

# TOGETHER IMPROVING LIVES

## 2021 Consolidated financial information as of December 31



# CONSOLIDATED FINANCIAL INFORMATION CONCERNING THE GROUP'S ASSETS, LIABILITIES, FINANCIAL POSITION AND RESULTS



## **8.1 - CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS FOR THE YEARS ENDED DECEMBER 31, 2021 AND DECEMBER 31, 2020**

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## 8.1 - CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS FOR THE YEARS ENDED DECEMBER 31, 2021 AND DECEMBER 31, 2020

### 8.1.1 - Consolidated statement of income

<i>(in € millions)</i>	12 months ended	
	December 31, 2021	December 31, 2020
<b>Net sales (Notes 2.1 and 2.2)</b>	<b>6,994.2</b>	<b>6,099.5</b>
<b>Operating expenses (Note 2.3)</b>		
Cost of sales	(3,439.2)	(2,915.7)
Administrative and selling expenses	(1,765.0)	(1,666.5)
Research and development costs	(329.1)	(319.4)
Other operating income (expenses)	(116.8)	(132.5)
<b>Operating profit</b>	<b>1,344.1</b>	<b>1,065.4</b>
Financial expenses	(92.4)	(99.3)
Financial income	6.8	6.1
Exchange gains (losses)	(1.5)	(10.3)
<b>Financial profit (loss)</b>	<b>(87.1)</b>	<b>(103.5)</b>
<b>Profit before tax</b>	<b>1,257.0</b>	<b>961.9</b>
Income tax expense (Note 2.4)	(351.9)	(279.2)
<b>Share of profits (losses) of equity-accounted entities</b>	<b>0.0</b>	<b>(0.7)</b>
<b>Profit for the period</b>	<b>905.1</b>	<b>682.0</b>
Of which:		
- <b>Net profit attributable to the Group</b>	<b>904.5</b>	<b>681.2</b>
- <b>Minority interests</b>	<b>0.6</b>	<b>0.8</b>
Basic earnings per share ( <i>euros</i> ) (Note 4.1.3)	3.389	2.550
Diluted earnings per share ( <i>euros</i> ) (Note 4.1.3)	3.366	2.531

The accompanying Notes are an integral part of these consolidated financial statements.

## 8.1.2 - Consolidated statement of comprehensive income

<i>(in € millions)</i>	12 months ended	
	December 31, 2021	December 31, 2020
Profit for the period	905.1	682.0
<i>Items that may be reclassified subsequently to profit or loss</i>		
Translation reserves	340.7	(508.9)
Other (Note 5.1.1.1)	5.0	0.0
Income tax relating to components of other comprehensive income	7.9	(11.9)
<i>Items that will not be reclassified to profit or loss</i>		
Actuarial gains and losses (Note 4.5.1.1)	32.4	(4.5)
Deferred taxes on actuarial gains and losses	(7.1)	0.8
Other (Note 5.1.1.1)	0.0	0.0
<b>Comprehensive income for the period</b>	<b>1,284.0</b>	<b>157.5</b>
Of which:		
- <b>Comprehensive income attributable to the Group</b>	<b>1,283.2</b>	<b>156.8</b>
- <b>Minority interests</b>	<b>0.8</b>	<b>0.7</b>


The accompanying Notes are an integral part of these consolidated financial statements.

## 8.1.3 - Consolidated balance sheet

### ASSETS

<i>(in € millions)</i>	December 31, 2021	December 31, 2020
<b>Non-current assets</b>		
Intangible assets (Note 3.1)	2,485.3	2,441.6
Goodwill (Note 3.2)	5,241.2	4,803.7
Property, plant and equipment (Note 3.3)	719.2	680.9
Right-of-use assets (Note 3.4)	268.4	268.3
Investments in equity-accounted entities	0.0	0.0
Other investments	2.4	1.5
Other non-current assets	62.6	49.4
Deferred tax assets (Note 4.7)	116.3	112.4
<b>TOTAL NON CURRENT ASSETS</b>	<b>8,895.4</b>	<b>8,357.8</b>
<b>Current assets</b>		
Inventories (Note 3.5)	1,252.7	837.3
Trade receivables (Note 3.6)	728.5	644.5
Income tax receivables	115.1	70.1
Other current assets (Note 3.7)	240.4	204.8
Other current financial assets	6.4	1.5
Cash and cash equivalents (Note 3.8)	2,788.3	2,791.7
<b>TOTAL CURRENT ASSETS</b>	<b>5,131.4</b>	<b>4,549.9</b>
<b>TOTAL ASSETS</b>	<b>14,026.8</b>	<b>12,907.7</b>

The accompanying Notes are an integral part of these consolidated financial statements.



**CONSOLIDATED FINANCIAL INFORMATION CONCERNING THE GROUP'S ASSETS, LIABILITIES,  
 FINANCIAL POSITION AND RESULTS**  
 CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS FOR THE YEARS ENDED DECEMBER 31, 2021 AND  
 DECEMBER 31, 2020

**EQUITY AND LIABILITIES**

<i>(in € millions)</i>	December 31, 2021	December 31, 2020
<b>Equity</b>		
Share capital (Note 4.1)	1,069.8	1,069.8
Retained earnings (Notes 4.2 and 4.3.1)	5,268.5	4,788.3
Translation reserves (Note 4.3.2)	(621.8)	(962.3)
Equity attributable to equity holders of Legrand	5,716.5	4,895.8
Minority interests	3.8	10.2
<b>TOTAL EQUITY</b>	<b>5,720.3</b>	<b>4,906.0</b>
<b>Non-current liabilities</b>		
Long-term provisions (Notes 4.4 and 4.5.2)	196.6	200.2
Provisions for post-employment benefits (Note 4.5.1)	170.7	181.8
Long-term borrowings (Note 4.6.1)	4,485.9	4,073.8
Deferred tax liabilities (Note 4.7)	866.5	791.2
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>5,719.7</b>	<b>5,247.0</b>
<b>Current liabilities</b>		
Trade payables	810.5	612.9
Income tax payables	39.6	30.3
Short-term provisions (Note 4.4)	135.8	127.9
Other current liabilities (Note 4.8)	774.3	661.8
Short-term borrowings (Note 4.6.2)	826.6	1,320.7
Other current financial liabilities	0.0	1.1
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,586.8</b>	<b>2,754.7</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>14,026.8</b>	<b>12,907.7</b>

The accompanying Notes are an integral part of these consolidated financial statements.

