidation, pursuant to art. 117 et seq of the Italian Income Tax Code. The intercompany transactions arising under such a group tax consolidation are governed by specific rules and an agreement between the participating companies, which involve common procedures for applying the tax laws and regulations.

The following companies are members of the tax group:

- Fibre Ottiche Sud – F.O.S. S.r.l.
- Prysmian Cavi e Sistemi S.r.l.
- Prysmian Cavi e Sistemi Italia S.r.l.
- Prysmian Treasury S.r.l.
- Prysmian Electronics S.r.l.
- Prysmian PowerLink S.r.l.

The rate used to calculate the tax charge is 24% for IRES (Italian corporate income tax), and 5.57% for IRAP (Italian regional business tax).

23. CONTINGENT LIABILITIES

As a global operator, the Company 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 existing or future legal disputes and proceedings cannot be predicted with certainty. The outcome of such 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 Company's financial condition and results.

As at 31 December 2021, the contingent liabilities for which the Company has not recognised any provision for risks and charges, on the grounds that the related legal and tax cases are considered unlikely to rise to significant liabilities, amount to approximately Euro 242 thousand.

24. COMMITMENTS

The Company has the following types of commitments at 31 December 2021:

a) Commitments to purchase property, plant and equipment and intangible assets

Contractual commitments, already given to third parties at 31 December 2021 and not yet reflected in the financial statements, amount to Euro 1,677 thousand (Euro 352 thousand at 31 December 2020).

b) Comfort letters in support of bank guarantees given to Group companies

Comfort letters in support of bank guarantees given in the interest of Group companies amount to Euro 74 thousand at 31 December 2021, all of which relating to P.T. Prysmian Cables Indonesia (Euro 75 thousand at 31 December 2020).

c) Other guarantees given in the interest of Group companies

These amount to Euro 5,503,604 thousand at 31 December 2021 (Euro 3,478,320 thousand at 31 December 2020), analysed as follows:

(Euro/thousand)	2021	2020
Prysmian Cavi e Sistemi S.r.l.	48,759	56,532
Prysmian Netherlands B.V.	49,258	49,258
Prysmian PowerLink S.r.l.	3,872,694	3,212,521
Prysmian Cables & Systems Limited	28,043	22,024
Prysmian Cables and Systems USA, LLC	1,445,037	80,077
Fibre Ottiche Sud - F.O.S. S.r.l.	13,280	11,402
Prysmian Cables Spain SA	42,720	44,658
Prysmian Re Company Ltd	3,814	1,848
Total	**5,503,604**	**3,478,320**

The comfort letters and guarantees given in the interest of Group companies in (b) and (c) mainly refer to projects and supply contracts and to the offsetting of VAT credits under the Group VAT settlement..

d) Comfort letters in support of bank guarantees given in the interest of the Company

These amount to Euro 50,000 thousand, versus Euro 41,782 thousand in the previous year.
As required by art. 2427 point 22-ter, it is reported that, in addition to the above disclosures about commitments, there are no other agreements that are not reflected in the statement of financial position that carry material risks or rewards and which are critical for assessing the Company's assets and liabilities, financial position and results of operations.

25. RELATED PARTY TRANSACTIONS

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

- services (technical, organisational and general) provided by head office to subsidiaries;
- charging of royalties for the use of patents to the Group companies that benefit from them;
- financial transactions entered into by the Parent Company on behalf of, and with, Group companies.

All the above transactions fall within the ordinary course of business of the Parent Company and its subsidiaries. The related party disclosures also include the compensation paid to Directors, Statutory Auditors and Key Management Personnel.

More details about related party transactions are provided in the table of "Intercompany and related party transactions (disclosure under art. 2428 of the Italian Civil Code)" appended to the present Explanatory Notes.

The following tables summarise related party transactions in the year ended 31 December 2021

	31 december 2021				
(Euro/thousand)	Investments in subsidiaries	Trade and other receivables and derivatives	Trade and other payables and derivatives	Employee benefit obligations and other provisions	Tax payables
Subsidiaries	5,719,977	359,940	205,187		-
Other related parties:					
Compensation of directors, statutory auditors and key management personnel	-	-	1,955	5,486	-
Total	**5,719,977**	**359,940**	**207,142**	**5,486**	**-**

	31 december 2020				
(Euro/thousand)	Investments in subsidiaries	Trade and other receivables and derivatives	Trade and other payables and derivatives	Employee benefit obligations and other provisions	Tax payables
Subsidiaries	5,367,294	255,965	279,984	-	-
Other related parties:					
Compensation of directors, statutory auditors and key management personnel	-	-	4,152	5,591	-
Total	**5,367,294**	**255,965**	**284,136**	**5,591**	**-**

(Euro/thousand)	2021 Sales and other income	Raw materials, consumables and supplies	Cost of goods and services	Fair value change in metal derivatives	Personnel costs	Finance income/ (costs)	Dividends/ (Impairment) of investments	Taxes
Subsidiaries	222,026	4,870	87,712	243	-	38,968	148,551	12,353
Other related parties:								
Compensation of directors, statutory auditors and key management personnel	-	-	1,082	-	9,835	-	-	-
Total	**222,026**	**4,870**	**88,794**	**243**	**9,835**	**38,968**	**148,551**	**12,353**

(in migliaia di Euro)	2020 Sales and other income	Raw materials, consumables and supplies	Cost of goods and services	Fair value change in metal derivatives	Personnel costs	Finance income/ (costs)	Dividends/ (Impairment) of investments	Taxes
Subsidiaries	186,576	2,255	30,664	(262)	0	36,389	111,941	2,020
Other related parties:								
Compensation of directors, statutory auditors and key management personnel	-	-	775	-	12,479	-	-	-
Total	**186,576**	**2,255**	**31,439**	**(262)**	**12,479**	**36,389**	**111,941**	**2,020**

Transactions with subsidiaries

These refer to services supplied to and received from Group companies and to current account transactions with the Group's central treasury company.

Top management compensation

Top management compensation is analysed as follows:

(Euro/thousand)	2021	2020
Salaries and other short-term benefits - fixed part	3,617	5,600
Salaries and other short-term benefits - variable part	1,178	1,439
Other benefits	118	346
Share-based payments	2,563	2,957
Other costs	2,358	-
Total	**9,835**	**10,342**
of which Directors	8,134	7,685

26. SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

As required by Consob Communication DEM/6064293 dated 28 July 2006, the effects of non-recurring events and transactions on the Company's income statement are shown below, involving net non-recurring income totalling Euro 22,807 thousand in 2021 and net non-recurring expenses of Euro 15,304 thousand in 2020.

