

**Prysmian Cables & Systems Limited**  
**Annual Report and Financial Statements**  
**For the Year Ended 31 December 2023**



# **Prysmian Cables & Systems Limited**

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# **Prysmian Cables & Systems Limited**

## **DIRECTORS AND ADVISERS**

### **DIRECTORS**

M Bavaresco  
J Sessions  
C Farise

### **COMPANY SECRETARY**

C Briggs

### **INDEPENDENT AUDITORS**

Belluzzo Audit Limited  
Registered Auditor  
38 Craven Street  
London, WC2N 5NG  
United Kingdom

### **REGISTERED OFFICE**

Chickenhall Lane  
Eastleigh,  
Hampshire  
SO50 6YU  
United Kingdom

# **Prysmian Cables & Systems Limited**

## **STRATEGIC REPORT**

**For the year ended 31 December 2023**

The directors present their Strategic Report of the Company for the year ended 31 December 2023.

### **Principal Activities**

The Company's principal activity is the manufacture, sale and installation of cables and accessories, which also include project management activities. The Company operates in various key territories including Europe, Middle East and Asia. All operations are managed by the Company or through the Company's agency Draka U.K. Limited.

Particulars of the principal subsidiary companies are shown in note 15 to the financial statements.

A business review follows on pages 2 to 4.

### **Review of Business**

The turnover of the Company in 2023 has reduced compared to prior year, but operating profit has increased.

The Trade and Installers business reported a reduction in volumes in 2023 due a slowdown in the domestic and Hong Kong markets. Despite the reduced volumes, profitability is broadly aligned to 2022 thanks to continued focus on price management and production cost discipline.

The Power Distribution business reported an increase in volumes of compared to prior year with a corresponding increase in profitability.

The High Voltage business unit reported a reduction in turnover of in 2023 compared to prior year due to a slowdown in the market and projects being delayed in to 2024. Profitability remains broadly aligned with 2023.

The HV Accessories business reported a small increase in sales in 2023 compared to prior year, with a corresponding increase in profitability.

The Medium/Low voltage Components business reported an increase in sales in 2023 compared with prior year, recovering from previous years market conditions and inflationary pressures.

The Telecom sector reported a slowdown in 2023 following a strong year in 2022 due to reduced overall demand in the domestic market. This has resulted in reduced turnover for both the Connectivity and Optical Cables businesses, and results in a corresponding reduction to profitability.

# Prysmian Cables & Systems Limited

## STRATEGIC REPORT (continued)

For the year ended 31 December 2023

### Review of Business (continued)

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. In 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. In July 2022, an agreement was reached for an out-of-court settlement of Vattenfall's claims against the Group companies. However, the legal proceedings brought by the Group companies against the other party to whom the EU decision was addressed are continuing.

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 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. The contribution proceedings against other addressees of the EC decision are ongoing.

### Key Performance Indicators ("KPIs")

The Company monitors and reports KPIs covering all aspects of its business including commercial volumes and prices, industrial, logistics and fixed costs as well as key financial ratios to senior management of the ultimate parent company (Prysmian SpA). The main indicators are listed below.

	2023	2022
Turnover increase/(decrease) on previous year	(10.6%)	0.4%
Gross profit/Turnover percentage	18.1%	14.7%
Operating profit/Turnover percentage	7.5%	3.6%
Net Financial Position *	£202m	£197m

- \* Net Financial Position primarily represents loans to a fellow group company of £201m (2022: £197m) and Cash at bank and in hand of £1.1m (2022: £1.2m).

The key performance indicators above are reflective of the review of business described previously.

The Company looks to optimise its cash position through recurring operations and a constant commitment to optimise the level on inventory and decrease the Trade Receivables exposure.

# **Prysmian Cables & Systems Limited**

## **STRATEGIC REPORT (continued)**

**For the year ended 31 December 2023**

### **Strategy**

In 2023 the Company continued to focus on improvement in return on capital employed and cashflow generation, through a selective strategy of volumes and investments. The Company is constantly reviewing the production processes and develop initiatives, specifically investments to increase capacity and enhance production capabilities, combined with a focus on high value added products, are expected to deliver positive impacts to profit margins. The increase in cash flow generation remains a key target for 2024.

### **Future Outlook**

In the medium-term, the Company is well positioned to address the expectations of market growth driven by the energy transition and further increase in digitalisation. However in the short-term, the business faced challenges in both domestic and international markets in 2023 as the UK economy continued with low growth and high inflation and interest rates. It is expected that these conditions will improve over the next 12-18 months.

### **Business Environment**

The Company continues to operate in a very competitive market. Competition in the areas of price, product quality and product development requires a constant focus on the market place to ensure continued success. The Company covers foreign exchange rate exposure through financial instruments to neutralise the currency risk, in what persists as a volatile environment. Nonetheless, the Company is well placed to react and compete in the current market which is expected to remain volatile in the short to medium term.

### **Principal Risks and Uncertainties**

The management of the business and the execution of the Company's strategy are subject to a number of risks as with any large undertaking in a competitive market.

With the ongoing geopolitical tensions alongside the impact of interest rates and inflation, supply chain management is expected to be negatively impacted. The Company recognises these risks and has invested in supply chain resilience in order to mitigate the risks to business continuity. Our supply chain continues to be highly responsive, and we can harness the strong differentiation of the markets and business sectors in which we operate.

Competition – the Company operates in a highly competitive market particularly around price and product quality. This results in downward pressures on the Company's margins and in the risk that customer expectations are not met. In order to mitigate this risk, the Company constantly works to decrease its cost structure and monitor market prices on an on-going basis and routine market research is undertaken to understand customer expectations and to measure whether they are being achieved.

# **Prysmian Cables & Systems Limited**

## **STRATEGIC REPORT (continued)**

**For the year ended 31 December 2023**

### **Principal Risks and Uncertainties (continued)**

Product development – any failure to improve existing products and to develop new solutions could result in adverse consequences for the Company in the future. Management ensure that research and development are given the profile that they deserve in order to maintain the Company's competitiveness and reputation as being the market leader in providing reliable and innovative products.

### **Section 172 Statement**

The Company is a wholly owned subsidiary of Prysmian UK Group Limited and is included in the consolidated financial statements of Prysmian SpA, forecasts and budgets are regularly communicated with group headquarters with performance determined using KPI's quoted on page 3.

Suppliers are engaged by local and Prysmian Group procurement departments, the Company partners with large volume raw material and local smaller specialist businesses, allowing the Company to provide a diverse product range. Regular supplier communication days are organised to ensure key information is distributed, and suppliers are routinely engaged to assist with product development. Ordering schedules are forecasted and provided to suppliers to aid liquidity and planning. Compliance checks are performed on all new vendors and sub-contractors are required to complete a pre-qualification questionnaire before being awarded any project contracts.

Established agreements are in place with the Company's diverse customer portfolio, the Company has a range of customer service and quality protocols to ensure customer needs are met. The Company regularly develops products to meet customer needs and has an open dialogue with its customers to understand the market and meet their demand.

The Company considers its workforce its highest priority, health and safety is considered in all operational decisions, and a safety programme is in place to engage with the workforce on such matters. Members of the workforce are regularly represented by workers unions, who are consulted on all company decisions affecting their members. Prysmian group conducts regular employee workplace surveys to provide feedback on each entity working environment, this is then used by the Company directors to implement improvements to the working environment.

A key indicator for the Company is the number of days lost as a result of accidents at work. A total of 520 days were lost in 2023 (2022: 545). The company wide behavioural safety programme is on-going and continues into 2024. Managers and supervisors will be attending Leadership in Health and Safety Training. A key focus is on engaging with all employees to improve the reporting of near misses, unsafe acts and unsafe conditions. These items are important priorities from the UK Health and Safety progression plan which continues to be deployed.

Further employment and corporate responsibility policies are described on page 10 as part of the Directors report.

The Company considers the impact of its operations on the community and the environment and this is explained more fully in the Streamlined Energy and Carbon report included as part of the Directors report on pages 12 to 15.

# **Prysmian Cables & Systems Limited**

## **STRATEGIC REPORT (continued)**

**For the year ended 31 December 2023**

The Strategic Report was approved by the Board of Directors and signed on its behalf by:



**J Sessions**  
**Director**  
**25 June 2024**

# **Prysmian Cables & Systems Limited**

## **DIRECTORS' REPORT**

**For the year ended 31 December 2023**

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2023.

The Company is a wholly-owned subsidiary of Prysmian UK Group Limited and is included in the consolidated financial statements of Prysmian SpA, which are publicly available on the Prysmian Group website ([www.prysmian.com](http://www.prysmian.com)).

### **Future Developments**

In 2024, as indicated in the Strategic Report, the focus will continue to remain on delivering the best possible return on assets by selecting the most profitable business, whilst at the same time retaining volumes. The Company acknowledges the ongoing geopolitical tensions and their effect on raw materials and supply chain management.

The increase in cash flow generation remains a key target for 2024.

### **Going Concern**

The Company has performed a going concern assessment based on a rolling forecast, cashflow projections and sensitivity analysis for the next 12 months to 30 June 2025. The Company has assessed the effect that a 5% and 10% decrease in turnover would have on revenue, contribution margin and recurring EBITDA. Further to this, the Company has assessed the effect of key material shortages would have on the Company's production and the subsequent decrease in turnover, contribution margins and recurring EBITDA. The combination of the 10% decline and key material shortages scenarios have been considered as an extreme impact, resulting in a reduced EBITDA and subsequent negative cashflow implications. The Company's forecast and downside scenarios continue to indicate that the Company would have significant positive cash balances.

The Company's cash balances are held centrally with Prysmian Treasury Srl to maximise interest and cash movements. The Company is entitled to immediate access to these funds under a legally binding cash pooling agreement which the Company expects to continue until 30 June 2025 or at least 12 months from the signing of the financial statements.

On this basis the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing the annual report and accounts.

### **Results and Dividends**

Company turnover in 2023 of £488.0 million (2022: £545.6 million) produced an operating profit of £36.8 million (2022: £19.7 million).

After finance cost, interest and taxation, the Company made a profit for the year of £29.6 million (2022: £17.1 million).

The directors do not recommend the payment of a dividend (2022: £ Nil).

# **Prysmian Cables & Systems Limited**

## **DIRECTORS' REPORT (continued)**

**For the year ended 31 December 2023**

### **Results and Dividends (continued)**

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. In 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. In July 2022, an agreement was reached for an out-of-court settlement of Vattenfall's claims against the Group companies. However, the legal proceedings brought by the Group companies against the other party to whom the EU decision was addressed are continuing.

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 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. The contribution proceedings against other addressees of the EC decision are ongoing.