## 8.1.4 - Consolidated statement of cash flows

(in € millions)	12 months ended	
	December 31, 2021	December 31, 2020
<b>Profit for the period</b>	<b>905.1</b>	<b>682.0</b>
Adjustments for non-cash movements in assets and liabilities:		
– Depreciation and impairment of tangible assets (Note 2.3)	111.6	115.3
– Amortization and impairment of intangible assets (Note 2.3)	98.7	117.3
– Amortization and impairment of capitalized development costs (Note 2.3)	28.3	29.6
– Amortization and impairment of right-of-use assets (Note 3.4)	67.8	72.1
– Amortization of financial expenses	3.7	3.4
– Impairment of goodwill (Note 3.2)	0.0	0.0
– Changes in long-term deferred taxes	44.5	61.2
– Changes in other non-current assets and liabilities (Notes 4.4 and 4.5)	46.0	58.0
– Unrealized exchange (gains)/losses	11.5	(1.5)
– Share of (profits) losses of equity-accounted entities	0.0	0.7
– Other adjustments	0.2	(17.8)
– Net (gains)/losses on sales of assets	0.7	(11.6)
Changes in working capital requirement:		
– Inventories (Note 3.5)	(351.3)	(22.5)
– Trade receivables (Note 3.6)	3.0	77.4
– Trade payables	140.1	(14.7)
– Other operating assets and liabilities (Notes 3.7 and 4.8)	2.8	13.0
<b>Net cash from operating activities</b>	<b>1,112.7</b>	<b>1,161.9</b>
– Net proceeds from sales of fixed and financial assets	10.2	22.3
– Capital expenditure (Notes 3.1 and 3.3)	(139.9)	(126.8)
– Capitalized development costs	(30.6)	(28.3)
– Changes in non-current financial assets and liabilities	(10.4)	3.6
– Acquisitions of subsidiaries, net of cash acquired (Note 1.3.2)	(296.2)	(721.2)
<b>Net cash from investing activities</b>	<b>(466.9)</b>	<b>(850.4)</b>
– Proceeds from issues of share capital and premium (Note 4.1.1)	0.0	9.2
– Net sales / (buybacks) of treasury shares and transactions under the liquidity contract (Note 4.1.2)	(91.7)	(32.4)
– Dividends paid to equity holders of Legrand (Note 4.1.3)	(377.9)	(357.4)
– Dividends paid by Legrand subsidiaries	0.0	(1.2)
– Proceeds from long-term financing (Note 4.6)	794.9	600.4
– Repayment of long-term financing* (Note 4.6)	(74.2)	(84.2)
– Debt issuance costs	(3.0)	(4.2)
– Increase / (reduction) in short-term financing (Note 4.6)	(886.6)	694.1
– Acquisitions of ownership interests with no gain of control (Note 1.3.2)	(48.6)	(0.6)
<b>Net cash from financing activities</b>	<b>(687.1)</b>	<b>823.7</b>
Translation net change in cash and cash equivalents	37.9	(54.4)
<b>Increase / (decrease) in cash and cash equivalents</b>	<b>(3.4)</b>	<b>1,080.8</b>
Cash and cash equivalents at the beginning of the period	2,791.7	1,710.9
<b>Cash and cash equivalents at the end of the period (Note 3.8)</b>	<b>2,788.3</b>	<b>2,791.7</b>
Items included in cash flows:		
– Interest paid during the period**	76.9	78.9
– Income taxes paid during the period	300.9	240.0

\* Of which €67.5 million corresponding to lease financial liabilities repayment for the 12 months ended December 31, 2021 (€66.8 million for the 12 months ended December 31, 2020).

\*\* Interest paid is included in the net cash from operating activities; of which €6.9 million interests on lease financial liabilities for the 12 months ended December 31, 2021 (€8.0 million for the 12 months ended December 31, 2020).

The accompanying Notes are an integral part of these consolidated financial statements.