(Euro/thousand)	2021	2020
Non-recurring other income	63,266	2,085
Non-recurring other expenses	(54,167)	(17,153)
Non-recurring finance costs	(1,929)	(737)
Non-recurring finance income	15,638	501
Total	**22,807**	**(15,304)**

The statement of financial position and net financial debt contain no material amounts in connection with non-recurring events.

27. COMPENSATION OF DIRECTORS AND STATUTORY AUDITORS

Directors' compensation amounts to Euro 8,134 thousand in 2021 (Euro 7,685 thousand in 2020). Statutory auditors' compensation for duties performed in Prysmian S.p.A. amounts to Euro 195 thousand in 2021 (Euro 175 thousand in 2020). Compensation includes emoluments, and any other types of remuneration, pension and medical benefits, received for their service as directors or statutory auditors of Prysmian S.p.A.. Further details can be found in the Remuneration Report.

28. ATYPICAL 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 took place during the year.

29. GROUP FINANCIAL COVENANTS

The credit agreements in place at 31 December 2021, details of which are presented in Note 10. Borrowings from banks and other lenders, require the Group to comply with a series of covenants on a consolidated basis. The main covenants, classified by type, are listed below:

a) Financial covenants

- Ratio between EBITDA and Net finance costs (as defined in the relevant agreements);
- Ratio between Net Financial Debt and EBITDA (as defined in the relevant agreements).

The covenants contained in the relevant credit agreements are as follows:

EBITDA/Net finance costs[1] not less than:	Net financial debt / EBITDA[1] not more than:
4,00x	3,00x

(1) The ratios are calculated on the basis of the definitions contained in the relevant credit agreements. The Net Financial Debt-EBITDA ratio can go as high as 3.5 following extraordinary transactions like acquisitions, no more than three times, including on non-consecutive occasions.

b) Non-financial covenants

A number of non-financial covenants have been established in line with market practice applying to transactions of a similar nature is size. These covenants involve restrictions on the grant of secured guarantees to third parties and on amendments to the Company's by-laws.

Default events

The main default events are as follows:
- default on loan repayment obligations;
- breach of financial covenants;
- breach of some of the non-financial covenants;
- declaration of bankruptcy by Group companies or their involvement in other insolvency proceedings;
- issuing of particularly significant court orders;
- occurrence of events that may adversely and significantly affect the business, the assets or the financial conditions of the Group.

Should a default event occur, the lenders are entitled to demand full or partial repayment of the amounts lent and not yet repaid, together with interest and any other amount due.
No collateral security is required.

Actual financial ratios reported at period end, calculated at a consolidated level for the Prysmian Group, are as follows:

	31 december 2021	31 december 2020
EBITDA / Net finance costs (1)	15,82x	14,32x
Net financial debt / EBITDA (1)	1,63x	2,10x

(1) The ratios are calculated on the basis of the definitions contained in the relevant credit agreements.

The above financial ratios comply with both covenants contained in the relevant credit agreements and there are no instances of non-compliance with the financial and non-financial covenants indicated above.

30. STATEMENT OF CASH FLOWS

Operating activities generated a net cash inflow of Euro 189,691 thousand in 2021, inclusive of Euro 801 thousand as the difference between net taxes paid to tax authorities and those collected from the Group's Italian companies for IRES (Italian corporate income tax) transferred under the national tax consolidation (art. 117 et seq of the Italian Income Tax Code).
Investing activities generated a net cash outflow of Euro 457,062 thousand, primarily from Euro 121,500 thousand in dividend receipts, as mainly outweighed by Euro 355,000 thousand in capital contributions to subsidiaries and Euro 200,000 thousand in investments in financial assets.
Financing activities provided a net inflow of Euro 367,218 thousand. This included a total of Euro 8,333 thousand in loan repayments and Euro 261,000 thousand in bond redemptions. New funds raised in the period consisted of Euro 75,000 thousand from new loans and Euro 768,750 thousand from new bonds issued.
Net finance costs presented in the income statement amount to Euro 14,550 thousand and include non-cash items; excluding these items, net cash finance costs reflected in the statement of cash flows amount to Euro 19,128 thousand. Non-cash items included in net finance costs mostly refer to non-cash interest expense on bonds and to loan arrangement costs.
After all these effects the Company's overall net cash inflow for 2021 was Euro 99,847 thousand.

31. INFORMATION PURSUANT TO ART.149-DUODECIES OF THE CONSOB ISSUER REGULATIONS

Pursuant to art. 149-duodecies of the Consob Issuer Regulations, the following table shows the fees in 2021 for audit work and other services provided by the independent auditors EY S.p.A.:

(Euro/thousand)	Supplier of services	Fees for 2021	Fees for 2021
Audit services	EY S.p.A.	756	904
Certification services	EY S.p.A.	410	295
Total		**1,165**	**1,199**

32. STATE AID

With regard to the transparency rules governing state aid contained in art. 1, par. 125-129 of Italian Law 124/2017, as amended by art. 35 of Legislative Decree 34/2019 (the so-called "growth decree"), published in Italy's Official Journal no. 100 dated 30 April 2019, reference should be made to the National State Aid Register for details of the state aid and de minimis aid reported therein.

33. RESEARCH AND DEVELOPMENT

The Group's research and development activities are mostly concentrated within Prysmian S.p.A.. The central team, in coordination with R&D and engineering centres in the various countries, has developed numerous projects over the year in the field of both energy and telecom cables; significant advances have been made in the area of materials and optical fibre technology.
R&D costs incurred in 2021 have been expensed in full to income and amounted to Euro 27,236 thousand versus Euro 23,321 thousand in 2020.

34. ACCOUNTING STANDARDS

DIVIDENDS

Dividend income is recognised in the income statement when the right to receive the dividends is established, normally coinciding with the shareholders' resolution declaring the same, irrespective of whether such dividends are paid out of an investee company's before or after the acquisition earnings.
The distribution of dividends to shareholders is recognised as a liability in the Company's financial statements when the distribution of such dividends is approved.

SHARE-BASED PAYMENTS

Stock options are valued on the basis of the fair value determined on their grant date. This value is charged to the income statement on a straight-line basis over the option vesting period with a matching entry in equity. This recognition is based on the estimated number of stock options that will effectively vest in favour of eligible employees, taking into consideration any conditions applying to their enjoyment, irrespective of the market value of the shares.
This value is recognised:

1. as an expense in the income statement, with a matching credit to an equity reserve, for options vesting in favour of the Company's employees:
2. b) if the related cost is recharged, the part relating to the grant date fair value is recognised in equity, while the difference between the grant date fair value and the vesting date fair value or reporting date fair value is recognised as a dividend in the income statement;
3. c) as an increase in the value of investments in subsidiaries, with a matching credit to an equity reserve, for options vesting in favour of employees of Group companies.

INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are carried at cost, less any impairment losses.
If there is specific evidence of impairment, the value of investments in subsidiaries, determined on the basis of cost, is tested for impairment. This involves comparing the carrying amount of investments with their recoverable amount, defined as the higher of fair value, and value in use.

The value of investments is tested for impairment in at least one of the following circumstances:

- the carrying amount of the investment in the separate financial statements exceeds the carrying amount of the investee's net assets, including any associated goodwill, reflected in the consolidated financial statements;
- the investee's reported EBITDA is less than 50% of that projected in the business plan, if this performance indicator is relevant to the company in question;
- the dividend distributed by the investee exceeds the total comprehensive income of the investee in the period to which the dividend refers.

If the recoverable amount of an investment is less than its carrying amount, then the carrying amount is reduced to the recoverable amount. This reduction represents an impairment loss, which is recognised through the income statement.

For the purposes of impairment testing, the fair value of investments in listed companies is determined with reference to market value, regardless of the size of holding. The fair value of investments in unlisted companies is determined using valuation techniques, amongst which the market multiples approach.

Instead, value in use is determined using the "Discounted Cash Flow - equity side" method, which involves calculating the present value of estimated future cash flows generated by a subsidiary, including cash flows from operating activities and the consideration arising from the investment's ultimate sale, net of its cash position at the valuation date.

If the reasons for a previously recognised impairment loss cease to apply, the carrying amount of the investment is reinstated but to no more than its original cost, with the related revaluation recognised through the income statement.

TREASURY SHARES

Treasury shares are reported as a deduction from equity. The original cost of treasury shares and revenue arising from any subsequent sales are treated as movements in equity.

35. ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires Management to apply accounting policies and methods which, at times, rely on subjective judgements and estimates based on past experience and assumptions deemed to be reasonable and realistic according to the circumstances. The application of these estimates and assumptions influences the amounts reported in the financial statements, meaning the statement of financial position, the income statement, the statement of comprehensive income and the statement of cash flows, as well as the accompanying disclosures. Ultimate amounts, previously reported on the basis of estimates and assumptions, may differ from original estimates because of uncertainty surrounding the assumptions and conditions on which the estimates were based.

The following is a brief description of the accounting policies that require the Management of Prysmian S.p.A. to exercise greater subjectivity of judgement when preparing estimates and a change in whose underlying assumptions could have a material impact on the financial statements.

a) Provisions for risks and charges

Provisions are recognised for legal and tax risks to reflect the risk of an adverse outcome. The value of the provisions recorded in the financial statements against such risks represents the best estimate by Management at that date. This estimate requires the use of assumptions depending on factors which may change over time and which could, therefore, have a material impact on the current estimates made by Management to prepare the Company's financial statements.

b) Impairment of assets

In accordance with the accounting standards applied by the Group, property, plant and equipment and intangible assets with finite useful lives and equity investments are tested for impairment when indicators suggest it will be difficult to realise recoverable value through use of the assets, which are written down accordingly. Verification of the existence of these indicators requires Management to make subjective judgements based on information available within the Company and from the market, as well as on past experience.

In addition, if a potential impairment loss is identified, the Company determines the amount of such impairment using suitable valuation techniques. Correct identification of indicators of potential impairment, as well as the estimates for determining its amount, depend on factors which can vary over time, thus influencing judgements and estimates made by Management.

Irrespective of the existence of indicators of potential impairment or otherwise, all intangible assets not yet ready for use must be tested for impairment once a year.
The Company has not recorded any intangible assets with an indefinite useful life in its financial statements.

c) Climate change

As more fully explained in the Directors' Group Report and in the Non-Financial Information Statement, the Company, as the Group, is implementing an ambitious "Net Zero" strategy, in line with the requirements of the Paris Agreement. At the same time, the Prysmian Group is analysing and assessing the risks and opportunities of climate change and has set targets for the reduction of greenhouse gas emissions classified as Scope 1 and 2 (direct and indirect emissions generated by its own activities) and as Scope 3 (generated by the value chain).

The consequences in terms of investments, costs and other impacts on cash flows have been considered when preparing financial forecasts, consistent with the state of progress of this process. The replacement program for certain assets aimed at achieving the "Net Zero" strategy involves reviewing the useful lives of these assets, with a consequent acceleration of their depreciation process. The 2021 impairment tests have taken into account the impacts on investment flows, as far as they can be currently estimated, without any significant effects on the test results. In addition, the Group considered challenges associated with the commitments made on climate and did not identify any further aspects that could have a material impact on the impairment tests. It is possible that in the future the carrying amount of assets or liabilities recognised in the Company's financial statements may be subject to different impacts as the strategy of managing climate change evolves. However, these aspects are more and more frequently monitored through coordination between the various company departments.

d) Depreciation and amortisation

The cost of property, plant and equipment and intangible assets is depreciated/amortised on a straight-line basis over the estimated useful lives of the assets concerned. The useful economic life of the Company's property, plant and equipment and intangible assets is determined by Management when assets are acquired. This is based on past experience for similar assets, market conditions and expectations regarding future events that could impact useful life, including developments in technology. Therefore, actual economic life may differ from estimated useful life.

The Company periodically reviews technological and industry developments to update residual useful lives. This periodic review may lead to a variation in the depreciation/amortisation period and therefore also in the depreciation/amortisation charge for future years.

e) Taxes

Current taxes are calculated on the basis of taxable income for the year, applying the tax rates in force at the reporting date.
Deferred tax assets are recognised to the extent that it is likely there will be sufficient future taxable income against which they can be recovered.

f) Employee benefit obligations

The present value of the pension plans reported in the financial statements depends on an independent actuarial calculation and on a number of different assumptions. Any changes in assumptions and in the discount rate used are duly reflected in the present value calculation and may have a significant impact on the figures reported in the financial statements. The assumptions used for the actuarial calculation are examined by the Company annually.

Present value is calculated by discounting future cash flows at an interest rate equal to that on high-quality corporate bonds issued in the currency in which the liability will be settled and which takes account of the duration of the related pension plan.
Further information can be found in Note 13. Employee benefit obligations and Note 17. Personnel costs.

g) Incentive and share purchase plans

The employee share purchase plan, directed at almost all the Group's employees, provides an opportunity for them to obtain shares on preferential terms and conditions. The operation of this plan is described in Note 17. Personnel costs.

36. EVENTS AFTER THE REPORTING PERIOD

Tax risk management and control system endorsed by the Italian Revenue Agency with admission of the Group's seven Italian companies to the "Cooperative Compliance" program.