### **Financial Risk Management**

The Company's operations expose it to a variety of financial risks that include the effects of changes in commodity prices (copper in particular), credit risk, liquidity risk, foreign exchange rate risk and interest rate risk. The Company has a risk management programme in place that seeks to limit the adverse effects on the financial performance of the Company by monitoring all risks and in particular the levels of debt finance and the related finance cost. The Company does not use derivative financial instruments to manage interest rate costs.

The Company uses derivative financial instruments such as forward currency contracts and options to hedge its risks associated with foreign currency fluctuations.

The Company uses derivative financial instruments such as forward currency contracts and options to hedge its risks associated with foreign currency fluctuations.

The policies set by the Board of Directors are implemented by the Company's finance department. The department has a policy and procedures manual that sets out specific guidelines to manage commodity price risk, credit risk, liquidity risk, exchange rate risk and interest rate risk.

#### *Commodity Price Risk*

The Company is exposed to commodity price risk as a result of its operations. The Company enters into forward copper commitment contracts through the central Group treasury company Prysmian Treasury S.r.l, to manage the copper price risk.

# Prysmian Cables & Systems Limited

## DIRECTORS' REPORT (continued)

For the year ended 31 December 2023

### Financial Risk Management (continued)

#### *Commodity Price Risk*

The Company is exposed to commodity price risk as a result of its operations. The Company enters into forward copper commitment contracts through the central Group treasury company Prysmian Treasury S.r.l, to manage the copper price risk.

#### *Credit Risk*

The Company's policy is to credit insure customers and to ensure that appropriate cover is available on potential new customers before orders are accepted. Procedures are in place to ensure that specific requirements of the credit insurance policy are complied with so that, in the event of a customer default, the Company is able to successfully recover the insured percentage from the credit insurer.

Credit risk in relation to cash and deposits with financial institutions is minimised through effective cash management and the application of central treasury management procedures.

#### *Liquidity Risk*

The Company actively monitors its gearing ratios and also the availability of debt finance compared to requirements in order to ensure that the Company has sufficient available funds for operations.

#### *Foreign Exchange Rate Risk*

The Company has significant exposures to foreign exchange rate risk both in terms of purchases and sales denominated in foreign currency. Forward exchange contracts are entered into through a central Group treasury company as seen necessary in order to manage this risk and fix the exchange rate relating to the exposure, as and when it arises.

#### *Interest Rate Risk*

Under the Company's policy, interest rate risk is not hedged.

### Creditors Payment Policy

It is the Company's policy to agree appropriate terms and conditions with each of its suppliers and then to make payment in accordance with the agreed terms provided the supplier has met its obligations. At 31 December 2023 the Company had an amount of 70 days (2022: 59) days' purchases outstanding in trade creditors.

### Directors

The directors of the Company who were in office at the date of signing the financial statements are shown on page 1.

J Sessions and held office throughout the year.

M Del Brenna resigned on 1 March 2023.

M Bavaresco was appointed a director on 1 March 2023.

J Mogollon resigned on 1 March 2024.

C Farise was appointed a director on 6 March 2024.

# Prysmian Cables & Systems Limited

## DIRECTORS' REPORT (continued)

For the year ended 31 December 2023

### Directors' qualifying third party and pension indemnity provisions

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is in force at the date of signing the financial statements. The Prysmian Group also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of the Company and its directors.

### Research and Development ("R&D")

In 2023, the R&D team actively supported business operations by approving new material suppliers, developing products, and reducing costs for existing ones. They collaborated with commercial teams to secure new projects and tenders.

The R&D team has been highly involved in sustainability activities concentrating the efforts in creating environmentally friendly and socially responsible solutions, developing new technologies, processes, or products that reduce environmental impact, promote resource efficiency, and address societal challenges. The R&D team focused on waste reduction, eco-friendly materials, and other initiatives to contribute to sustainable development.

Continuing the emphasis on security of supply, the approval of new raw material and ingredient suppliers for Prysmian products persisted through an alternative material approvals program amid volatile supply chains.

Given the rise in raw material and energy costs, Prysmian maintained an ongoing initiative to optimize product costs through design, materials, and processes. This effort aimed to mitigate cost increases and uphold Prysmian's competitive position.

New product development across all business sectors retained a high priority, with a growing emphasis on environmental and sustainability aspects. Notable advancements were made in the UK and global fibre-to-the-home market, featuring launches of optical fibre cable designs and related connectivity accessories. Additionally, significant products for renewable energy networks, including offshore windfarm cable systems, were introduced.

### Employees

The Board acknowledges the continued contribution of all employees during 2023.

### Employment Policies and Corporate Social Responsibility

Sustainability is a key pillar in the organisation, the Group Sustainability Strategy set out in 2022, continues to provide the direction for targets. The Sustainability Strategy sets out the UK Net Zero Vision, People vision and Product vision (Environmental, Social and Innovation Goals). We continue to move in this direction.

During 2023 we acknowledge that work life balance continues as a key priority for our employees and potential employees. As an Industrial Company we have encouraged our employees to limit Remote Working and the Flexible working Policy rolled out in 2022 continues to be considered a benefit that our employees value.

In 2023 UK launched the Global Parental Policy which provides for an enhanced package of support for parents including the provision of a Baby Bonus

# **Prysmian Cables & Systems Limited**

## **DIRECTORS' REPORT (continued)**

**For the year ended 31 December 2023**

### **Employment Policies and Corporate Social Responsibility (continued)**

Prysmian Group Human Resources Strategy continues to strengthen to ensure alignment with the changing business requirements and continues to focus on People Development, Talent Management, and improved recruitment processes. Recruitment of Graduates, and individuals via targeted programmes for Operations, Commercial and Finance.

There was little change in 2023 in respect of the UK Job Market and the level of natural attrition was similar to 2022 so retention of key staff and the recruitment of talent continued to be a key focus. Work to enhance the employer brand is critical and we have strengthened our Careers page and work with universities.

Volunteering events are now a regular feature of the UK calendar for all sites.

The Prysmian Group Graduate Scheme continued with the UK participating in 2023 with the 12th Wave of intake of Graduates via this programme. The Company is seeing the benefits of the investment they have made in Apprenticeships, with most Apprentices coming the end of their programme being offered permanent roles.

The Company is committed to employment policies which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability, or marital status. The Company gives full and fair consideration to applications for employment for disabled persons, having regard to their aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Company. If members of staff become disabled the Company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

The Company has a policy of promoting employee engagement, loyalty, and business awareness in relation to the financial and economic factors that affect the performance of the Company through the YES employee share scheme. The Share Incentive Plan first launched in 2013 in an important aspect of employee engagement.

In 2023 the Company negotiated with the recognised Trade Unions a Multi-Year pay award which included an Allocation of BEIN Shares under the Group GROW plans.

The purpose of the BEIN Plan is to share with a wide base of employees, mainly represented by workers, the creation of value that the Group will be able to generate in coming years and to align the interests of the BEIN participants with those of other shareholders, identifying a common goal of long terms sustainable

The Company has a policy of consulting employees or their representatives on a regular basis so that the views of employees can be considered in making decisions that are likely to affect their interests. The UK Information and Consultation Forum is a key tool to inform and consult with employees at a UK level. This is to ensure that information and consultation takes place with the appropriate timing, method and content to enable reasoned opinions and responses to be formulated and exchanged between the Company and employee representatives

The UK Information and Consultation Forum is additional to existing local arrangements in place at each of the UK Sites.

# **Prysmian Cables & Systems Limited**

## **DIRECTORS' REPORT (continued)**

**For the year ended 31 December 2023**

### **Streamlined Energy and Carbon Report (SECR)**

#### **UK energy use and associated greenhouse gas emissions**

Current UK based annual energy usage and associated annual greenhouse gas ("GHG") emissions are reported pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ("the 2018 Regulations") that came into force 1 April 2019.

#### **Organisational boundary**

In accordance with the 2018 Regulations, the energy use and associated GHG emissions are for those assets owned or controlled within the UK only as defined by the operational control boundary. This includes the three cable manufacturing units as well as the five offices and depots along with mandatory inclusion of scope 1 company owned vehicles & shipping and scope 3 business travel in employee-owned vehicles (grey fleet).

#### **Reporting period**

The annual reporting period is the 1<sup>st</sup> of January to the 31<sup>st</sup> of December each year and the energy and carbon emissions are aligned to this period.

#### **Quantification and reporting methodology**

The 2019 UK Government Environmental Reporting Guidelines and the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) were followed. The 2023 UK Government GHG Conversion Factors for Company Reporting were used in emission calculations as these relate to the majority of the reporting period. The report has been reviewed independently by Briar (Briar Consulting Engineers Limited).

The majority of the electricity and gas consumption were based on invoice records whilst some were provided by the client. For periods of missing data, figures were estimated using the direct comparison estimation technique. Mileage data was used to calculate energy and emissions from fleet vehicles and grey fleet. Gross calorific values were used except for mileage energy calculations as per Government GHG Conversion Factors.

The emissions are divided into mandatory and voluntary emissions according to the 2018 Regulations, then further divided into the direct combustion of fuels and the operation of facilities (scope 1), indirect emissions from purchased electricity (scope 2) and further indirect emissions that occur as a consequence of company activities but occur from sources not owned or controlled by the organisation (scope 3).

# Prysmian Cables & Systems Limited

## DIRECTORS' REPORT (continued)

For the year ended 31 December 2023

### Streamlined Energy and Carbon Report (continued)

#### Breakdown of energy consumption used to calculate emissions (kWh):

Energy type	2019 (Base Year)	2022	2023
<b>Mandatory requirements:</b>			
Gas	30,183,667	22,112,184	19,710,480
Purchased electricity	52,930,763	44,439,824	41,726,400
Transport fuel	6,007,197	5,760,780	3,167,586
<b>Total energy (mandatory)</b>	<b>89,121,627</b>	<b>72,312,788</b>	<b>64,604,465</b>

**NOTE: Figures may not sum due to rounding**

#### Breakdown of emissions associated with the reported energy use (tCO<sub>2</sub>e)

Emission source	2019 (Base Year)	2022	2023
<b>Mandatory requirements:</b>			
<u>Scope 1</u>			
Gas	5,549.3	4070.5	3,633.0
Company owned vehicles	1,388.2	1,265.2	731.9
<u>Scope 2</u>			
Purchased electricity (location-based)	13,529.1	8,593.8	8,640.5
<u>Scope 3</u>			
Category 6: Business travel (grey fleet)	33.9	23.4*	33.8
<b>Total gross emissions (mandatory)</b>	<b>20,500.5</b>	<b>13,952.9*</b>	<b>13,039.3</b>
<u>Intensity ratios (mandatory emissions only)</u>			
Tonnes of CO <sub>2</sub> e per thousand tonnes of energy cable manufactured	260.7	208.82	213.33
Tonnes of CO <sub>2</sub> e per thousand km of telecoms cable manufactured	702.9	347.33	426.66
Tonnes of CO <sub>2</sub> e per thousand fibre kilometres (Fkm) of telecoms cable manufactured	15.1	11.65*	12.73

**NOTE: Figures may not sum due to rounding**

**\*Revised figure due to error on last year's report.**

# Prysmian Cables & Systems Limited

## DIRECTORS' REPORT (continued)

For the year ended 31 December 2023

### Streamlined Energy and Carbon Report (continued)

#### Intensity Ratio

The intensity ratio is total gross emissions in metric tonnes CO<sub>2</sub>e (mandatory emissions) per total thousand tonnes of energy cable manufactured and metric tonnes CO<sub>2</sub>e per total thousand kilometres of telecoms cable manufactured. A new metric using total gross emissions per thousand fibre kilometres (Fkm) of telecoms cable manufactured has been introduced as this is the standard unit for production and what is reported to HQ.