## 8.1.5 - Consolidated statement of changes in equity

<i>(in € millions)</i>	Equity attributable to the Group						Total equity
	Share capital	Retained earnings	Translation reserves	Actuarial gains and losses*	Total	Minority interests	
<b>As of December 31, 2019</b>	<b>1,069.1</b>	<b>4,575.8</b>	<b>(453.5)</b>	<b>(89.2)</b>	<b>5,102.2</b>	<b>9.9</b>	<b>5,112.1</b>
Profit for the period		681.2			681.2	0.8	682.0
Other comprehensive income		(11.9)	(508.8)	(3.7)	(524.4)	(0.1)	(524.5)
Total comprehensive income		669.3	(508.8)	(3.7)	156.8	0.7	157.5
Dividends paid		(357.4)			(357.4)	(1.2)	(358.6)
Issues of share capital and premium	1.7	7.5			9.2		9.2
Cancellation of shares held in treasury	(1.0)	(15.2)			(16.2)		(16.2)
Net sales / (buybacks) of treasury shares and transactions under the liquidity contract		(16.2)			(16.2)		(16.2)
Change in scope of consolidation**		(4.5)			(4.5)	0.8	(3.7)
Current taxes on share buybacks		(0.4)			(0.4)		(0.4)
Share-based payments		22.3			22.3		22.3
<b>As of December 31, 2020</b>	<b>1,069.8</b>	<b>4,881.2</b>	<b>(962.3)</b>	<b>(92.9)</b>	<b>4,895.8</b>	<b>10.2</b>	<b>4,906.0</b>
Profit for the period		904.5			904.5	0.6	905.1
Other comprehensive income		12.9	340.5	25.3	378.7	0.2	378.9
Total comprehensive income		917.4	340.5	25.3	1,283.2	0.8	1,284.0
Dividends paid		(377.9)			(377.9)	0.0	(377.9)
Issues of share capital and premium (Note 4.1.1)	0.0	0.0			0.0		0.0
Cancellation of shares held in treasury (Note 4.1.1)	0.0	0.0			0.0		0.0
Net sales / (buybacks) of treasury shares and transactions under the liquidity contract (Note 4.1.2)		(91.7)			(91.7)		(91.7)
Change in scope of consolidation**		(22.8)			(22.8)	(7.2)	(30.0)
Current taxes on share buybacks		(0.6)			(0.6)		(0.6)
Share-based payments (Note 4.2)		30.5			30.5		30.5
<b>As of December 31, 2021</b>	<b>1,069.8</b>	<b>5,336.1</b>	<b>(621.8)</b>	<b>(67.6)</b>	<b>5,716.5</b>	<b>3.8</b>	<b>5,720.3</b>

\* Net of deferred taxes.

\*\* Corresponds mainly to acquisitions of additional shares in companies already consolidated and to puts on minority interests.

The accompanying Notes are an integral part of these consolidated financial statements.



## 8.1.6 - Notes to the consolidated financial statements

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## KEY FIGURES

### Key figures

<i>(in € millions)</i>	2021	2020
<b>Net sales</b>	<b>6,994.2</b>	<b>6,099.5</b>
Adjusted operating profit	1,434.0	1,156.0
As % of net sales	20.5%	19.0%
	20.8 % before acquisitions <sup>(1)</sup>	
Operating profit	1,344.1	1,065.4
As % of net sales	19.2%	17.5%
Net profit attributable to the Group	<b>904.5</b>	681.2
As % of net sales	12.9%	11.2%
Normalized free cash flow	<b>1,074.1</b>	1,034.2
As % of net sales	15.4%	17.0%
Free cash flow	<b>952.4</b>	1,029.1
As % of net sales	13.6%	16.9%
<b>Net financial debt at December 31</b>	<b>2,524.2</b>	<b>2,602.8</b>

(1) At 2020 scope of consolidation.

Adjusted operating profit is defined as operating profit adjusted for amortization and depreciation of revaluation of assets at the time of acquisitions and for other P&L impacts relating to acquisitions and, where applicable, for impairment of goodwill.

Normalized free cash flow is defined as the sum of net cash from operating activities - based on a working capital requirement representing 10% of the last 12 months' sales and whose change at constant scope of consolidation and exchange rates is adjusted for the period considered - and net proceeds of sales from fixed and financial assets, less capital expenditure and capitalized development costs.

Free cash flow is defined as the sum of net cash from operating activities and net proceeds from sales of fixed and financial assets, less capital expenditure and capitalized development costs.

Net financial debt is defined as the sum of short-term borrowings and long-term borrowings, less cash and cash equivalents and marketable securities.

The reconciliation of key figures with the financial statements is available in Note 5.6.

## NOTE 1 - BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 1.1 GENERAL INFORMATION

Legrand ("the Company") along with its subsidiaries (together "Legrand" or "the Group") is the global specialist in electrical and digital building infrastructures.

The Group has manufacturing and/or distribution subsidiaries and offices in close to 90 countries and sells its products in close to 180 countries.

The Company is a French société anonyme incorporated and domiciled in France. Its registered office is located at 128, avenue du Maréchal de Lattre de Tassigny – 87000 Limoges (France).

The 2020 Universal Registration Document was filed with the AMF (French Financial Markets Authority) on April 12, 2021 under no. D. 21-0292.

The consolidated financial statements were approved by the Board of Directors on February 9, 2022.

All amounts are presented in millions of euros unless otherwise specified. Some totals may include rounding differences.

### 1.2 ACCOUNTING POLICIES

As a company incorporated in France, Legrand is governed by French company laws, including the provisions of the Code de commerce (French Commercial Code).

The consolidated financial statements cover the 12 months ended December 31, 2021. They have been prepared in accordance with the International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee publications adopted by the European Union and applicable or authorized for early adoption from January 1, 2021.

IFRS issued by the International Accounting Standards Board (IASB) that have not been adopted for use in the European Union are not applicable to the Group.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying accounting policies.

The areas involving a specific degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 1.2.3.

The consolidated financial statements have been prepared using the historical cost convention, except for some classes of assets and liabilities in accordance with IFRS. The classes concerned are mentioned in Note 5.1.1.2.

#### 1.2.1 New standards, amendments and interpretations that may impact the Group's financial statements

##### 1.2.1.1 New standards, amendments and interpretations with mandatory application from January 1, 2021 that have an impact on the Group's 2021 financial statements

###### Amendment to IAS 19 – Employee benefits

In its June 2021 decision, the IFRS Interpretations Committee questioned the method commonly used by issuers to attribute benefit to periods of service in the particular case of a defined benefit plan under which the benefit is capped after a certain number of years of service. This decision is effective as from December 31, 2021.

Pension liabilities at December 31, 2021 amounted to €390.3 million. This amount takes into account a decrease of €5.5 million, linked to the application of this amendment and is not recognized in consolidated statement of income.

##### 1.2.1.2 New standards, amendments and interpretations with mandatory application from January 1, 2021 that have no impact on the Group's 2021 financial statements

###### Amendment to IFRS 16 – Leases

In May 2020, the IASB issued an amendment to IFRS 16 which specifies that reductions in lease payments need not be considered as lease modifications, provided such reductions do not include a change to the other terms and conditions of the lease. Therefore, such lease payment reductions can be treated as variable payments.