On 3 January 2022, the Group announced that it had been admitted to the Cooperative Compliance program with the Italian Revenue Agency after the Group's seven Italian companies successfully passed the rigorous review of the adequacy of the Tax Control Framework for detecting, measuring, managing and controlling tax risk. Admission to the program, which applies from tax period 2020, will allow the Group to establish a relationship based on trust and transparency with the Italian tax authorities, aimed at the pre-emptive analysis of issues with the highest tax risk and an ever-increasing level of oversight of the most relevant tax issues. Prysmian's entry into the Collaborative Compliance program is in line with international best practice.

For the Group, managing tax risk is a crucial aspect of ethical, responsible business management, in line with the Group's sustainability strategy based on transparency and an awareness that taxes constitute a significant source of contribution to the economic and social development of the countries in which it operates. The development of an effective tax risk management model, the adoption of a Group Tax Strategy and admission to the Cooperative Compliance program will therefore make it possible, within the framework of this relationship with the Revenue Agency, to eliminate tax risk, defined as the risk of operating in conflict with the principles of tax law.

In accordance with the law, the admission notified by the Italian Revenue Agency means that Prysmian S.p.A. and the other six Italian group companies have been added to the list, published on the Agency's official website, of companies that operate in full transparency with the Italian tax authorities.

Euro 135 million loan to finance R&D activities
On 3 February 2022, the Group announced that it had finalised a loan from the European Investment Bank (EIB) for Euro 135 million to support the 2021-2024 European R&D program of the world-leading Group in the power and telecom cables industry.

The EIB loan is specifically intended to support projects to be developed at R&D centres in five European countries: France, the Netherlands, Spain, Germany and Italy. A significant share of the funding is earmarked for Italy, which is home to Prysmian Group's headquarters, R&D offices and a number of plants that are centres of manufacturing excellence for optical fibres and submarine power transmission cables and systems. Globally, Prysmian Group has 26 R&D centres located in Europe, North and South America and Asia, with a team of over 900 professional researchers, technicians and operators, and an extensive portfolio of more than 5,500 patents.

Investigation by Germany's Federal Cartel Office (FCO)
On 18 January 2022, the Group announced that the German Federal Cartel Office (FCO) had carried out inspections at some of the Group's sites in Germany. The inspections were conducted as part of an investigation by the FCO into alleged coordination in setting the standard metal surcharges applied by the industry in Germany. Prysmian is co-o

37. FILING OF FINANCIAL STATEMENTS

The financial statements of Prysmian S.p.A. at 31 December 2021 will be filed within the legally required term at its registered office and will be available for viewing on the websites of the company at www.prysmiangroup.com, the central storage mechanism at www.emarketstorage.com and the Italian Stock Exchange at www.borsaitaliana.it. The financial statements of the sub-holding company Prysmian Cavi e Sistemi S.r.l. will be filed at the registered office in Via Chiese 6, Milan; the financial statements of the sub-holding company Draka Holding B.V. will not be presented, as permitted by Dutch law.

Milan, 1 March 2022

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

LIST OF INVESTMENTS IN SUBSIDIARIES AT 31 DECEMBER 2021

(Euro/thousand)	Registered office	Net book value	% owned	Share capital in Euro	Total equity	Prysmian share of equity	Net profit/ (loss) for the year
Italian subsidiaries							
Prysmian Cavi e Sistemi S.r.l.	Milan, Via Chiese, 6	401,607	100	50,000	395,913	395,913	28,749
Prysmian Cavi e Sistemi Italia S.r.l.	Milan, Via Chiese, 6	116,220	100	77,143	101,833	101,833	(8,291)
Prysmian PowerLink S.r.l.	Milan, Via Chiese, 6	219,741	100	100,000	174,734	174,734	23,618
Fibre Ottiche Sud F.O.S. S.r.l.	Battipaglia, Strada Provinciale 135	105,441	100	47,700	132,953	132,953	(12,317)
Prysmian Treasury S.r.l.	Milan, Via Chiese, 6	83,550	100	80,000	106,666	106,666	20,838
Total Italian subsidiaries		926,559					
Foreign subsidiaries							
Draka Holding B.V.	Amsterdam, Netherlands	4,789,983	100	52,229	4,733,203	4,733,203	122,169
Prysmian Kabel und Systeme GmbH	Berlin, Germany	3,434	6.25	15,000	69,911	4,369	7,024
Prysmian Kablo SRO	Bratislava, Slovakia	1	0.005	21,246	13,437	-	3,309
Jaguar Communication Consultancy Services Private Ltd.	Mumbai, India	-	0.0000010	1,817	43	-	(343)
Prysmian Cabos e Sistemas do Brasil S.A.	Sorocaba, Brazil	-	0.040177	144,003	157,967	63	1,730
Total foreign subsidiaries		4,793,418					
Grand total		5,719,977					

INTERCOMPANY AND RELATED PARTY TRANSACTIONS (DISCLOSURE UNDER ART. 2428 OF THE ITALIAN CIVIL CODE)