The production output relates to UK operations only to align with the energy and emission reporting boundary. These metrics are considered the most relevant to the Company's energy consuming activities and provides a good comparison of performance over time and across different organisations and sectors.

#### Energy efficiency action during current financial year

The company is committed to reducing carbon emissions and this year has seen the implementation of various projects from replacing motors to conducting inhouse air leak surveys to replacing manually switched lights with lux sensors. The following energy efficiency actions have taken place:

- The company has taken significant energy efficiency measures at the Wrexham site. They replaced outdated DC motors with modern high-efficiency variable speed AC motor and drive systems. This switch not only reduces energy consumption but also enhances overall operational efficiency.
- Additionally, in the boiler house at the Wrexham site, they opted to replace an existing compressor with a high-efficiency AC machine. This strategic upgrade contributes to minimizing energy waste and optimizing performance within the facility.
- In Bishopstoke, they have implemented several energy efficiency measures. Firstly, they adjusted heating controls within the factory to optimize energy usage. Additionally, they replaced DC motors with high-efficiency variable speed AC motor and drive systems. Furthermore, they introduced ambient cool injection moulding chilled water systems and replaced fixed-speed fans with vector drives, further reducing energy consumption and improving environmental sustainability across their operations.
- At the Aberdare manufacturing site, several energy efficiency actions have been implemented. These include turning off store lighting when not required, as well as switching off the fume extractor when it is not in use. Additionally, efforts have been made to address motor fans running when machines are not required, as well as extruder motor cooling fans operating unnecessarily. These initiatives contribute to reducing energy waste and promoting more sustainable practices at the facility.

# Prysmian Cables & Systems Limited

## DIRECTORS' REPORT (continued)

For the year ended 31 December 2023

### Streamlined Energy and Carbon Report (continued)

Energy savings have been calculated for the above actions which have been highlighted in the below tables per site.

Wrexham manufacturing site:

Action	Energy savings (per year)
Replacing existing compressor with high efficiency AC machine	194,903 kWh for electricity and 241,740 kWh for gas
Replacement of DC motors with high efficiency variable speed AC motor and drive system for extruders	260,508 kWh
Replacement of DC motors with high efficiency variable speed AC motor and drive system for main drive motor	462,735 kWh

Bishopstoke corporate headquarters and manufacturing site:

Action	Energy savings (per year)
Replacement of DC motors with high efficiency variable speed AC motor and drive system for mixer	291,096 kWh
Adjusting heating controls in the factory.	726,006 kWh

Aberdare manufacturing site:

Action	Energy savings (per year)
Turning off motor fans when the machines are not required	45,082 kWh
Turning off store lighting when not required.	4,173 kWh

### Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland* (FRS 102), and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

# **Prysmian Cables & Systems Limited**

## **DIRECTORS' REPORT (continued)**

**For the year ended 31 December 2023**

### **Statement of Directors' Responsibilities (continued)**

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable U.K. Accounting Standards comprising FRS102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

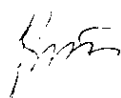
### **Disclosure of Information to Auditors**

In the case of each of the persons who are directors at the time of signing these financial statements:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor are unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The auditors, Belluzzo Audit Limited have indicated their willingness to continue in office and a resolution for their reappointment will be proposed at the Annual General Meeting.

On behalf of the Board



**J Sessions**  
**Director**  
**25 June 2024**

**Registered Office:**  
**Chickenhall Lane, Eastleigh**  
**Hampshire SO50 6YU**  
**United Kingdom**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRYSMIAN CABLES & SYSTEMS LIMITED**

### **Opinion**

We have audited the financial statements of Prysmian Cables & Systems Limited for the year ended 31 December 2023 which comprise Profit and Loss Account, the Balance Sheet, the *Statement of Comprehensive Income*, the *Statement of Changes in Equity* and the related notes 1 to 27, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

### **Other information**

The other information comprises the information included in the annual report, other than the *financial statements and our auditor's report thereon*. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRYSMIAN CABLES & SYSTEMS LIMITED (Continued)**

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 15, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **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 ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRYSMIAN CABLES & SYSTEMS LIMITED (Continued)**

### ***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach to identifying and assessing the risks of material misstatements in respect of irregularities, including fraud and non-compliance with laws was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those relating to the reporting framework (United Kingdom Generally Accepted Accounting Practice) and the relevant direct and indirect tax compliance regulations
- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.
- We identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the company's activity.
- We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection.
- We understood how Prysmian Cables & Systems Limited is complying with those frameworks by making enquiries with management to understand how the group maintains and communicates its policies and procedures to ensure compliance. We corroborated this through our review of the group's board minutes. We also reviewed correspondence with the relevant tax authorities regarding tax compliance.
- Identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by:
  - making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
  - considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and
  - understanding the potential incentives and pressures for management to manipulate the financial statements and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures on this Company as a holding entity, we identified management override of controls as our fraud risk.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRYSMIAN CABLES & SYSTEMS LIMITED (Continued)**

- To address our fraud risk of management override of controls, we performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining any accounting estimates were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation.
- reading the minutes of meetings of those charged with governance.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

### **Description of the auditor's responsibilities for the audit of the financial statements**

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Belluzzo Audit Limited*

Tony Castagnetti (Senior statutory auditor)  
for and on behalf of Belluzzo Audit Limited,  
Chartered Accountants and Statutory Auditor  
38 Craven Street, London WC2N 5NG

25th June 2024

# Prysmian Cables & Systems Limited

## PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2023

	<i>Note</i>	<b>2023</b> <b>£000</b>	<b>2022</b> <b>£000</b>
<b>Turnover</b>	5	<b>488,029</b>	545,590
Cost of sales		<b>(399,572)</b>	(465,459)
<b>Gross profit</b>		<b>88,457</b>	80,131
Net operating expenses	6	<b>(50,692)</b>	(58,021)
Exceptional costs	7	<b>(1,006)</b>	(2,387)
<b>Operating profit</b>	8	<b>36,759</b>	19,723
Income from shares in associated company	15	-	2,000
<b>Profit before interest and taxation</b>		<b>36,759</b>	21,723
Interest receivable and similar income	9	<b>4,521</b>	2,452
Interest payable and similar charges	10	<b>(1,995)</b>	(2,668)
Other finance cost		<b>(1,324)</b>	(954)
<b>Profit before taxation</b>		<b>37,961</b>	20,553
Tax on profit	12	<b>(8,403)</b>	(3,459)
<b>Profit for the financial year</b>	24	<b>29,558</b>	17,094

# Prysmian Cables & Systems Limited

## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	<b>2023</b> <b>£000</b>	<b>2022</b> <b>£000</b>
Profit for the financial year	<b>29,558</b>	17,094
<b>Other Comprehensive Income/(Loss):</b>		
Actuarial Gain/(Loss) recognised in the pension scheme (note 25)	<b>(395)</b>	20,256
Movement on deferred tax relating to actuarial Gain/(Loss) (note 21)	<b>(656)</b>	(5,747)
Deferred tax charge relating to land and other timing differences	-	-
Cash Flow Hedges	<b>68</b>	(313)
<b>Total Comprehensive Income for the year</b>	<b>28,575</b>	31,290

# Prysmian Cables & Systems Limited

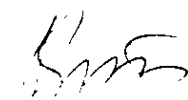
## BALANCE SHEET

as at 31 December 2023

	<i>Note</i>	<b>2023</b> <b>£000</b>	<b>2022</b> <b>£000</b>
<b>Fixed assets</b>			
Intangible assets	13	-	-
Tangible assets	14	<b>67,650</b>	64,546
Investments	15	<b>141</b>	141
		<b>67,791</b>	64,687
<b>Current assets</b>			
Inventories	17	<b>49,536</b>	55,442
Debtors	18	<b>266,442</b>	261,265
Cash at bank and in hand		<b>1,744</b>	1,224
		<b>317,722</b>	317,931
<b>Creditors: amounts falling due within one year</b>	19	<b>(126,906)</b>	(154,184)
<b>Net current assets</b>		<b>190,816</b>	163,747
<b>Total assets less current liabilities</b>		<b>258,607</b>	228,434
Creditors: amounts falling due after more than one year	19	<b>(8,029)</b>	(3,291)
Provisions for liabilities	20	<b>(2,717)</b>	(2,743)
<b>Net assets excluding pension deficit</b>		<b>247,861</b>	222,400
Pension deficit	25	<b>(27,018)</b>	(30,132)
<b>Net assets including pension deficit</b>		<b>220,843</b>	192,268
<b>Capital and reserves</b>			
Called up share capital	23	<b>113,901</b>	113,901
Revaluation reserve	24	<b>24,378</b>	24,337
Profit and loss account	24	<b>82,562</b>	54,096
Cash flow hedge reserve	24	<b>2</b>	(66)
<b>Total shareholders' funds</b>		<b>220,843</b>	192,268

The notes on pages 25 to 58 are an integral part of these financial statements.