In March 2021, the IASB extended the applicable period of the May 2020 amendment by one year.

No material impact on the Group is expected from this amendment in 2021.

##### 1.2.1.3 New standards, amendments and interpretations adopted by the European Union and not applicable to the Group until future periods

Not applicable.

##### 1.2.1.4 New standards, amendments and interpretations not yet adopted by the European Union and not applicable to the Group until future periods

###### Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued the IAS 1 amendment - Classification of Liabilities as Current or Non-current.

This amendment clarifies the requirements for classifying liabilities as current or non-current.

Not yet been adopted by the European Union, the amendment should be effective for annual periods beginning on or after January 1, 2023 at the latest.

The Group reviewed this amendment, to determine its possible impacts on the consolidated financial statements and related disclosures. It should have no material impact on the Group.

#### **Amendment to IAS 12 – Income Taxes**

This amendment reduces the scope of application of the exemption from initial recognition of deferred tax on transactions such as decommissioning obligations and leases.

Not yet adopted by the European Union, this amendment should be effective for annual periods beginning on or after January 1, 2023 at the latest.

The amendment is not expected to have a material impact on the Group.

#### **1.2.2 Basis of consolidation**

Subsidiaries are consolidated if they are controlled by the Group.

The Group has exclusive control over an entity when it has power over the entity, i.e., it has substantive rights to govern the entity's key operations, is exposed to variable returns from its involvement with the entity and has the ability to affect those returns.

Such subsidiaries are fully consolidated from the date when effective control is transferred to the Group. They are deconsolidated from the date on which control ceases.

Any entity over which the Group has either:

- significant influence (a situation that occurs when the Group holds more than 20% of the voting rights without providing it with substantive rights to govern the entity's key operations); or
- joint control (a situation where the Group's participation gives it substantive rights to govern the entity's key operations jointly with a partner but does not provide exclusive control to the Group);

is consolidated using the equity method.

Such subsidiaries are initially recognized at acquisition cost and consolidated from the date when effective control is transferred to the Group. They are deconsolidated from the date on which control ceases.

Items included in the financial statements of each Group entity are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in euros, which is the Company's functional and presentation currency.

#### **1.2.3 Use of judgments and estimates**

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that are reflected in the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

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

#### **1.2.3.1 Impairment of goodwill and intangible assets**

Trademarks with indefinite useful lives and goodwill are tested for impairment at least once a year and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Intangible assets with finite useful lives are amortized over their estimated useful lives and are tested for impairment when there is any indication that their recoverable amount may be less than their carrying amount.

Future events could cause the Group to conclude that evidence exists that certain intangible assets acquired in a business combination are impaired. Any resulting impairment loss could have a material adverse effect on the Group's consolidated financial statements and in particular on the Group's operating profit.

Discounted cash flow estimates (used for impairment tests on goodwill and trademarks with indefinite useful lives) are based on management's estimates of key assumptions, especially discount rates, long-term growth and profitability rates and royalty rates for trademarks with indefinite useful lives.

#### **1.2.3.2 Accounting for income taxes**

As part of the process of preparing the consolidated financial statements, the Group is required to estimate income taxes in each of the jurisdictions in which it operates. This involves estimating the actual current tax exposure and assessing temporary differences resulting from differing treatment of items such as deferred revenue or prepaid expenses for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are reported in the consolidated balance sheet.

The Group must then assess the probability that deferred tax assets will be recovered from future taxable profit.

Deferred tax assets are recognized only when it is probable that sufficient taxable profit will be available, based on management-approved taxable profit forecasts.

The Group has not recognized all of its deferred tax assets because it is not probable that some of them will be recovered before they expire. The amounts involved mainly concern operating losses carried forward and foreign income tax credits. The assessment is based on management's estimates of future taxable profit by jurisdiction in which the Group operates and the period over which the deferred tax assets are recoverable.

#### **1.2.3.3 Other assets and liabilities based on estimates**

Other assets and liabilities based on estimates include provisions for pensions and other post-employment benefits, impairment of trade receivables, inventories and financial assets, share-based payments, provisions for contingencies and charges, right-of-use assets, capitalized development costs, and any annual volume rebates offered to customers.

## 1.3 SCOPE OF CONSOLIDATION

### 1.3.1 List of main consolidated companies

The consolidated financial statements comprise the financial statements of Legrand and its 224 subsidiaries.

The main operating subsidiaries as of December 31, 2021, all of which being 100% owned and fully consolidated, are as follows:

<b>Europe</b>		
Legrand Group Belgium	Belgium	Diegem
Ensto Building Systems	Finland	Porvoo
Legrand France	France	Limoges
Legrand SNC	France	Limoges
Legrand ZRT	Hungary	Szentes
Bticino SpA	Italy	Varese
Legrand Nederland B.V.	Netherlands	Boxtel
Legrand Polska	Poland	Zabkowice
Legrand LLC	Russia	Moscow
Legrand Group España	Spain	Madrid
Inform Elektronik	Turkey	Pelitli
Legrand Elektrik	Turkey	Gebze
Legrand Electric	United Kingdom	Birmingham Boulogne
Netatmo	France	Billancourt
<b>North and Central America</b>		
Approved Network LLC	United States	Westlake Village
Bticino de Mexico SA de CV	Mexico	Querétaro
Finelite Inc.	United States	Union City
Focal Point LLC	United States	Chicago
Kenall Manufacturing Co.	United States	Kenosha
Legrand AV Inc.	United States	Eden Prairie
Ortronics Inc.	United States	New London
Pass & Seymour Inc.	United States	Syracuse
Pinnacle Architectural Lighting Inc.	United States	Denver
Raritan Inc.	United States	Somerset
Server Technology Inc.	United States	Reno
Starline Holdings LLC	United States	Canonsburg
The WattStopper Inc.	United States	Santa Clara West Hartford
The Wiremold Company	United States	Hartford
<b>Rest of the world</b>		
Legrand Group Pty Ltd	Australia	Sydney
GL Eletro-Eletronicos Ltda	Brazil	São Paulo
HDL Da Amazonia Industria Eletronica Ltda	Brazil	Manaus
Electro Andina Ltda	Chile	Santiago
DongGuan Rocom Electric	China	Dongguan
TCL International Electrical	China	Huizhou
TCL Wuxi	China	Wuxi
Legrand Colombia	Colombia	Bogota
Novateur Electrical and Digital Systems	India	Mumbai