				Costs		Revenue			
(Euro/thousand)	Investments in subsidiaries	Receivables	Payables	Goods and services	Finance costs	Goods and services	Finance income	Dividends and (impairment)/revaluation of investments	Income (expense) from group tax consolidation
Prysmian Group Baltics AS	-	8,167	(1)	6	-	65,988	-		-
Associated Cables Pvt. Ltd	-	2	-	-	-	-	-	-	-
Cobre Cerrillos S.A.	-	1,725	63	63	-	948	-	-	-
Conducen, SRL	-	1,083	80	235	-	966	-	-	-
Draka Belgium N.V.	-	(4)	-	-	-	1	-	-	-
Draka Comteq Berlin GmbH & Co KG	-	237	-	-	-	758	-	-	-
Draka Comteq Cabos Brasil S.A.	-	-	21	-	-	-	-	-	-
Draka Comteq Fibre B.V.	-	487	165	483	-	461	-	-	-
Draka Comteq France SAS	-	2,316	93	259	-	1,398	-	-	-
Draka Comteq Germany GmbH & Co.KG	-	7,976	2	2	-	66,021	-	-	-
Prysmian Kablo SRO	1	1,031	27	27	-	2,925	-	-	-
Draka Comteq UK Limited	-	285	83	380	-	729	-	-	-
Draka Durango S. de R.L. de C.V.	-	1	21	-	-	1	-	-	-
Draka Elevator Products INC (US)	-	1,259	17	1	-	469	-	-	-
Draka Elevator Products, Inc. (CA)	-	1	-	-	-	1	-	-	-
Draka Fileca S .A.S.	-	493	-	-	-	655	-	-	-
Draka Holding N.V. Draka Holding B.V.	4.789.983	5,320	580	1,134	-	1,721	-	123,644	-
Prysmian Group North Europe AB	-	7,385	108	206	-	40,134	-	-	-
Draka Kabely SRO	-	10,092	47	96	-	146,965	-	-	-
Prysmian Group Norge AS	-	1,485	32	60	-	1,176	-	-	-
Draka Paricable S.A.S.	-	-	-	-	-	15	-	-	-
Draka Philippines Inc.	-	717	12	14	-	41,389	-	-	-
Draka Service GmbH	-	1	-	-	-	4	-	-	-
Draka Transport USA LLC	-	733	-	-	-	3,095	-	-	-
EHC Canada Inc.	-	204	-	-	-	-	-	-	-
EHC Escalator Handrail (Shanghai) Co. Ltd	-	108	-	-	-	-	-	-	-
EURELECTRIC TUNISIE S.A.	-	151	-	-	-	-	-	-	-
Fibre Ottiche Sud F.O.S. S.r.l.	105.440	498	1,066	795	-	488	-	(4,889)	-
General Cable Celcat, Energia e Telecomunicacoes S.A.	-	5,073	18	25	-	58,336	-	-	-
General Cable Company Ltd.	-	1,301	-	-	-	1,838	-	-	-
General Cable Condel, Cabos de Energia e Telecomunicacoes S.A.	-	-	-	-	-	(3)	-	-	-
General Cable Corporation	-	30	4	4	-	41	-	-	-
General Cable de Mexico, S.A de C.V.	-	167	(3)	33	-	433	-	-	-
General Cable Holdings (Spain), S.L.	-	-	-	-	-	(14)	-	-	-
General Cable Industries, Inc.	-	15,770	5,009	19,957	-	11,364	-	-	-
General Cable Industries, LLC	-	10	-	-	-	11	-	-	-
General Cable Nordic A/S	-	1	-	-	-	1	-	-	-
Prysmian Powerlink Services Ltd.	-	149	-	-	-	33	-	-	-

				Costs		Revenue			
(Euro/thousand)	Investments in subsidiaries	Receivables	Payables	Goods and services	Finance costs	Goods and services	Finance income	Dividends and (impairment)/revaluation of investments	Income (expense) from group tax consolidation
Grupo General Cable Sistemas, S.L.	-	5,553	104	89	-	80,813	-	-	-
Jaguar Communication Consultancy Services Private Ltd.	-	208	-	-	-	-	-	-	-
LLC Prysmian RUS	-	632	33	12	-	261	-	-	-
LLC Rybinskelektrokabel	-	228	96	34	-	-	-	-	-
MCI-Draka Cable Co. Ltd	-	3,022	94	37	-	590	-	-	-
Norddeutsche Seekabelwerke GmbH	-	888	295	601	-	379	-	-	-
Oman Aluminium Processing Industries LLC	-	3	1,582	2,655	-	-	-	-	-
Oman Cables Industry (SAOG)	-	232	260	804	-	153	-	-	-
Oman Cables Industry SAOG	-	-	90	-	-	-	-	-	-
Omnisens S.A.	-	376	-	-	-	-	-	-	-
P.O.R. S.A.S.	-	-	1,222	1,222	-	-	-	-	-
P.T. Prysmian Cables Indonesia	-	863	4	(3)	-	1,068	-	-	-
Power Cables Malaysia SND – BHD	-	-	5	-	-	-	-	-	-
Prestolite de Mexico, S.A. de C.V.	-	185	-	-	-	-	-	-	-
Productora de Cables Procables S.A.S.	-	720	5	16	-	571	-	-	-
Prysmian New Zealand Ltd.	-	104	-	-	-	61	-	-	-
Prysmian - OEKW GmbH	-	132	-	-	-	15	-	-	-
Prysmian (CHINA) Investment Company Ltd	-	883	43	-	-	27	-	-	-
Prysmian Cables & Systems Limited	-	23,126	10,357	11,314	-	262,307	348	-	-
Prysmian Cables (Shangai) Trading CO. Ltd	-	1,260	45	5	-	104	-	-	-
Prysmian Cables and Systems (US) Inc.	-	1	-	-	-	-	-	-	-
Prysmian Cables and Systems B.V.	-	15,339	325	392	-	155,028	739	-	-
Prysmian Cables et Systèmes France S.A.S.	-	21,320	741	1,268	-	221,716	388	-	-
Prysmian Cables y Sistemas de Mexico S. de R.L. de C.V.	-	297	43	42	-	15	-	-	-
Prysmian Cables Spain, S.A. (Sociedad Unipersonal).	-	15,099	14,484	14,866	-	94,941	239	-	-
Prysmian Cabluri Si Sisteme S.A.	-	5,130	57	23	-	35,555	-	-	-
Prysmian Cavi e Sistemi Italia S.r.l.	116,220	8,450	822	1,473	-	29,482	-	839	-
Prysmian Cavi e Sistemi S.r.l.	401,606	43,764	9,203	9,203	-	71,897	-	20,261	2,521
Prysmian Cables and Systems USA, LLC	-	19,153	907	1,435	-	14,569	2,612	-	-
Prysmian Group Denmark A/S	-	348	-	-	-	67	-	-	-
Prysmian Electronics S.r.l.	-	591	-	48	-	243	-	-	-
Prysmian Energia Cables y Sistemas de Argentina S.A.	-	47	46	115	-	142	-	-	-
Prysmian Cabos e Sistemas do Brasil S.A.	-	59	280	441	-	248	-	-	-
Prysmian Group Finland OY	-	23,962	697	1,064	-	170,886	-	-	-
Prysmian Hong Kong Holding Limited	-	25	-	-	-	98	-	-	-

(Euro/thousand)	Investments in subsidiaries	Receivables	Payables	Costs: Goods and services	Costs: Finance costs	Revenue: Goods and services	Revenue: Finance income	Revenue: Dividends and (impairment)/revaluation of investments	Revenue: Income (expense) from group tax consolidation
Prysmian Kabel und Systeme GmbH	3,434	12,800	510	934	-	38,416	-	-	-
Prysmian MKM Magyar Kabel Muvek Kft	-	14,253	35	60	-	268,167	-	-	-
Prysmian Australia PTY Ltd	-	3,254	252	298	-	5,223	-	-	-
Prysmian Cables and Systems Canada Ltd	-	1,613	21	70	-	4,311	-	-	-
Prysmian Power Link S.r.l.	219,742	32,804	21,187	21,374	-	78,030	32,725	2,131	2,794
Prysmian RE Company Designated Activity Company	-	-	-	-	-	16	-	-	-
Prysmian Technology Jiangsu Co. Ltd.	-	622	-	109	-	97	-	-	-
Prysmian Treasury S.r.l.	83,550	6,290	195,306	21	8,221	745	12,497	6,565	7,038
Prysmian Wuxi Cable Company Ltd	-	2,608	-	-	-	1,013	-	-	-
SILEC Cable, S.A.S.	-	6,398	290	459	-	31,336	-	-	-
Sindutch Cable Manufacturer Sdn Bhd	-	2,426	5	9	-	1,094	-	-	-
Singapore Cables Manufacturers Pte Ltd	-	2,596	15	40	-	587	-	-	-
Société Ivoirienne De Cables S.A.	-	5	-	-	-	2	-	-	-
Suzhou Draka Cable Co. Ltd	-	2,267	211	372	-	341	-	-	-
Turk Prysmian Kablo Ve Sistemleri A.S.	-	5,700	85	130	-	22,165	-	-	-
Grand Total	**5,719,977**	**359,891**	**267,205**	**94,817**	**8,221**	**2,041,121**	**49,548**	**148,551**	**12,353**