The financial statements on pages 21 to 58 were approved by the Board of Directors and authorised for issue on 25 June 2024 and signed on its behalf by:



**J Sessions**  
Director

# Prysmian Cables & Systems Limited

## STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023

	<i>Note</i>	<i>Called Up Share Capital £000</i>	<i>Revaluation reserve £000</i>	<i>Profit and loss account £000</i>	<i>Cash Flow Hedge Reserve £000</i>	<i>Total £000</i>
At 1 January 2022		<b>113,901</b>	<b>24,252</b>	<b>22,578</b>	<b>247</b>	<b>160,978</b>
Profit for the financial year		-	-	17,094	-	17,094
Other comprehensive income for the year		-	-	14,509	-	14,509
Transfer from revaluation reserve		-	85	(85)	-	-
Financial derivatives		-	-	-	(313)	(313)
Total comprehensive income for the year		-	85	31,518	(313)	31,290
At 31 December 2022		<b>113,901</b>	<b>24,337</b>	<b>54,096</b>	<b>(66)</b>	<b>192,268</b>
At 1 January 2023		<b>113,901</b>	<b>24,337</b>	<b>54,096</b>	<b>(66)</b>	<b>192,268</b>
Profit for the financial year		-	-	29,558	-	29,558
Other comprehensive income for the year		-	-	(1,051)	-	(1,051)
Transfer from revaluation reserve	24	-	41	(41)	-	-
Financial derivatives	24	-	-	-	68	68
Total comprehensive income for the year		-	41	28,466	68	28,575
<b>At 31 December 2023</b>		<b>113,901</b>	<b>24,378</b>	<b>82,562</b>	<b>2</b>	<b>220,843</b>

The revaluation reserve arose on the historic revaluation of certain fixed assets.

Profit and loss account represents accumulated comprehensive income for the year and prior periods plus share based payments, adjustments and related tax credits, transfers from the revaluation relating to depreciation realised on revaluations less dividends paid.

# Prysmian Cables & Systems Limited

## Notes to the Financial Statements

For the year ended 31 December 2023

### 1. General Information

The Company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is Chickenhall Lane, Eastleigh, Hampshire.

### 2. Statement of Compliance

The financial statements of Prysmian Cables & Systems Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102") and the Companies Act 2006.

### 3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### ***Basis of Preparation***

The financial statements have been prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of land and buildings and certain financial assets and liabilities measured at fair value through profit or loss.

The preparation of financial statements in conformity with FRS 102 requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

#### ***Exemptions for qualifying entities under FRS 102***

The Company is a wholly owned subsidiary company of a group headed by Prysmian SpA, and is included in the consolidated financial statements of that company, which are publicly available.

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41 to 11.48(a);
- the requirement of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

See note 27 for details of the ultimate parent company and from where its consolidated financial statements may be obtained.

# **Prysmian Cables & Systems Limited**

## **Notes to the Financial Statements (continued)**

For the year ended 31 December 2023

### **3. Summary of significant accounting policies (continued)**

#### ***Consolidated Financial Statements***

As the Company is a wholly-owned subsidiary of Prysmian UK Group Ltd. and is included in the consolidated financial statements of Prysmian SpA, which are publicly available, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

#### ***Going Concern***

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future.

The Company has performed a going concern assessment based on a rolling forecast, cashflow projections and sensitivity analysis for the next 12 months to 30 June 2025. The Company has assessed the effect that a 5% and 10% decrease in turnover would have on revenue, contribution margin and recurring EBITDA. Further to this, the Company has assessed the effect of key material shortages would have on the Company's production and the subsequent decrease in turnover, contribution margins and recurring EBITDA. The combination of the 10% decline and key material shortages scenarios have been considered as an extreme impact, resulting in a reduced EBITDA and subsequent negative cashflow implications. The Company's forecast and downside scenarios continue to indicate that the Company would have significant positive cash balances.

The Company's cash balances are held centrally with Prysmian Treasury Srl to maximise interest and cash movements. The Company is entitled to immediate access to these funds under a legally binding cash pooling agreement which the Company expects to continue until at least 12 months from the signing of the financial statements.

On this basis the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing the annual report and accounts.

#### ***Foreign Currencies***

The Company's functional and presentation currency is the pound sterling.

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the balance sheet date. Non-monetary items measured at historic cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured at the exchange rate where fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account except where deferred in other comprehensive income as qualifying cash flow hedges.

# **Prysmian Cables & Systems Limited**

## **Notes to the Financial Statements (continued)**

For the year ended 31 December 2023

### **3. Summary of significant accounting policies (continued)**

#### ***Financial Instruments***

Derivatives, including forward foreign exchange contracts and commodity hedges for metals, are entered into through a fellow Group company, Prysmian Treasury Srl, to manage exchange risk and the copper price risk.

Derivatives that are not designated as effective hedging instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit and loss in finance cost or income as appropriate.

For those derivatives designated as hedges and for which hedge accounting is desired, the hedging relationship is formally designated and documented at its inception. Effectiveness of the hedging instrument is then monitored through to maturity of the instrument.

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income, while the ineffective portion is recognised in profit or loss.

Amounts taken to other comprehensive income are transferred to the profit and loss account when the hedged transaction, such as when a forecast sale or purchase, occurs.

Where the Company enters into debtor factoring arrangements, the asset is derecognised where substantially all the risks and rewards of the ownership of the asset are transferred to another party.

#### ***Revenue from sale of goods and services***

Turnover is the amount derived from goods supplied and services provided. Turnover is reported net of Value Added Tax, rebates and trade discounts awarded to customers. For most sales, revenue is recognised on the date that the goods are dispatched, unless the sales contract states that title passes to the customer on a different date. Where sales are subject to bill and hold arrangements, title passes to the customer and the sales are recognised on the billing date. For sales of supertension cables and associated accessories, revenue is recognised once the customer has accepted the test results, the invoice has been raised, and the cable is ready to be installed. This is in accordance with standard cable industry practice.

#### ***Revenue from long term contracts***

For contract work, turnover is the sales value of work done, calculated by reference to percentage of completion. This is calculated on cost incurred as a percentage of estimated cost at completion. In the case of both short-term and long-term contracts provision is made for any anticipated losses.

#### ***Exceptional Items***

The Company classifies certain one off charges or credits that have a material impact on the Company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Company.

# Prysmian Cables & Systems Limited

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 3. Summary of significant accounting policies (continued)

#### *Taxation including deferred tax*

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

#### (1) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax legislation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### (2) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of tax liabilities or other future taxable profit.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of timing differences.

#### *Research and Development*

Expenditure on research and development is charged to the profit and loss account in the year in which it is incurred, except for expenditure on related fixed assets which is capitalised and written off in accordance with the Company's depreciation policy.

#### *Dividends*

Interim and final dividends are recognised when they are paid. Income from fixed asset investments is recognised as other income.

#### *Intangible Fixed Assets*

Goodwill is capitalised and amortised over its useful economic life. Negative goodwill represents the excess of the fair value of assets acquired in a business acquisition over the purchase consideration and is capitalised as a negative asset. It is subsequently released to the profit and loss account over the periods in which the non-monetary assets acquired are realised.

Purchased patent rights, patent licences and trademarks are amortised through the profit and loss account over estimates of their useful economic lives.

# Prysmian Cables & Systems Limited

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 3. Summary of significant accounting policies (continued)

#### ***Tangible Fixed Assets***

Freehold properties are stated at cost (or deemed cost held at valuation at the date of transition to FRS 102) less accumulated depreciation and accumulated impairment losses. The Company previously adopted a policy of revaluing freehold land and buildings and they were stated at their revalued amount less any subsequent depreciation and accumulated impairment losses.

The difference between depreciation based on the deemed cost charged in the profit and loss account and the assets original cost is transferred from the revaluation reserve to retained earnings. The cost of tangible fixed assets is their purchase cost together with any incidental costs of acquisition.

Depreciation is provided on completed fixed assets on a straight line basis at such rates as will write off the cost or valuation of the various assets over the periods of their expected useful economic lives, and then held at their deemed residual value.

The principal annual rates of depreciation used are as follows:

Freehold land	Nil
Freehold buildings	3%
Plant, machinery and vehicles	7% - 33%
Fixtures, fittings and equipment	5% - 33%
Assets under construction	Nil

Assets under construction are not subject to depreciation until such time as the completed asset has been successfully commissioned.

#### ***Leased Plant and Equipment***

All leases are operating leases and the lease payments are charged to the profit and loss account on a straight line basis over the lease term.

#### ***Government Grants***

Government grants in respect of capital expenditure are accounted for under the accrual model and are included under creditors in the balance sheet and released to the profit and loss account over the expected useful lives of the assets to which they relate.

#### ***Fixed Asset Investments***

Fixed asset investments are stated at cost but provision is made for any impairment in their value. Associated companies are trading companies, other than subsidiary companies, in which the Company holds a participating interest and over whose operating and financial policies it exercises significant influence.

The equity accounting method is used for the associate Rodco Ltd.

Impairment reviews are performed annually by management.

Manufacturing inventories are stated at the lower of cost and estimated selling price less costs to complete and sell.

# **Prysmian Cables & Systems Limited**

## **Notes to the Financial Statements (continued)**

For the year ended 31 December 2023

### **3. Summary of significant accounting policies (continued)**

#### ***Inventories and Long-term Contracts***

'Cost' is determined on the basis of first-in, first-out and represents materials, direct labour and an appropriate proportion of factory overhead expenses.

Provision is made where appropriate for obsolete, slow moving and defective inventories. Inventories of copper, aluminium and lead are valued at the weighted three month average cost. The average purchase cost of inventory is considered appropriate for this inventory as it eliminates the differences in timing between the physical purchase of metal, the settlement of related derivatives and the transformation of product and sale.

Short-term contract work in progress is valued at direct cost plus a proportion of contract related overheads, except where the individual contract is material, when the contract is accounted for as a long-term contract.

Long-term contract work in progress is stated at total cost incurred net of amounts transferred to the profit and loss account in respect of work carried out to date, less foreseeable losses and applicable payments on account.

Profit is taken on long-term contracts, the outcome of which can reasonably be foreseen, in proportion to the stage of completion reached. This is calculated on cost incurred as a percentage of estimated cost at completion. In the case of both short-term and long-term contracts provision is made for any anticipated losses.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account. Where payments on account have been received in excess of turnover recognised then the excess is included in other creditors.

#### ***Provisions***

Provisions are recognised for losses and liabilities whose existence is certain or probable but the timing or amount of the obligation is uncertain as of the balance sheet date. A provision is recognised only upon the existence of a present legal or constructive obligation as a result of past events that are expected to result in a future outflow of resources. The amount of provision accrued represents the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

#### ***Retirement benefits***

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays a fixed contribution into a separate entity. Once the contributions have been paid the Company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

Up to 28 July 2005, the Company operated three pension schemes providing benefits of both the defined contribution and defined benefit types, the assets of which were held in a combined trustee administered fund. Employers' contributions in respect of the defined contribution section were charged to the profit and loss account in the periods in which they fell due. For the defined benefit sections of the schemes, the cost of providing benefits recognised in the income statement was determined using the projected unit method. Actuarial gains and losses are recognised in full in the statement of total recognised gains and losses.