### 1.3.2 Changes in the scope of consolidation

The contributions to the Group's consolidated financial statements of companies acquired since the end of 2019 were as follows:

2020	March 31	June 30	September 30	December 31
<b>Full consolidation method</b>				
Jobo Smartech	Balance sheet only	6 months' profit	9 months' profit	12 months' profit
Focal Point	Balance sheet only	Balance sheet only	7 months' profit	10 months' profit
Borri				Balance sheet only
Champion One				Balance sheet only
Compose				Balance sheet only

2021	March 31	June 30	September 30	December 31
<b>Full consolidation method</b>				
Jobo Smartech	3 months' profit	6 months' profit	9 months' profit	12 months' profit
Focal Point	3 months' profit	6 months' profit	9 months' profit	12 months' profit
Borri	3 months' profit	6 months' profit	9 months' profit	12 months' profit
Champion One	Balance sheet only	6 months' profit	9 months' profit	12 months' profit
Compose	Balance sheet only	6 months' profit	9 months' profit	12 months' profit
Ecotap			Balance sheet only	6 months' profit
Ensto Building Systems				2 months' profit
Geiger				Balance sheet only

The main acquisitions announced in 2021 were as follows:

- Ecotap, a front-running Dutch player, specialist in alternating and direct-current charging stations for electric vehicles, offers for homes, businesses and public charging points. Ecotap business represents annual sales of roughly €40 million;
- Ensto Building Systems, a Finnish leader in low-voltage. Ensto Building Systems reports an annual sales of about €120 million;

- Geiger, a German specialist in structured cabling for data centers. Geiger has an annual sales of around €5 million.

Acquisitions of subsidiaries (net of cash acquired) came to a total of €296.2 million in 2021.

As of December 31, 2021, these acquisitions led to the recognition of €59.1 million in intangible assets excluding goodwill, €51.7 million in other acquired assets net of liabilities, and €185.4 million in provisional goodwill.

## NOTE 2 - RESULTS FOR THE YEAR

### 2.1 SEGMENT INFORMATION

In accordance with IFRS 8, operating segments are determined based on the reporting made available to the chief operating decision maker of the Group and to the Group's management.

Given that Legrand activities are carried out locally, the Group is organized for management purposes by countries or groups of countries which have been allocated for internal reporting purposes into three operating segments:

- Europe, including France, Italy and Rest of Europe (mainly including Benelux, Germany, Iberia (including Portugal and Spain), Poland, Russia, Turkey, and the United Kingdom);

- North and Central America, including Canada, Mexico, the United States, and Central American countries; and
- Rest of the world, mainly including Australia, China, India and South America (including particularly Brazil, Chile and Colombia).

These three operating segments are under the responsibility of three segment managers who are directly accountable to the chief operating decision maker of the Group.

The economic models of subsidiaries within these segments are quite similar. Indeed, their sales are made up of electrical and digital building infrastructure products in particular to electrical installers, sold mainly through third-party distributors.

#### 12 months ended December 31, 2021

<i>(in € millions)</i>	Europe	North and Central America	Rest of the world	Total
<b>Net sales to third parties</b>	<b>2,993.3</b> <sup>(1)</sup>	<b>2,747.8</b> <sup>(2)</sup>	<b>1,253.1</b>	<b>6,994.2</b>
Cost of sales	(1,357.3)	(1,358.7)	(723.2)	(3,439.2)
Administrative and selling expenses, R&D costs	(907.3)	(886.1)	(300.7)	(2,094.1)
Other operating income (expenses)	(59.0)	(38.8)	(19.0)	(116.8)
<b>Operating profit</b>	<b>669.7</b>	<b>464.2</b>	<b>210.2</b>	<b>1,344.1</b>
- of which acquisition-related amortization, expenses and income				
· accounted for in administrative and selling expenses, R&D costs	(15.4)	(71.8)	(5.5)	(92.7)
· accounted for in other operating income (expenses)	0.0	2.8	0.0	2.8
- of which goodwill impairment				0.0
<b>Adjusted operating profit</b>	<b>685.1</b>	<b>533.2</b>	<b>215.7</b>	<b>1,434.0</b>
- of which depreciation and impairment expense	(63.9)	(25.6)	(21.7)	(111.2)
- of which amortization and impairment expense	(8.5)	(2.2)	(1.1)	(11.8)
- of which amortization and impairment of development costs	(27.4)	0.0	(0.9)	(28.3)
- of which amortization and impairment of right-of-use assets	(26.3)	(22.4)	(19.1)	(67.8)
- of which restructuring costs	(24.7)	(11.6)	1.5	(34.8)
Capital expenditure	(87.9)	(21.4)	(30.6)	(139.9)
Capitalized development costs	(29.3)	0.0	(1.3)	(30.6)
Net tangible assets	442.3	146.8	130.1	719.2
Total current assets	3,395.2	869.4	866.8	5,131.4
Total current liabilities	1,638.3	475.7	472.8	2,586.8

(1) Of which France: €1,200.1 million.

(2) Of which United States: €2,551.0 million.