Certification of the financial statements
pursuant to art. 81-ter of consob regulation 11971 dated 14 may 1999 and subsequent amendments and additions

1. The undersigned Valerio Battista, as Chief Executive Officer, Stefano Invernici and Alessandro Brunetti, as managers responsible for preparing the financial reports of Prysmian S.p.A., certify, also taking account of the provisions of paragraphs 3 and 4, art. 154-bis of Italian Legislative Decree 58 dated 24 February 1998, that during 2021 the accounting and administrative processes for preparing the financial statements:

- have been adequate in relation to the business's characteristics and
- have been effectively applied.

2. The adequacy of the accounting and administrative processes for preparing the financial statements at 31 December 2021 has been evaluated on the basis of a procedure established by Prysmian in compliance with the internal control framework published by the Committee of Sponsoring Organizations of the Treadway Commission, which represents the generally accepted standard model internationally.

3. It is also certified that:

3.1 The financial statements at 31 December 2021:

- have been prepared in accordance with applicable international accounting standards recognised by the European Union under Regulation (EC) 1606/2002 of the European Parliament and Council dated 19 July 2002;
- correspond to the underlying accounting records and books of account;
- are able to provide a true and fair view of the issuer's statement of financial position and results of operations.

3.2 The directors' report contains a fair review of performance and the results of operations, and of the issuer's situation, together with a description of the principal risks and uncertainties to which it is exposed.

Milan, 1 March 2022

Valerio Battista	**Stefano Invernici**	**Alessandro Brunetti**
CHIEF EXECUTIVE OFFICER	MANAGERS RESPONSIBLE FOR PREPARING COMPANY FINANCIAL REPORTS	

Proposal to approve the financial statements and to allocate net profit for 2021

Shareholders,

We are submitting the financial statements for the year ended 31 December 2021 for your approval and recommend that you adopt the following:

RESOLUTION

The Shareholders' Meeting
- acknowledges the report by the Board of Directors,
- acknowledges the reports by the Board of Statutory Auditors and by the Independent Auditors,
- has examined the financial statements at 31 December 2021, which close with a net profit of Euro 138,966,969 and

RESOLVES

a) to approve:
- the report on operations by the Board of Directors;
- the financial statements at 31 December 2021;

as presented by the Board of Directors - as a whole and in their individual parts, along with the proposed provisions - which report a net profit of Euro 138,966,969;

b) to grant each ordinary voting share (taking account of directly held treasury shares) a gross dividend of Euro 0.55, drawn from net profit for the year and Euro 6 million from the following available earnings reserves: "Retained earnings".

The dividend will be paid out from 21 April 2022, with record date 20 April 2022 and ex-div date 19 April 2022.

Milan, 1 March 2022

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

Independent Auditors' Report

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

To the Shareholders of
Prysmian S.p.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Prysmian S.p.A. (the Company), which comprise the statement of financial position as at 31 December 2021, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

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

Key Audit Matters

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

EY S.p.A.
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We identified the following key audit matter:

Key Audit Matter	Audit Response
Recoverability of the book value of investments in subsidiaries	
As of 31 December 2021, the investments in subsidiaries recorded in the Company's financial statements amount to Euro 5,720 million. Processes and valuation methods to determine the recoverable amount of investments in subsidiaries, based alternatively on the fair value according to the multiples method or the value in use measured through the discounted cash flow approach, include assumptions, sometimes complex, which imply, by their nature, estimates by the directors, especially with regard to the forecast of their future profitability and to the determination of long term growth and discount rates applied to forecasted future cash flows. Considering the required judgment and the complexity of the assumptions adopted in estimating the recoverable amount of the investments in subsidiaries, we assessed this matter as a key audit matter. Financial statements disclosures related to the valuation of investments in subsidiaries are reported in note "3. Investments in subsidiaries".	Our audit procedures related to the key audit matter included, among the others, the analysis of the procedure implemented by the Company regarding the valuation of investments in subsidiaries, the analysis of forecasted future cash flows and the reconciliation of forecasted future cash flows of subsidiaries with the Group budget prepared for the 2022 fiscal year, taking into account the impairment testing procedure approved by the Board of Directors. In addition, our procedures included the analysis of the quality of the forecasts taking into account the historical accuracy of the previous forecasts and the analysis of the calculation of long term growth and discount rates. In our procedures we analyzed the models applied to determine the fair value according to the multiples method and the value in use measured through the discounted cash flow approach, also involving our experts in valuation techniques, who performed independent calculation and sensitivity analysis on the key assumptions in order to identify the change in assumptions that could have a significant impact on the valuation of the recoverable amount. Finally, we analyzed the disclosure provided in the financial statements of the Company as of 31 December 2021.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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

The shareholders of Prysmian S.p.A., in the general meeting held on 16 April 2015, engaged us to perform the audits of the consolidated financial statements for each of the years ending 31 December 2016 to 31 December 2024.

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

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

Report on compliance with other legal and regulatory requirements

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

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

We have performed the procedures required under audit standard SA Italia n. 700B, in order to express an opinion on the compliance of the financial statements with the provisions of the Delegated Regulation.

In our opinion, the financial statements have been prepared in the XHTML format in compliance with the provisions of the Delegated Regulation.

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

The Directors of Prysmian S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of Prysmian S.p.A. as at 31 December 2021, including their consistency with the related financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the financial statements of Prysmian S.p.A. as at 31 December 2021 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operations and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the financial statements of Prysmian S.p.A. as at 31 December 2021 and comply with the applicable laws and regulations.

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

Statement pursuant to article 4 of Consob Regulation implementing Legislative Decree n. 254, dated 30 December 2016

The Directors of Prysmian S.p.A. are responsible for the preparation of the non-financial information pursuant to Legislative Decree n. 254, dated 30 December 2016. We have verified that non-financial information have been approved by Directors.