# Prysmian Cables & Systems Limited

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 3. Summary of significant accounting policies (continued)

#### *Retirement benefits (continued)*

Further to the sale by the Pirelli Group of its worldwide cable activities on 28 July 2005, the existing schemes were closed to new members and a new fund was set up by the Company providing mirror-image rights to existing employed members of the defined benefit and defined contribution schemes. Pirelli U.K. Limited assumed responsibility for funding the closed schemes and the Company is responsible for funding the new scheme.

From 29 July 2005 to 31 July 2008, the Prysmian scheme provided benefits of both the defined contribution and defined benefit types, the assets of which are held in a combined trustee administered fund. With effect from 31 July 2008, the Company closed the defined benefit section of the Prysmian Pension Scheme for future accrual. All benefits earned to that date are preserved and members were offered the opportunity to join the defined contribution section of the scheme, with effect from 1 August 2008.

On 4 April 2012, Prysmian acquired Draka U.K. Limited and consequently the Draka U.K. pension arrangements which provide benefits of both the defined contribution and defined benefit types. Employers' contributions in respect of the defined contribution sections are charged to the profit and loss account in the periods in which they fall due.

For the defined benefit section of both the Draka U.K. and Prysmian scheme, the cost of providing benefits recognised in the income statement, and the defined benefit obligation at the balance sheet date, have been determined using the projected unit method by independent actuaries. The liability or asset recognised in the balance sheet comprises the present value of the defined benefit pension obligation, determined by discounting the estimated future cash flows using the rate of interest on a high quality corporate bond, less the fair value of the plan assets. Actuarial gains and losses are recognised in full in the statement of total recognised gains and losses in the period in which they occur. With effect from 1 January 2014, the Company has closed the defined benefit section of the Draka Pension Scheme for future accrual. All benefits earned to that date have been preserved and members were offered the opportunity to join the defined contribution section of the Prysmian scheme, with effect from 1 January 2014.

#### *Share Based Payments*

The ultimate parent company, Prysmian SpA, operates an equity settled share option scheme in which certain of the Company's employees participate. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the profit and loss account, with a corresponding entry to the intercompany account held with the parent.

On 12 April 2022, the shareholders of Prysmian S.p.A. approved an equity-settled stock grant plan for employees of Prysmian SpA and Prysmian Group companies called BEIN. The scheme is open to all except for managers already covered by individual incentive schemes. The plan aims to foster wide participation in future value creation and to strengthen the level of employee engagement. The plan has three cycles for 2022, 2023 and 2024.

# **Prysmian Cables & Systems Limited**

## **Notes to the Financial Statements (continued)**

For the year ended 31 December 2023

### **3. Summary of significant accounting policies (continued)**

#### ***Share Based Payments (continued)***

During 2013 the ultimate parent company, Prysmian SpA, launched the share ownership plan called YES - Your Employee Shares and this scheme was renewed in 2016, 2019 and 2022. It has been implemented in the UK through Prysmian UK Group Limited, the Company's immediate parent. Anyone who is an employee of a Prysmian UK Group company is eligible to join the Plan, subject to a six-month qualifying period of service. A new plan was launched in the UK in May 2022 and runs until April 2025. As of 31 December 2023, Prysmian Cables and Systems Limited had 368 (2022: 229 employees making regular contributions toward the purchase of shares in Prysmian SpA, during what is termed an accumulation period. The accumulation period is over a three-year period. The employee contributions have been paid into a Trust set up for the purpose. The Company provides free matching shares according to the number of shares purchased by the employee. The aggregate amount of contributions made into this scheme is not material for the year to 31 December 2023.

### **4. Critical Accounting judgements and estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **Critical accounting estimates and assumptions**

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are addressed below.

#### ***Defined benefit pension scheme***

The evaluation of the defined benefit pension scheme's future obligations include actuarial assumptions including life expectancy, asset valuations and discount rates which are detailed in note 25.

#### ***Amortisation of tangible and intangible assets***

The depreciation and amortisation expense is the recognition of the decline in the value of the asset and allocation of the cost of the asset over the expected useful life. Judgements are made on the estimated useful life of the assets, which are regularly reviewed to reflect the changing environment.

#### ***Provisions***

The Company accounts for provisions in accordance with FRS 102. Provisions are evaluated using the latest available information and by their nature contain an estimate of future events. The Company provides for obsolete, slow moving and defective inventories (note 17), impairment of debtors (note 18), and further provides for warranty provisions, dilapidations, claims, restructuring and goods returns (note 20).

#### ***Installation projects***

The Company uses an estimate of the cost to complete on major installation projects in order to calculate revenue under the stage of completion method.

#### ***Going concern analysis***

A going concern analysis, performed by management, was based on forecasts and known future outcomes to establish potential business risks. The going concern assessment is considered to be a significant judgement.

# **Prysmian Cables & Systems Limited**

## **Notes to the Financial Statements (continued)**

**For the year ended 31 December 2023**

### **4. Critical Accounting judgements and estimation uncertainty (continued)**

#### *Impairment of debtors*

The impairment of debtors provision is the recognition of the recoverable value of trade debtors based upon the ageing profile. Judgement is made on the estimated impairment required against the net carrying amount of trade debtors which is detailed in note 18.

#### *Deferred tax*

The recognition of deferred tax assets is considered a critical accounting estimate because the underlying assumptions can change from period to period. Further information on the company's deferred taxes is detailed in note 21.

# Prysmian Cables & Systems Limited

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 5. Turnover

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<i>Geographical market supplied:</i>		
United Kingdom	<b>420,689</b>	448,972
Europe	<b>31,341</b>	38,523
Middle East	<b>11,216</b>	13,864
Africa	<b>945</b>	1,622
Americas	<b>2,562</b>	2,115
Asia	<b>21,276</b>	40,494
	<b>488,029</b>	545,590
	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<i>By category:</i>		
Sale of goods	<b>449,284</b>	498,554
Services	<b>38,745</b>	47,036
	<b>488,029</b>	545,590

All of the Company's turnover, results and net assets are attributable to the Company's cable manufacture & installation operations and project management activities, which are all based in the United Kingdom, and are considered to be one integral business.

### 6. Net Operating Expenses

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Distribution and selling costs	<b>(18,678)</b>	(18,571)
Administrative expenses	<b>(33,795)</b>	(39,490)
	<b>(52,473)</b>	(58,061)
Other operating income	<b>1,781</b>	40
	<b>(50,692)</b>	(58,021)
Operating exceptional costs (see note 7)	<b>(1,006)</b>	(2,387)

# Prysmian Cables & Systems Limited

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 7. Exceptional Items

	<b>2023</b> <b>£000</b>	<b>2022</b> <b>£000</b>
<b>Operating exceptional costs:</b>		
Reorganisation costs	<b>(862)</b>	(823)
Legal claim provision	-	(620)
Legal costs incurred	-	-
Other non-recurring costs	<b>(144)</b>	(944)
	<hr/> <b>(1,006)</b> <hr/>	<hr/> (2,387) <hr/>

Dilapidations provisions relate to the potential costs required to restore leased depots to their original condition at the end of the lease term, which range from 1 to 8 years.

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. In 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. In July 2022, an agreement was reached for an out-of-court settlement of Vattenfall's claims against the Group companies. However, the legal proceedings brought by the Group companies against the other party to whom the EU decision was addressed are continuing.

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 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. The contribution proceedings against other addressees of the EC decision are ongoing.

# Prysmian Cables & Systems Limited

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 8. Operating Profit

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<b>Operating profit is stated after crediting:</b>		
Rent receivable	<b>8</b>	15
<b>and after charging:</b>		
Depreciation and amounts written off fixed assets:		
- tangible fixed assets - owned (note 14)	<b>4,400</b>	4,580
Amortisation of goodwill on acquisition (note 13)	-	705
Operating lease rentals:		
- land and buildings	<b>317</b>	253
- plant and machinery	<b>248</b>	191
- other	<b>1,942</b>	1,744
Research and development expenditure	<b>2,974</b>	2,950
Change in trade receivables impairment provision	<b>219</b>	69
Change in inventory impairment provision (included in 'cost of sales')	<b>2,497</b>	257
Auditors' remuneration:		
- audit services	<b>86</b>	84

Refer to note 22, Commitments under Operating Leases.

### 9. Interest Receivable and Similar Income

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Interest receivable from group undertakings	<b>4,521</b>	2,452
	<b>4,521</b>	2,452

### 10. Interest Payable and Similar Charges

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Factoring charge	<b>482</b>	970
Other interest payable and similar charges	<b>1,513</b>	1,698
	<b>1,995</b>	2,668

Changes in the fair value of derivatives are included in other interest payable and similar charges.

# Prysmian Cables & Systems Limited

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 11. Directors and Employees

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<b><i>Directors - inclusive of all key management personnel</i></b>		
<b><i>Emoluments:</i></b>		
Aggregate emoluments	<b>3,613</b>	932
	<b>3,613</b>	932

During the year, retirement benefits accrued to £Nil (2022: £Nil) for directors under a defined contribution or a defined benefit pension scheme.

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<b><i>Highest paid director:</i></b>		
Aggregate emoluments	<b>2,778</b>	756

The highest paid director for both 2023 and 2022 is not a member of the pension scheme and has no entitlement to pension benefits in the future.

The highest paid director exercised share options amounting to £2,641,000 during 2023 under the Prysmian SpA share based incentive plan described below in Share Based Payments (2022: £Nil).

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<b><i>Employees</i></b>		
<b><i>Staff costs during the financial year:</i></b>		
Wages and salaries	<b>40,684</b>	42,078
Social security costs	<b>4,583</b>	5,840
Other pension costs (note 25)	<b>233</b>	267
Pension cost defined contribution	<b>3,905</b>	3,800
Share based payments	<b>1,604</b>	8,243
	<b>53,812</b>	60,228

	<b>2023</b>	<b>2022</b>
	<b>Number</b>	<b>Number</b>
<b><i>The average monthly number of persons (including executive directors) employed by the Company during the year by activity was:</i></b>		
Administration and support	<b>62</b>	63
Commercial and logistics	<b>210</b>	206
Manufacturing and installation	<b>784</b>	762
	<b>1,056</b>	1,031

# Prysmian Cables & Systems Limited

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 11. Directors and Employees (continued)

The Directors' Report contains further information regarding the employment policies of the Company.

#### Share Based Payments

##### *Share Incentive Plan (YES)*

During 2013 the ultimate parent company, Prysmian SpA, launched the share incentive plan called YES.

In the UK this is a Share Incentive Plan. Your Employee Shares and this scheme was renewed in 2016, 2019 and 2022. It has been implemented in the UK through Prysmian UK Group Limited, the Company's immediate parent.