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**12 months ended December 31, 2020**

<i>(in € millions)</i>	Europe	North and Central America	Rest of the world	Total
<b>Net sales to third parties</b>	<b>2,499.4</b> <sup>(1)</sup>	<b>2,526.3</b> <sup>(2)</sup>	<b>1,073.8</b>	<b>6,099.5</b>
Cost of sales	(1,111.0)	(1,216.7)	(588.0)	(2,915.7)
Administrative and selling expenses, R&D costs	(837.5)	(854.7)	(293.7)	(1,985.9)
Other operating income (expenses)	(71.3)	(52.5)	(8.7)	(132.5)
<b>Operating profit</b>	<b>479.6</b>	<b>402.4</b>	<b>183.4</b>	<b>1,065.4</b>
- of which acquisition-related amortization, expenses and income				
· accounted for in administrative and selling expenses, R&D costs	(16.0)	(73.5)	(19.9)	(109.4)
· accounted for in other operating income (expenses)	16.2	2.6		18.8
- of which goodwill impairment				0.0
<b>Adjusted operating profit</b>	<b>479.4</b>	<b>473.3</b>	<b>203.3</b>	<b>1,156.0</b>
- of which depreciation and impairment expense	(66.3)	(25.3)	(23.3)	(114.9)
- of which amortization and impairment expense	(9.3)	(2.4)	(0.9)	(12.6)
- of which amortization and impairment of development costs	(28.6)	0.0	(1.0)	(29.6)
- of which amortization and impairment of right-of-use assets	(29.8)	(23.0)	(19.3)	(72.1)
- of which restructuring costs	(53.8)	(12.5)	2.3	(64.0) <sup>(3)</sup>
Capital expenditure	(79.4)	(21.0)	(26.4)	(126.8)
Capitalized development costs	(27.0)	0.0	(1.3)	(28.3)
Net tangible assets	423.2	140.6	117.1	680.9
Total current assets	3,172.4	690.9	686.6	4,549.9
Total current liabilities	1,971.3	381.8	401.6	2,754.7

(1) Of which France: €1,021.2 million.

(2) Of which United States: €2,370.8 million.

(3) €(75.6) million excluding net gains on sales of assets.

## 2.2 NET SALES

The Group derived the large majority of its revenue from product sales to generalist and specialist distributors. The two largest distributors accounted for close to 17% of consolidated net sales in 2021. The Group estimates that no other distributor accounted for more than 5% of consolidated net sales.

Contracts with distributors are signed for a one-year period. As a general rule, there is only one performance obligation in these contracts, which is to sell and deliver products to the customer (the performance obligation related to delivery is not material within the context of customer contracts).

Within the context of these contracts, the Group owns the main risks and benefits resulting from the product sales, and therefore acts as the principal (and not as an agent).

Net sales are generally recognized at one point in time, corresponding to the date on which the control of the asset (products or, more rarely, services) is transferred to the

customer, usually the date of shipment in the case of product sales. In the specific case of service sales where the customer consumes the service benefits over the period in which they are provided, net sales are recognized over time, i.e. spread over the period in which the services are provided to the customer.

Contracts with customers generally include variable payments in their favor, primarily deferred discounts and rebates, and occasionally commercial returns. These variable payments to customers are estimated at their most likely amount and accounted for when net sales are recognized. By default, variable payments to customers are accounted for as a deduction from net sales. Only payments made to customers in exchange for the transfer of products or services by these customers are accounted for as selling expenses, for the portion of these payments corresponding to the transferred products' or services' fair value.



In 2021, the Group's consolidated net sales came to €6,994.2 million, up (+14.7%) in total compared with 2020 due to an organic growth (+13.6%), an increase in scope of

consolidation (+3.0%) and the unfavorable impact of exchange rates (-2.0%).

Changes in net sales by destination are as follows:

<i>Net sales (in € million, except %)</i>	12 months ended December 31,					
	2021	2020	Total change	Change in scope of consolidation	Organic growth <sup>(1)</sup>	Exchange-rate effect
Europe	2,859.7	2,396.0	19.4%	3.0%	17.1%	(1.0%)
North and Central America	2,700.7	2,485.4	8.7%	3.4%	8.7%	(3.3%)
Rest of the World	1,433.8	1,218.1	17.7%	2.3%	16.9%	(1.6%)
<b>Consolidated total</b>	<b>6,994.2</b>	<b>6,099.5</b>	<b>14.7%</b>	<b>3.0%</b>	<b>13.6%</b>	<b>(2.0%)</b>

(1) at constant scope of consolidation and exchange rates.

The Group sells its products in mature countries as well as many new economies (Eastern Europe and Turkey in the Europe operating segment, Central America and Mexico in

the North and Central America operating segment, Asia excluding South Korea, South America, Africa and the Middle East in the Rest of the world operating segment).

Net sales by destination in these two geographical areas are as follows:

<i>(in € millions)</i>	12 months ended	
	December 31, 2021	December 31, 2020
Mature countries	5,169.2	4,560.5
New economies	1,825.0	1,539.0
<b>TOTAL</b>	<b>6,994.2</b>	<b>6,099.5</b>

## 2.3 OPERATING EXPENSES

Operating expenses include the following main categories of costs:

<i>(in € millions)</i>	12 months ended	
	December 31, 2021	December 31, 2020
Raw materials and component costs	(2,418.1)	(1,959.0)
Personnel costs	(1,695.0)	(1,597.9)
Other external costs	(1,113.8)	(1,016.5)
Amortization of right-of-use assets	(67.8)	(69.4)
Depreciation of tangible assets	(111.6)	(113.6)
Amortization of intangible assets	(127.0)	(145.2)
Restructuring costs	(34.8)	(64.0) <sup>(1)</sup>
Goodwill impairment	0.0	0.0
Other	(82.0)	(68.5)
<b>OPERATING EXPENSES</b>	<b>(5,650.1)</b>	<b>(5,034.1)</b>

(1) €(75.6) million excluding net gains on sales of assets.