Pursuant to article 3, paragraph 10, of Legislative Decree n. 254, dated 30 December 2016, such non-financial information are subject to a separate compliance report signed by us.

Milan, 14 March 2022

EY S.p.A.
Signed by: Massimo Meloni, Auditor

This report, that includes the opinion on the financial statements of Prysmian S.p.A. and the opinions on the Prysmian S.p.A.'s compliance with other legal and regulatory requirements as applicable to our audit, has been translated into the English language solely for the convenience of international readers. Accordingly, we express no such opinions in respect of the English translation of the financial statements of Prysmian S.p.A. and XHTML format thereof.


LEONARDO DA VINCI
Prysmian Group

Report of the Board of Statutory Auditors

REPORT BY THE BOARD OF STATUTORY AUDITORS
(Art. 153 Legislative Decree 58/1998 and Art. 2429 Italian Civil Code)

Shareholders,
This report describes the activities performed by the Board of Statutory Auditors of Prysmian S.p.A. (the "Company" and together with its subsidiaries, the "Group") during the year ended 31 December 2021 (the "Reporting Period").

1. In fulfilling its supervisory and control activities, the Board of Statutory Auditors reports that:

   a) it has monitored observance of the law, the Company's By-laws and of good management practices, in compliance with the relevant legislation, also taking into account the standards of conduct established by the Italian Accounting Profession (*Consiglio nazionale dei Dottori Commercialisti ed Esperti Contabili*);

   b) it has attended meetings of the Board of Directors, the Control and Risks Committee, the Remuneration and Nomination Committee and the Sustainability Committee and it has received regular information from the Directors about the Company's general performance and outlook, with particular attention to the impact of the Covid-19 pandemic on the Company, and about transactions with the most significant impact on its results of operations, financial position and cash flows that were approved and actioned during the Reporting Period by the Company and Group companies, including those transactions specifically mentioned in art. 150, par. 1 of Legislative Decree 58 dated 24 February 1998 (Italy's Unified Financial Act, hereinafter "UFA"). This information is adequately represented in the Directors' Report, to which you are referred.
   The Board of Statutory Auditors is able to provide reasonable assurance that the transactions approved and actioned have complied with the law and the By-laws and have not been not manifestly imprudent, risky, in potential conflict of interest, in contrast with resolutions adopted by the shareholders in general meetings, nor such as to compromise the integrity of the Company's net assets. Resolutions adopted by the Board of Directors have been faithfully executed by management and the organisation;

   c) it has not observed the existence of atypical and/or unusual transactions with Group companies, third parties or related parties, nor has it received information in this regard from the Board of Directors, the Independent Auditors, or the director in charge of supervising the internal control and risk management system. The Directors' Report contains adequate information about the effects of ordinary transactions entered into with subsidiaries on an arm's length basis that have an important impact on results of operations, financial position and cash flows. The Board of Statutory Auditors is of the opinion that related party transactions (including those between Group companies) are adequately overseen, also basing its conclusion on the results of work carried out by the Audit & Compliance department. In this regard, the Board of Statutory Auditors notes that the Company has adopted a set of procedures for related party transactions in compliance with the provisions of Consob Regulation 17221 dated 12 March 2010 and the Consob Communication dated 24 September 2010, as well as specific rules contained in the Group's Code of Ethics, which set out how to avoid or manage situations in which the Directors have a conflict of interest or a personal interest. In accordance with art. 4 of the above Consob Regulation, the Board of Statutory Auditors has verified that the procedures adopted by the Company comply with the Regulation's principles, and that such procedures have been observed;

d) it has obtained information about and monitored (i) the adequacy of the Company's organisational structure, for those aspects falling within the scope of its remit, and (ii) the observance of good management practices, by acquiring information from heads of the relevant departments and by holding meetings with representatives of the auditing firm engaged to perform the statutory audit (the "Independent Auditors"), including for the purpose of exchanging relevant information and data; no critical issues have emerged as a result of these meetings. Nor have any critical issues emerged as a result of meetings with the Boards of Statutory Auditors and sole Statutory Auditors of the Company's Italian subsidiaries;

e) it has monitored and verified, to the extent of its remit:

- the adequacy of the administration and accounting systems, and their reliability to fairly represent business operations, particularly in view of the Covid-19 pandemic;
- the adequacy of the systems and processes that govern the production, reporting, measurement and representation of non-financial results and information established by Legislative Decree 254 dated 30 December 2016, in order to allow for a fair representation of the aspects of a non-financial nature covered by the decree, by:

i. regularly exchanging information with executive directors and particularly with Managers responsible for preparing company financial reports, whose role is governed by art. 154-*bis*, UFA;
ii. examining the reports prepared by the Audit & Compliance department, including information on the outcome of any remedial actions implemented as a result of auditing activities;
iii. obtaining information from the heads of company departments;
iv. holding meetings and exchanging information with the statutory auditors of the Italian subsidiaries as permitted by paragraphs 1 and 2 of art. 151, UFA, during which the Board of Statutory Auditors obtained information about the management and control systems of these subsidiaries and general trends in their business;
v. examining the activities of the Independent Auditors and reviewing the results of their work;

vi. taking part in the work of the Control and Risks Committee.

These activities have not revealed any anomalies that could be considered evidence of inadequacies in the internal control and risk management system;

f) it has held meetings with representatives of the Independent Auditors, EY S.p.A., engaged to perform the statutory audit, in order to exchange relevant data and information and to receive information not only about the main risks to which the Company is exposed and consequent controls adopted, but also about the tests carried out to audit the accounting system and the correct recording of business operations in the accounting records. No significant observations have emerged from these meetings, either by them or by us. There has also been a continuous exchange of information about the operational issues arising as a result of the Covid-19 health emergency. In particular, the Board of Statutory Auditors has monitored the impacts of the "remote" working methods adopted by the Independent Auditors, assisted by the Company's personnel, without finding any critical issues;

g) it has monitored the arrangements for implementing the Corporate Governance Code for Listed Companies adopted by the Company, as described in the Report on Corporate Governance and Ownership Structure approved by the Board of Directors on 1 March 2022. The Board of Statutory Auditors has also verified the correct application of the criteria and procedures adopted by the Board of Directors to evaluate the independence of its members. In addition, the Board of Statutory Auditors has verified that its own members comply with the requirements for independence and professional experience, established by the relevant legal and regulatory provisions;

h) it has examined and obtained information about the activities of an organisational and procedural nature implemented under Legislative Decree 231 of 8 June 2001 on corporate criminal liability. The Monitoring Board instituted by the Company has reported on its activities during the Reporting Period and has not notified the Board of Statutory Auditors of any significant matters;

i) it has verified that the information provided by subsidiaries located outside the European Union is adequate for the audit of the annual and interim financial reports, as required by art. 15 of the Market Regulations adopted under Consob resolution 20249 dated 28 December 2017;

j) it has monitored the implementation of organisational measures connected with developments in the business, with particular attention to the measures taken in relation to the Covid-19 health emergency;

k) it has taken part in induction sessions aimed at deepening its knowledge of the Company's business sectors and strategies, in line with the recommendations of the Corporate Governance Code.