Anyone who is an employee of a Prysmian UK Group company is eligible to join the Plan, subject to a six-month qualifying period of service. A new plan was launched in the UK in May 2022 and runs until April 2025. As of 31 December 2023, Prysmian Cables and Systems Limited had 368 employees making regular contributions toward the purchase of shares in Prysmian SpA, during what is termed an accumulation period. The accumulation period is over a three-year period. The employee contributions have been paid into a Trust set up for the purpose. The Company provides free matching shares according to the number of shares purchased by the employee. The aggregate amount of contributions made into this scheme is not material for the year to 31 December 2023.

##### *Stock Grant (BEIN)*

On 12 April 2022, the shareholders of Prysmian S.p.A. approved an equity-settled stock grant plan for employees of Prysmian SpA and Prysmian Group companies called BEIN. The scheme is open to all except for managers already covered by individual incentive schemes. The plan aims to foster wide participation in future value creation and to strengthen the level of employee engagement. The plan has three cycles for 2022, 2023 and 2024.

The BEIN share allocation will be based on a % of Annual Salary in the relevant year converted into Shares. The number of shares allotted may be increased by an additional 50% of shares. With a further allocation of loyalty shares after a 12-month period if the initial shares are retained.

The use of the BEIN Group Equity Plan alongside consolidated base salary increases, allows the Company to ensure that employees overall income will be maintained.

##### *Share Incentive Plan (GROW Long Term Incentive)*

In 2023 Prysmian SpA, implemented a share-based incentive plan in which some of the Company's employees participate.

This plan is intended for the Group's strategic leaders who, at the Company's discretion, have the managerial skills to affect Group growth. The Plan, which runs from 2023-2025, envisages that upon achieving certain financial and ESG targets, the Participants are assigned shares of the Company. Participation in the Plan is voluntary. The purchased shares will be subject to a retention period during which time they cannot be sold and/or transferred. The Plan is administered by Prysmian SpA who recharge the relevant cost to the Company.

# Prysmian Cables & Systems Limited

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 12. Income Tax

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Analysis of charge for the year		
<b>Corporation tax:</b>		
UK corporation tax on profit for the year	<b>3,780</b>	3,994
Adjustments in respect of previous years	<b>(82)</b>	416
Group relief	<b>2,414</b>	1,354
	<hr/>	<hr/>
Total current tax charge	<b>6,112</b>	5,764
	<hr/>	<hr/>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	<b>2,350</b>	(1,741)
Adjustments in respect of previous periods	<b>(59)</b>	(564)
	<hr/>	<hr/>
Total deferred tax	<b>2,291</b>	(2,305)
	<hr/>	<hr/>
<b>Tax on profit</b>	<b>8,403</b>	3,459
	<hr/>	<hr/>

The tax assessed for the financial year is lower (2022: lower) than the standard rate of Corporation tax in the UK for the year ended 31 December 2023 of 23.5% (2022: 19%). The differences are explained below.

<b>Reconciliation:</b>		
<b>Profit before taxation</b>	<b>37,961</b>	20,553
	<hr/>	<hr/>
Profit/(Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022: 19%)	<b>8,921</b>	3,905
Effects of:		
Expenses not deductible for tax purposes	<b>(103)</b>	160
Adjustments in respect of previous years	<b>(142)</b>	(148)
Depreciation in excess of capital allowances	<b>31</b>	117
Other short term timing differences	<b>110</b>	(469)
Dividends received	<b>(414)</b>	(380)
Write down of investments	<b>-</b>	274
	<hr/>	<hr/>
Total tax charge for the year	<b>8,403</b>	3,459
	<hr/>	<hr/>

The adjustments in respect of previous years relates to an overestimate (2022: overestimate) in prior years of tax liabilities.

# Prysmian Cables & Systems Limited

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 13. Intangible Assets

	<i>Patents</i> <i>£000</i>	<i>Goodwill</i> <i>£000</i>	<i>Total</i> <i>£000</i>
<b><i>Cost:</i></b>			
At 1 January and 31 December 2023	1,000	51,743	52,743
<b><i>Accumulated amortisation:</i></b>			
At 1 January 2023	1,000	51,743	52,743
Charge for the year	-	-	-
at 31 December 2023	1,000	51,743	52,743
<b><i>Net book value:</i></b>			
<b>At 31 December 2023</b>	-	-	-
At 31 December 2022	-	-	-

Goodwill is amortised on a straight line basis over the directors' estimate of its useful economic life of ten years.

# Prysmian Cables & Systems Limited

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 14. Tangible Assets

	<i>Freehold land and buildings</i> £000	<i>Fixtures, fittings and equipment</i> £000	<i>Plant, machinery and vehicles</i> £000	<i>Assets under construction</i> £000	<i>Total</i> £000
<i>Cost or valuation:</i>					
At 1 January 2023	52,009	7,855	105,480	4,802	170,146
Additions/Reclassifications	3,079	739	5,263	(1,528)	7,553
Disposals	-	(357)	(3,875)	-	(4,232)
At 31 December 2023	<u>55,088</u>	<u>8,237</u>	<u>106,868</u>	<u>3,274</u>	<u>173,467</u>
<i>Accumulated depreciation:</i>					
At 1 January 2023	6,328	7,352	91,920	-	105,600
Depreciation and amounts written off	1,015	446	2,939	-	4,400
Eliminated in respect of disposals	-	(357)	(3,826)	-	(4,183)
At 31 December 2023	<u>7,343</u>	<u>7,441</u>	<u>91,033</u>	<u>-</u>	<u>105,817</u>
<b><i>Net book value:</i></b>					
<b>At 31 December 2023</b>	<b><u>47,745</u></b>	<b><u>796</u></b>	<b><u>15,835</u></b>	<b><u>3,274</u></b>	<b><u>67,650</u></b>
At 31 December 2022	<u>45,681</u>	<u>503</u>	<u>13,560</u>	<u>4,802</u>	<u>64,546</u>

The net book value of freehold land at 31 December 2023 is £24,110,000 (2022: £24,110,000).

On transition to FRS 102, the Company applied the transitional arrangements of Section 35 of FRS 102 and used a previous valuation as the deemed cost for freehold land and buildings. The properties are being depreciated from the valuation date. As the assets are depreciated or sold, an appropriate transfer is made from the revaluation reserve to retained earnings.

Analysis of the land and buildings valuation using the deemed cost exemption:

	<b>2023</b> <b>£000</b>	<b>2022</b> <b>£000</b>
Historical cost equivalent	<b>23,367</b>	21,344
Revaluation	<b>24,378</b>	24,337
Net book value	<b><u>47,745</u></b>	<u>45,681</u>

# Prysmian Cables & Systems Limited

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 14. Tangible Assets (continued)

The last revaluation of the Company's freehold land and buildings was at 31 December 2011 and was performed by independent qualified valuers. The valuations were on the basis of existing use value or open market value as appropriate. In the view of the directors, there is no material difference between this value and the current value.

No provision has been made for any tax on capital gains that might arise on disposal of the Company's properties at their balance sheet amounts.

### 15. Investments

	<i>Subsidiary companies £000</i>	<i>Associated companies £000</i>	<i>Total £000</i>
<b><i>Cost:</i></b>			
At 1 January and 31 December 2023	22,994	4	22,998
<b><i>Impairment:</i></b>			
At 1 January and 31 December 2023	22,857	-	22,857
<b><i>Net book value:</i></b>			
<b>At 31 December 2023</b>	<b>137</b>	<b>4</b>	<b>141</b>
At 31 December 2022	137	4	141

The directors believe that the carrying value of the investments is supported by their underlying net assets.

There are no listed investments.

All holdings are directly owned.

# Prysmian Cables & Systems Limited

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 15. Investments (continued)

The companies in which Prysmian Cables & Systems Limited held any class of share capital during the year are set out below:

	<i>Country of incorporation</i>	<i>Principal activity</i>	<i>Proportion held at 31 December 2023</i>
<b><i>Subsidiary companies:</i></b>			
Cable Makers Properties & Services Limited	England	Provision of services to the cable industry	63.8%
Prysmian Cables (2000) Limited	England	Dormant	100%
Prysmian Construction Company Limited	England	Dormant	100%
<b><i>Associated company:</i></b>			
Rodco Limited	England	Dormant	40%

#### **Cable Makers Properties & Services Limited**

The net asset value of Cable Makers Properties & Services Limited at 31 December 2023 is £78,000 (2022: £112,000) and its result for the current year is a loss of £35,000 (2022: profit £25,000).

#### **Rodco Limited**

The net asset value of Rodco Limited at 31 December 2023 is £5 (2022: £5) and its result for the current year is £ Nil (2022: £ Nil). In 2022 the Company received a dividend of £2,000,000 from Rodco Limited and settled an amount of £2,000,000 owed to Rodco Limited.

The capital of each of the subsidiary companies and of the associated company listed above comprises ordinary shares only.

# Prysmian Cables & Systems Limited

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 16. Commitments and Contingent Liabilities

	<i>2023</i> <i>£000</i>	<i>2022</i> <i>£000</i>
Capital expenditure that has been contracted for but has not been provided for in the financial statements	<b>1,789</b>	2,487

Guarantees given in the normal course of business to third parties which had not expired by the year end amounted to £11,850,000 (2022: £17,106,000). No provision in respect of this amount is considered necessary.

### 17. Inventories

	<i>2023</i> <i>£000</i>	<i>2022</i> <i>£000</i>
<i><b>Inventories comprise:</b></i>		
Raw materials	<b>14,687</b>	19,433
Work in progress	<b>10,252</b>	11,885
Finished goods	<b>24,597</b>	24,124
	<b>49,536</b>	55,442

The Company has consignment inventory arrangements with certain of its raw material suppliers in the ordinary course of business. Title to such inventory only passes to the Company once it has been drawn down or, in certain instances, once an agreed period of time has lapsed following delivery to the Company. The value of such inventory, at cost, which has been excluded from the balance sheet at 31 December 2023, amounted to £287,000 (2022: £151,000).

The value of inventories is not materially different to the value under the replacement cost method.

Inventories are stated after provisions for impairment of £7,183,000 (2022: £4,685,000)

# Prysmian Cables & Systems Limited

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 18. Debtors

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<b>Amounts falling due within one year:</b>		
Trade debtors	<b>43,915</b>	43,162
Trade debtors subject to financing agreement	<b>19,708</b>	29,915
Less financing charge	-	-
Less non returnable amounts received	<b>(19,708)</b>	(29,915)
Net trade debtors subject to financing agreement	-	-
Amounts owed by group undertakings	<b>10,025</b>	11,239
Other debtors	<b>2,933</b>	4,672
Loans to fellow group undertakings	<b>115,923</b>	111,082
Amounts recoverable on contracts	<b>5,183</b>	1,735
Prepayments and accrued income	<b>1,740</b>	1,803
	<b>179,719</b>	173,693
<b>Amounts falling due after more than one year:</b>		
Trade debtors	<b>1,723</b>	2,572
Loans to fellow group undertakings	<b>85,000</b>	85,000
	<b>86,723</b>	87,572
	<b>266,442</b>	261,265

The Company has factored £9.7m of debt to third parties as of 31 December 2023 (2022: £29.9m).