"Other" primarily includes impairment losses and reversals on inventories (Note 3.5), trade receivables (Note 3.6), and provisions for contingencies (Note 4.4).

The Group had an average of 38,207 employees in 2021 (versus 36,726 in 2020), of which 30,965 back-office employees and 7,242 front-office employees (versus 29,556 and 7,170, respectively, in 2020).

## 2.4 INCOME TAX EXPENSE

Income tax expense consists of the following:

<i>(in € millions)</i>	12 months ended	
	December 31, 2021	December 31, 2020
Current taxes	(298.6)	(228.7)
Deferred taxes	(53.3)	(50.5)
<b>TOTAL INCOME TAX EXPENSE</b>	<b>(351.9)</b>	<b>(279.2)</b>

The reconciliation of total income tax expense for the period to income tax calculated at the standard tax rate in France is as follows, based on profit before tax of €1,257.0 million in 2021 (versus €961.9 million in 2020):

<i>(Tax rate)</i>	12 months ended	
	December 31, 2021	December 31, 2020
<b>Standard French income tax rate</b>	<b>28.41%</b>	<b>32.02%</b>
Increases (reductions):		
- Effect of foreign income tax rates	(4.37%)	(8.49%)
- Non-taxable items	(0.48%)	0.23%
- Income taxable at specific rates	(0.28%)	(0.36%)
- Other	4.31%	4.64%
	<b>27.59%</b>	<b>28.04%</b>
Impact on deferred taxes of:		
- Changes in tax rates	0.10%	0.23%
- Recognition or non-recognition of deferred tax assets	0.31%	0.80%
<b>EFFECTIVE TAX RATE</b>	<b>28.00%</b>	<b>29.07%</b>

## NOTE 3 - DETAILS ON NON-CURRENT AND CURRENT ASSETS

### 3.1 INTANGIBLE ASSETS

<i>(in € millions)</i>	December 31, 2021	December 31, 2020
Trademarks	1,849.6	1,834.9
Patents	125.5	129.3
Customer relationships	358.3	327.3
Other intangible assets	151.9	150.1
<b>NET VALUE AT THE END OF THE PERIOD</b>	<b>2,485.3</b>	<b>2,441.6</b>

#### 3.1.1 Trademarks with indefinite and finite useful lives

The Legrand and Bticino brands represent close to 98% of the total value of trademarks with indefinite useful lives. These trademarks with indefinite useful lives are used internationally, and therefore contribute to all of the Group's cash-generating units.

They should contribute indefinitely to future consolidated cash flows because management plans to continue using them indefinitely. The Group performs periodical reviews of these trademarks' useful lives.

Trademarks with finite useful lives are amortized over their estimated useful lives ranging:

- from 10 years when management plans to gradually replace them by other major trademarks owned by the Group;
- to 20 years when management plans to replace them by other major trademarks owned by the Group only over the long term or when, in the absence of such an intention, management considers that the trademarks may be threatened by a major competitor in the long term.

Amortization of trademarks is recognized in the income statement under administrative and selling expenses.

Trademarks can be analyzed as follows:

<i>(in € millions)</i>	December 31, 2021	December 31, 2020
Gross value at the beginning of the period	2,185.4	2,186.8
- Acquisitions	21.8	69.5
- Disposals	0.0	0.0
- Translation adjustments	57.0	(70.9)
<b>Gross value at the end of the period</b>	<b>2,264.2</b>	<b>2,185.4</b>
Accumulated amortization and impairment at the beginning of the period	(350.5)	(318.6)
- Amortization expense	(39.9)	(59.7)
- Reversals	0.0	0.0
- Translation adjustments	(24.2)	27.8
<b>Accumulated amortization and impairment at the end of the period</b>	<b>(414.6)</b>	<b>(350.5)</b>
<b>NET VALUE AT THE END OF THE PERIOD</b>	<b>1,849.6</b>	<b>1,834.9</b>

To date, no significant impairment has been recognized for these trademarks.

Each trademark with an indefinite useful life is tested for impairment separately, in the fourth quarter of each year and

whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Impairment tests are performed using the relief from royalty method. This method consists of measuring the royalties that the company would have to pay to license the trademark

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from a third party. The theoretical value of these royalties is then measured by estimating future revenue generated by

the trademark over its useful life, as if the trademark were owned by a third party.

The following impairment testing parameters were used in the period ended December 31, 2021:

<i>(in € millions)</i>	Recoverable amount	Carrying amount of trademarks with indefinite useful lives	Value in use	
			Discount rate (before tax)	Growth rate to perpetuity
	Value in use	1,408.0	9.6 to 10.5%	2.8 to 3.2%

No impairment was recognized in the period ended December 31, 2021.

Sensitivity tests were performed on the discount rates and long-term growth rates used for impairment testing purposes. Based on the results of these tests, a 50-basis point

unfavorable change in each of these rates taken separately would not lead to any impairment losses being recognized on any trademarks with an indefinite useful life.

The following impairment testing parameters were used in the period ended December 31, 2020:

<i>(in € millions)</i>	Recoverable amount	Carrying amount of trademarks with indefinite useful lives	Value in use	
			Discount rate (before tax)	Growth rate to perpetuity
	Value in use	1,408.0	9.4 to 10.9%	2.8 to 3.1%

No impairment was recognized in the period ended December 31, 2020.