In its capacity as the Audit Committee, pursuant to art. 19 of Legislative Decree 39 dated 27 January 2010 as amended by Legislative Decree 135 dated 17 July 2016 implementing Directive 2014/56/EU, during the Reporting Period the Board of Statutory Auditors has:

a) monitored the financial reporting process, which has proved fit for purpose in terms of integrity;
b) controlled the effectiveness of the enterprise's internal quality control and risk management systems, and internal audit function, as regards financial reporting, without violating its independence;
c) monitored the statutory audit of the Company's separate financial statements;
d) verified and monitored the independence of the Independent Auditors pursuant to the provisions of law and in particular regarding the provision of non-audit services, pursuant to art. 5 of Regulation (EU) 537/2014;
e) issued an opinion under art. 2389, par. 3, of the Italian Civil Code, regarding the remuneration of directors holding particular offices.

The Board of Statutory Auditors met five times during the Reporting Period and attended meetings of the Board of Directors, the Control and Risks Committee, the Remuneration and Nomination Committee and the Sustainability Committee; it also met with the Boards of Statutory Auditors and sole Statutory Auditors of the subsidiaries referred to above.

As regards exchange of information with the Monitoring Board (instituted under Legislative Decree 231/2001), this body has reported periodically to the Board of Statutory Auditors on its supervisory activities involving the Organisational Model adopted by the Company under Legislative Decree 231/2001.

Based on the information obtained, the Board of Statutory Auditors considers that the business is run in accordance with sound management practices and that as a whole, its organisational structure, system of internal controls and administrative and accounting systems are appropriate for its business needs.

2. With regard to relations with the Independent Auditors, EY S.p.A., the Board of Statutory Auditors, serving in its capacity as the Audit Committee, reports that:

   a) the Independent Auditors have issued unqualified audit reports, dated today, under art. 14 of Legislative Decree 39 dated 27 January 2010 and art. 10 of Regulation (EU) 537/2014, on the separate and consolidated financial statements for the year ended 31 December 2021.

   The Independent Auditors' report contains the following opinions and representations:

   i. the opinion that the separate financial statements and consolidated financial statements of Prysmian S.p.A. give a true and fair view of the statement of financial position of the Company and the Group at 31 December 2021, of their results of operations and cash flows for the year then ended, in compliance with the International Financial Reporting Standards adopted by the European Union, and with the provisions that implement art. 9 of Legislative Decree 38 dated 28

February 2005;

ii. a consistency opinion that the Directors' Reports accompanying the separate and consolidated financial statements at 31 December 2021 and certain specific information contained in the "Report on Corporate Governance and Ownership Structure", as specified by art. 123-bis, par. 4, UFA, for which the Company's directors are responsible, have been prepared in compliance with the legal requirements;

iii. a compliance opinion that the separate and consolidated financial statements have been prepared in XHTML format, in accordance with the provisions of European Commission Delegated Regulation (EU) 2018/815;

iv. a statement that, based on their knowledge and understanding of the enterprise and related context acquired during the audit, they have nothing to report with regard to any material errors in the Directors' Reports.

b) EY S.p.A. has also issued today the additional report to the Board of Statutory Auditors serving in its capacity as the Audit Committee, in accordance with art. 11 of Regulation (EU) 537/2014, which will be forwarded to the Board of Directors as required by current legislation.

c) EY S.p.A. has also issued today their report on the consolidated non-financial information statement prepared pursuant to art. 3, par. 10 of Legislative Decree 254 dated 30 December 2016 and art. 5 of Consob Regulation 20267 dated 18 January 2018, in which it represents that no evidence has come to its attention that causes it to believe that Prysmian Group's disclosure of non-financial information for the year ended 31 December 2021 has not been prepared, in all material aspects, in accordance with the requirements of articles 3 and 4 of the aforementioned decree.

d) EY S.p.A. has issued today their statement of independence, as required by art. 6 of the Regulation (EU), from which no evidence emerges that could compromise their independence. Lastly, the Board of Statutory Auditors acknowledges the Transparency Report prepared by the Independent Auditors and published on their website in accordance with art. 18 of Legislative Decree 39/2010.

e) In addition to the duties required by law in respect of listed companies, EY S.p.A. and firms within the EY network have been engaged to perform additional services other than the statutory audit, the fees for which have been disclosed in the notes to the consolidated financial statements as required by art. 149-*duodecies* of the Issuer Regulations. The services other than the statutory audit were approved beforehand by the Board of Statutory Auditors, which reviewed their compliance and relevance with reference to the criteria contained in Regulation (EU) 537/2014.

Having reviewed the statement of independence issued by EY S.p.A. and its transparency report, as well as the engagements awarded to EY S.p.A. and firms in its network, the Board of Statutory Auditors believes there are no critical issues concerning the independence of EY S.p.A..

3. The Board of Statutory Auditors is not aware of any matters or complaints of which the Shareholders' Meeting should be informed. During the course of its activities and based on the information obtained, the Board of Statutory Auditors has not observed any omissions, misconduct, irregularities or any other circumstances that would require reporting to the external Supervisory Authority or disclosure in the present report.

4. The Board of Directors has promptly provided the Board of Statutory Auditors with copies of the financial statements and the Directors' Report. Within the scope of its remit, the Board of Statutory Auditors observes that the formats used are in accordance with the law, that the accounting policies adopted, as described in the accompanying notes, are adequate in relation to the activities and operations carried out by the Company, that the procedure adopted for testing any impairment of assets presented in the financial statements was approved by the Board of Directors independently and in advance of approving the financial report and that the financial statements correspond to the facts and information known to the Board of Statutory Auditors as a result of attending meetings of the Company's governing bodies and of its own supervisory activities.

5. Given the results of specific work performed by the Independent Auditors to test accounting controls and verify the reliability of the financial statements, as well as the Board of Statutory Auditors' own supervisory activities, the Board of Statutory Auditors can find no reasons to object to the approval of the proposed resolutions presented by the Board of Directors to the Shareholders' Meeting.

Milan, 14 March 2022

On behalf of the Board of Statutory Auditors

Pellegrino Libroia

(Chairman)


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Group
Prysmian

Linking the
sustainable future