Trade debtors are stated after provisions for impairment of £522,000 (2022: £304,000)

Financial Assets arising from Derivatives of £2,183,000 (2022: £1,948,000) are reported in Amounts owed by group undertakings.

Loans to fellow group undertakings includes an intercompany treasury facility with Prysmian Treasury Srl of £115.9m (2022: £111.1m) repayable on demand and attracted an interest rate of 4.95% at 31 December 2023 (2022: 3.18%).

Loans to fellow group undertakings also includes a loan to Prysmian Treasury Srl of £85.0m (2022: £85.0m) repayable on demand and attracted an interest rate of 1.69% at 31 December 2023 (2022: 1.69%).

At 31 December 2023, the Company had entered into forward contracts with Prysmian Treasury Srl relating to the sale and purchase of foreign currencies amounting to the pound sterling equivalent of £52,369,000 (2022: £67,563,000) and £66,734,000 (2022: £101,573,000) respectively. It has also entered into forward contracts with Prysmian Treasury Srl relating to the sale and purchase of metals with a net purchase value of £6,515,000 (2022: £13,098,000).

# Prysmian Cables & Systems Limited

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 19. Creditors

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<b><i>Amounts falling due within one year:</i></b>		
Payments received on account	<b>9,497</b>	9,599
Trade creditors	<b>49,860</b>	75,344
Amounts owed to group undertakings - unsecured	<b>31,191</b>	32,343
Other creditors	<b>17,948</b>	17,142
Taxation and social security	<b>2,193</b>	3,280
UK corporation tax and overseas tax	<b>8,350</b>	5,585
Amounts owed to associated companies - unsecured	-	2,993
Bank borrowings & overdrafts	<b>1,066</b>	926
Accruals and deferred income	<b>6,801</b>	6,972
	<b>126,906</b>	154,184
<b><i>Amounts falling due after more than one year:</i></b>		
Other creditors	<b>4,755</b>	2,972
Deferred tax	<b>3,274</b>	319
	<b>8,029</b>	3,291

Financial Liabilities arising from Derivatives of £2,180,000 (2022: £1,665,000) are reported in Amounts owed by group undertakings.

# Prysmian Cables & Systems Limited

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 20. Provisions for Liabilities

	<i>Dilapidations</i> £000	<i>Claims</i> Provision £000	<i>Restructuring</i> £000	<i>Contracts</i> Costs Risks £000	<b>Total</b> £000
At 1 January 2023	690	1,753	24	276	<b>2,743</b>
Utilised in the financial year	-		(572)	-	<b>(572)</b>
Released to profit and loss account	(420)			(174)	<b>(594)</b>
Charged to the profit and loss account	-	-	680	460	<b>1,140</b>
<b>At 31 December 2023</b>	<b>270</b>	<b>1,753</b>	<b>132</b>	<b>562</b>	<b>2,717</b>

Dilapidations provisions relate to the potential costs required to restore leased depots to their original condition at the end of the lease term, which range from 1 to 8 years.

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. In 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. In July 2022, an agreement was reached for an out-of-court settlement of Vattenfall's claims against the Group companies. However, the legal proceedings brought by the Group companies against the other party to whom the EU decision was addressed are continuing.

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 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. The contribution proceedings against other addressees of the EC decision are ongoing.

The restructuring provision represents employee termination costs which are committed to at the year end. The provision at 31 December 2023 is expected to be fully utilised during 2024.

The contracts costs risks provision is for onerous contracts where customer prices are agreed in accordance with terms and conditions of sale and post signature acceptance associated costs have subsequently increased.

# Prysmian Cables & Systems Limited

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 21. Deferred Tax

	<b>2023</b>	<i>2022</i>
	<b>£000</b>	<i>£000</i>
Capital Gains	<b>5,601</b>	5,601
Capital allowances in advance of depreciation	<b>6,558</b>	6,168
Other, including short-term timing differences	<b>(2,032)</b>	(3,941)
Pensions	<b>(6,853)</b>	(7,509)
Total deferred tax liability	<b>3,274</b>	319
At 1 January	<b>319</b>	(3,123)
Deferred tax charge/(credit) in profit and loss account (note 12)	<b>2,291</b>	(2,305)
Deferred tax before SOCI movements	<b>2,610</b>	(5,428)
Deferred tax charge in the statement of comprehensive income (SOCI)	<b>664</b>	5,747
Total deferred tax liability	<b>3,274</b>	319

The corporation tax rate increased to 25% on 1 April 2023. Accordingly deferred tax has been provided for at 25% for those timing differences which will reverse after 1 April 2023. For those timing differences which reversed prior to 1 April 2023 deferred tax has been provided for at 19%.

The rates used for the timing differences are as follows:

Fixed assets 25%

Pension timing differences reversing prior to 1 April 2023: 19%

Pension timing differences reversing after April 2023: 25%

Other timing differences reversing after 31 December 2023: 25%

<b>Deferred tax on pension</b>	<b>2023</b>	<i>2022</i>
	<b>£000</b>	<i>£000</i>
At 1 January	<b>7,509</b>	13,256
Deferred tax (charged) in the profit and loss account	-	-
Deferred tax (charged)/credited to the statement of comprehensive income		
- on actuarial (gain)/loss	<b>199</b>	(5,064)
- on pension movement in year	<b>(855)</b>	(683)
At 31 December	<b>6,853</b>	7,509

# Prysmian Cables & Systems Limited

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 22. Commitments under Operating Leases

At 31 December 2023, the Company has lease agreements in respect of properties, vehicles, plant and equipment, for which payments extend over a number of years.

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<b><i>At 31 December, the Company had payments under non-cancellable operating leases as follows:</i></b>		
<b><i>Land and buildings:</i></b>		
No later than one year	<b>289</b>	289
Later than 1 year and no later than five years	<b>759</b>	500
Later than five years	<b>91</b>	263
	<b>1,139</b>	1,052
<b><i>Other:</i></b>		
No later than one year	<b>1,373</b>	883
Later than 1 year and no later than five years	<b>3,255</b>	622
Later than five years	<b>874</b>	56
	<b>5,502</b>	1,561

### 23. Called up Share Capital

	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>Number</b>	<b>£000</b>	<b>Number</b>	<b>£000</b>
<b><i>Allotted called up and fully paid:</i></b>				
Ordinary Shares of £1 each	<b>113,901,120</b>	<b>113,901</b>	113,901,120	113,901

# Prysmian Cables & Systems Limited

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 24. Reserves

	<i>Revaluation reserve £000</i>	<i>Profit and loss account £000</i>	<i>Cash Flow Hedge Reserve £000</i>	<i>Total £000</i>
At 1 January 2023	24,337	54,096	(66)	78,367
Profit for the financial year	-	29,558	-	29,558
Actuarial loss on pension schemes	-	(395)	-	(395)
Deferred tax in respect of actuarial gains and losses	-	(656)	-	(656)
Derivatives	-	-	68	68
Transfer (to) / from revaluation reserve	41	(41)	-	-
<b>At 31 December 2023</b>	<b>24,378</b>	<b>82,562</b>	<b>2</b>	<b>106,942</b>

The revaluation reserve arose on the historic revaluation of certain fixed assets.

Profit and loss account represents accumulated comprehensive income for the year and prior periods plus share based payments, adjustments and related tax credits, transfers from the revaluation relating to depreciation realised on revaluations less dividends paid.

# Prysmian Cables & Systems Limited

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 25. Pension Schemes

#### *Prysmian U.K. Scheme*

With the change in ownership of the Company on 28 July 2005, the Company set up a new Prysmian U.K. pension fund effective from 29 July 2005 providing mirror-image rights to existing employed members of the defined benefit and defined contribution schemes that were closed and the responsibility for the liabilities of which were transferred to Pirelli U.K. Limited. Both the employing Company and the members make contributions. The assets of the scheme are held separately from those of the Company in a combined trustee administered fund.

The defined benefit section of this new scheme was closed to new members from inception and closed for future accrual with effect from 31 July 2008. All benefits earned to that date are preserved and members were offered the opportunity to join the defined contribution section of the scheme, with effect from 1 August 2008. Following thorough consultation with the Trustee, the members and their representatives, the transition was effected smoothly with over 97% of the defined benefit members transferring to the defined contribution section.

The defined benefit section of the scheme provides benefits to existing members according to years of service and pensionable pay at the earlier of the date of retirement or at 31 July 2008. The pension cost of this section was assessed on the advice of an independent consulting actuary and the funding of the scheme will be based on triennial actuarial valuations, the first of which was performed at 31 March 2006.

At 31 December 2023, the actuary has estimated that the market value of the assets of the scheme was £16,100,000 (2022: £15,944,000) and was equal to 91% (2022: 84%) of the present value of benefits accrued to members.

The pension cost for 2023 is £3,905,000 (2022: £3,800,000) relating entirely to the defined contribution scheme. Amounts outstanding in respect of Company contributions to the defined contribution scheme at 31 December 2023 were £444,000 (2022: £448,000).

#### **Composition of the Defined Benefit Scheme**

The defined benefit scheme has been valued at 31 December 2023 by a qualified independent actuary in accordance with the requirements of FRS 102. The principal assumptions used in this valuation were:

	<b>2023</b>	<b>2022</b>
Rate of increase in salaries	<b>N/A</b>	N/A
Rate of increase in pensions in payment	<b>2.1%</b>	2.1%
Rate of increase in deferred pensions	<b>2.6%</b>	3.1%
Discount rate	<b>4.5%</b>	4.8%
Inflation	<b>3.2%</b>	3.3%

N/A - Not applicable – the scheme closed for future accrual on 31 July 2008

# Prysmian Cables & Systems Limited

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 25. Pension Schemes (continued)

The mortality assumptions used in the Company actuarial valuations are based on CMI\_21 [1.00%] (2022: S2PMA CMI\_20 [1.00%]). The mortality assumptions used in the valuation of the defined benefit pension liabilities of the Company U.K. plans are summarised in the table below:

	<b>2023</b>	<b>2022</b>
	<b>Years</b>	<b>Years</b>
Longevity at age 40 for current pensioners	46.8	47.5
Longevity at age 65 for current pensioners	21.8	22.5

The assumptions used by the actuary are chosen, in accordance with the principles set out in FRS102, from a range of possible actuarial assumptions that, due to the timescale covered, may not necessarily be borne out in practice. These assumptions are recommended by the actuary and approved by the Company.

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the schemes' liabilities, which are derived from cash flow projections over long periods and are thus inherently uncertain, were:

	<b>2023</b>	<b>2023</b>	2022	2022
	<b>£000</b>	<b>%</b>	£000	%
Equities	<b>982</b>	<b>6.2</b>	1,660	10.4
Bonds	<b>11,629</b>	<b>72.2</b>	7,636	47.9
Other quoted securities	<b>3,450</b>	<b>21.4</b>	6,515	40.9
Cash	<b>39</b>	<b>0.2</b>	133	0.8
Total market value of assets	<b>16,100</b>	<b>100</b>	15,944	100

### Reconciliation of present value of scheme liabilities

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
1 January	<b>18,927</b>	31,684
Interest cost	<b>885</b>	586
Actuarial (gain)/loss	<b>(1,282)</b>	(12,334)
Benefits paid	<b>(834)</b>	(1,009)
31 December	<b>17,696</b>	18,927

# Prysmian Cables & Systems Limited

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 25. Pension Schemes (continued)

#### Reconciliation of fair value of scheme assets

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
1 January	<b>15,944</b>	26,061
Expected return on scheme assets	<b>748</b>	479
Actuarial (loss)/gain	<b>2</b>	(9,787)
Contributions paid by the Company	<b>240</b>	200
Benefits paid	<b>(834)</b>	(1,009)
31 December	<b>16,100</b>	15,944

Scheme assets do not include any of the Company's own financial instruments, or any property occupied by the Company.

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at 31 December. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was a loss of £750,000 (2022: loss of £9,308,000).

#### Analysis of the amount (charged)/credited to other finance cost:

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Expected return on pension scheme assets	<b>748</b>	479
Interest on pension scheme liabilities	<b>(885)</b>	(581)
Net return	<b>(137)</b>	(102)

# Prysmian Cables & Systems Limited

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 25. Pension Schemes (continued)

#### History of experience gains and losses

	<b>2023</b> <b>£000</b>	2022 £000	2021 £000	2020 £000	2019 £000
Defined benefit obligation	<b>(17,696)</b>	(18,927)	(31,684)	(35,913)	(30,853)
Plan assets	<b>16,100</b>	15,944	26,061	25,865	23,549
(Deficit)	<b>(1,596)</b>	(2,983)	(5,623)	(10,048)	(7,304)
Deferred tax recognised	<b>375</b>	567	1,068	1,909	1,242
(Deficit) after deferred tax	<b>(1,221)</b>	(2,416)	(4,555)	(8,139)	(6,062)
Difference between expected and actual return on plan assets:	<b>2</b>	(9,787)	649	2,400	2,462
Experience gains and losses on scheme liabilities:	<b>1,219</b>	18	961	-	-
Changes in assumptions underlying the present value of the scheme liabilities	<b>63</b>	12,316	2,746	(5,204)	(5,257)
Total amount recognised in statement of comprehensive income:	<b>1,284</b>	2,547	4,356	(2,804)	(2,795)

The amount of actuarial gains recognised this year in the Statement of Comprehensive Income is £1,284,000 (2022: £2,547,000).

The cumulative amount of actuarial losses recognised in the Statement of Comprehensive Income is £5,244,000 (2022: £6,528,000).

# Prysmian Cables & Systems Limited

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 25. Pension Schemes (continued)

#### *Draka U.K. Scheme*

On 4 April 2012 the Company purchased the trade and all assets and liabilities of Draka U.K. Limited. Included within these was a pension plan as noted below.

The Company is the principal employer of the Draka U.K. Section of the Draka U.K. Pension Plan (the "U.K. Plan"). The U.K. Plan is a defined benefit pension scheme operating in the U.K. The scheme is closed to new members and from 1 January 2014 closed for future accrual.

The last valuation of the U.K. Plan was completed as at 31 December 2021.

The Company has paid £4,825,000 (2022: £4,619,000) in respect of deficit funding contributions.

At 31 December 2023, the actuary has estimated that the market value of the assets of the U.K. Plan was £63,118,000 (2022: £59,485,000) and was equal to 71.3% (2022: 68.7%) of the present value of benefits accrued to members.

The defined benefit pension cost for 2023 is £233,000 (2022: £262,000). Amounts outstanding in respect of Company contributions to the defined benefit scheme at 31 December 2023 were £nil (2022: £nil).

#### **Composition of the Defined Benefit Scheme**

The defined benefit scheme has been valued at 31 December 2023 by a qualified independent actuary in accordance with the requirements of FRS 102. The principal assumptions used in this valuation were:

	<b>2023</b>	<b>2022</b>
Rate of increase in salaries	<b>N/A</b>	N/A
Rate of increase in pensions in payment	<b>3.7%</b>	3.7%
Rate of increase in deferred pensions	<b>3.2%</b>	3.1%
Discount rate	<b>4.5%</b>	4.75%
Inflation	<b>3.2%</b>	3.25%

The mortality assumptions used in the Company actuarial valuations are based on 2018 Club Vita curves CMI\_2021 [1.0%] (2022: 2018 Club Vita curves CMI\_2021 [1.00%]). The mortality assumptions used in the valuation of the defined benefit pension liabilities of the Company U.K. plans are summarised in the table below:

	<b>2023</b>	<b>2022</b>
	<b>Years</b>	<b>Years</b>
Longevity at age 40 for current pensioners	<b>46.7</b>	46.1
Longevity at age 65 for current pensioners	<b>21.7</b>	21.1

# Prysmian Cables & Systems Limited

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 25. Pension Schemes (continued)

The assumptions used by the actuary are chosen, in accordance with the principles set out in FRS102, from a range of possible actuarial assumptions that, due to the timescale covered, may not necessarily be borne out in practice. These assumptions are recommended by the actuary and approved by the Company.

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the schemes' liabilities, which are derived from cash flow projections over long periods and are thus inherently uncertain, were:

	<b>2023</b> <b>£000</b>	<b>2023</b> <b>%</b>	<b>2022</b> <b>£000</b>	<b>2022</b> <b>%</b>
Equities	<b>6,625</b>	<b>10.5</b>	4,606	7.7
Bonds	<b>33,638</b>	<b>53.3</b>	24,279	40.8
Cash	<b>487</b>	<b>0.8</b>	134	0.2
Other quoted securities	<b>22,368</b>	<b>35.4</b>	30,466	51.3
Total market value of assets	<b>63,118</b>	<b>100</b>	59,485	100

### Reconciliation of present value of scheme liabilities

	<b>2023</b> <b>£000</b>	<b>2022</b> <b>£000</b>
1 January	<b>86,633</b>	136,947
Current service cost	<b>233</b>	262
Past service cost		-
Interest cost	<b>4,031</b>	2,502
Actuarial (gain)/loss	<b>2,385</b>	(47,031)
Benefits paid	<b>(4,743)</b>	(6,047)
31 December	<b>88,539</b>	86,633

# Prysmian Cables & Systems Limited

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 25. Pension Schemes (continued)

#### Reconciliation of fair value of scheme assets

	<b>2023</b> <b>£000</b>	<b>2022</b> <b>£000</b>
1 January	<b>59,485</b>	88,587
Expected return on scheme assets	<b>2,845</b>	1,648
Actuarial gain	<b>706</b>	(29,322)
Benefits paid	<b>4,825</b>	(6,047)
Contributions paid by the Company	<b>(4,743)</b>	4,619
31 December	<b>63,118</b>	59,485

Scheme assets do not include any of the Company's own financial instruments, or any property occupied by the Company.

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at 31 December. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was a gain of £3,551,000 (2022: loss £27,674,000).

#### Analysis of the amount charged to operating profit:

	<b>2023</b> <b>£000</b>	<b>2022</b> <b>£000</b>
Current service cost	<b>233</b>	262
Total operating charge	<b>233</b>	262

The total operating charge is included within net operating expenses.

#### Analysis of the amount credited to other finance cost:

	<b>2023</b> <b>£000</b>	<b>2022</b> <b>£000</b>
Expected return on pension scheme assets	<b>2,845</b>	1,648
Interest on pension scheme liabilities	<b>(4,031)</b>	(2,502)
Net return	<b>(1,186)</b>	(854)

# Prysmian Cables & Systems Limited

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 25. Pension Schemes (continued)

#### History of experience gains and losses

	<b>2023</b> <b>£000</b>	2022 £000	2021 £000	2020 £000	2019 £000
Defined benefit obligation	<b>(88,539)</b>	(86,633)	(136,947)	(149,660)	(135,992)
Plan assets	<b>63,118</b>	59,485	88,587	84,233	77,289
Deficit	<b>(25,421)</b>	(27,148)	(48,360)	(65,427)	(58,703)
Deferred tax recognised	<b>5,974</b>	5,158	9,188	12,431	9,980
Deficit after deferred tax	<b>(19,447)</b>	(21,990)	(39,172)	(52,996)	(48,723)
Difference between expected and actual return on plan assets:					
Experience gains and losses on scheme liabilities:	<b>706</b>	(29,322)	5,050	6,108	6,207
Changes in assumptions underlying the present value of the scheme liabilities	<b>(1,380)</b>	(714)	(2,619)	-	-
Total amount recognised in statement of comprehensive income:	<b>(1,679)</b>	17,709	14,366	(8,731)	(9,688)

The amount of actuarial loss recognised this year in the Statement of Comprehensive Income is £1,679,000 (2022: gain £17,709,000).

The cumulative amount of actuarial losses recognised in the Statement of Comprehensive Income is £16,852,000 (2022: £15,173,000).

### 26. Related Parties

The Company has used the exemption under paragraph 1.12(e) from the provision of Financial Reporting Standard No. 102 as a subsidiary undertaking (where 100% of the voting rights are controlled by its ultimate parent company) not to disclose transactions with other entities that are part of, or investees of, the Prysmian SpA group. Consolidated financial statements of Prysmian SpA are publicly available at [www.prysmiangroup.com](http://www.prysmiangroup.com).

### 27. Ultimate Parent and Controlling Party

The Company's immediate parent Company is Prysmian UK Group Limited. The ultimate parent company and controlling party is Prysmian SpA, which heads the smallest and largest group for which consolidated financial statements are prepared.

Prysmian UK Group Limited is incorporated in England and Prysmian SpA is incorporated in Italy. Copies of the consolidated financial statements of Prysmian SpA can be obtained from The Company Secretary, Prysmian SpA, Via Chiese 6, 20126, Milan, Italy.