### 3.1.2 Patents

Patents can be analyzed as follows:

<i>(in € millions)</i>	December 31, 2021	December 31, 2020
Gross value at the beginning of the period	758.7	772.4
- Acquisitions	5.1	5.1
- Disposals	0.0	0.0
- Translation adjustments	16.4	(18.8)
<b>Gross value at the end of the period</b>	<b>780.2</b>	<b>758.7</b>
Accumulated amortization and impairment at the beginning of the period	(629.4)	(622.6)
- Amortization expense	(16.7)	(16.6)
- Reversals	0.0	0.0
- Translation adjustments	(8.6)	9.8
<b>Accumulated amortization and impairment at the end of the period</b>	<b>(654.7)</b>	<b>(629.4)</b>
<b>NET VALUE AT THE END OF THE PERIOD</b>	<b>125.5</b>	<b>129.3</b>

To date, no impairment has been recognized for these patents.

### 3.1.3 Customer relationships

Customer relationships acquired in business combinations are recognized when they correspond to contractual relationships with key customers. Such customer

relationships are measured using the excess earnings method, and are amortized over a period ranging from 3 to 20 years.

Customer relationships can be analyzed as follows:

<i>(in € millions)</i>	December 31, 2021	December 31, 2020
Gross value at the beginning of the period	458.5	419.1
- Acquisitions	32.2	80.5
- Adjustments	0.0	0.0
- Disposals	0.0	0.0
- Translation adjustments	40.9	(41.1)
<b>Gross value at the end of the period</b>	<b>531.6</b>	<b>458.5</b>
Accumulated amortization and impairment at the beginning of the period	(131.3)	(114.1)
- Amortization expense	(29.8)	(27.8)
- Reversals	0.0	0.0
- Translation adjustments	(12.3)	10.7
<b>Accumulated amortization and impairment at the end of the period</b>	<b>(173.3)</b>	<b>(131.2)</b>
<b>NET VALUE AT THE END OF THE PERIOD</b>	<b>358.3</b>	<b>327.3</b>

To date, no significant impairment has been recognized for these customer relationships.

### 3.1.4 Other Intangible assets

Other intangible assets are recognized at cost less accumulated amortization and impairment. They include in particular:

- costs incurred for development projects (relating to the design and testing of new or improved products). They are amortized from the date of sale of the product on a straight-line basis over the period in which the asset's future economic benefits

are consumed, not exceeding 10 years. Costs incurred for projects that do not meet the IAS 38 definition of an intangible asset are recorded in research and development costs for the year in which they are incurred;

- software, which is generally purchased from an external supplier and amortized over 3 years.

Other intangible assets can be analyzed as follows:

<i>(in € millions)</i>	December 31, 2021	December 31, 2020
Capitalized development costs	459.3	431.7
Software	159.8	149.2
Other	32.0	27.8
<b>Gross value at the end of the period</b>	<b>651.1</b>	<b>608.7</b>
Accumulated amortization and impairment at the end of the period	(499.2)	(458.6)
<b>NET VALUE AT THE END OF THE PERIOD</b>	<b>151.9</b>	<b>150.1</b>

To date, no material impairment has been recognized for these items.

## 3.2 GOODWILL

To determine the goodwill for each business combination, the Group applies the partial goodwill method whereby goodwill is calculated as the difference between the consideration paid to acquire the business combination and the portion of the acquisition date fair value of the identifiable net assets acquired and liabilities assumed that is attributable to the Group.

Under this method no goodwill is allocated to minority interests. Changes in the percentage of interest held in a controlled entity are recorded directly in equity without recognizing any additional goodwill.

Goodwill is tested for impairment annually, in the fourth quarter of each year, and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Within the Legrand Group, the level at which goodwill is measured (cash-generating units) corresponds to individual countries or to groups of countries, when they

either have similar market characteristics or are managed as a single unit.

Value in use is estimated based on discounted cash flows for the next five years and a terminal value calculated from the final year of the projection period. The cash flow data used for the calculation is taken from the most recent medium-term business plans approved by Group management. Business plan projections are based on the latest available external forecasts of trends in the Group's markets. Cash flows beyond the projection period of five years are estimated by applying a growth rate to perpetuity.

The discount rates applied derive from the capital asset pricing model. They are calculated for each individual country, based on financial market and/or valuation services firm data (average data over the last three years). The cost of debt used in the calculations is the same for all individual countries (being equal to the Group's cost of debt).

Goodwill can be analyzed as follows:

<i>(in € millions)</i>	December 31, 2021	December 31, 2020
Europe	1,833.8	1,599.3
<i>Of which France</i>	819.9	819.9
North and Central America	2,750.6	2,591.4
Rest of the world	656.8	613.0
<b>NET VALUE AT THE END OF THE PERIOD</b>	<b>5,241.2</b>	<b>4,803.7</b>

The North and Central America operating segment is considered to be a single cash-generating unit (CGU), whereas both the Europe and Rest of the world operating segments include several CGUs. Within these two operating segments, France and Italy, China, India and South America, are respectively the largest CGUs.

Only the goodwill allocated to the North and Central America CGU and the goodwill allocated to the France CGU represent more than 10% of total goodwill.

Changes in goodwill can be analyzed as follows:

<i>(in € millions)</i>	December 31, 2021	December 31, 2020
Gross value at the beginning of the period	4,840.4	4,603.1
- Acquisitions	271.5	716.5
- Adjustments*	(86.1)	(166.9)
- Translation adjustments	252.1	(312.3)
<b>Gross value at the end of the period</b>	<b>5,277.9</b>	<b>4,840.4</b>
Impairment value at the beginning of the period	(36.7)	(36.9)
- Impairment losses	0.0	0.0
- Translation adjustments	0.0	0.2
<b>Impairment value at the end of the period</b>	<b>(36.7)</b>	<b>(36.7)</b>
<b>NET VALUE AT THE END OF THE PERIOD</b>	<b>5,241.2</b>	<b>4,803.7</b>

\*Adjustments correspond to the difference between provisional and final goodwill.

Purchase price allocations, which are performed within one year of each business combination, are as follows (excluding inventory step-up):

<i>(in € millions)</i>	12 months ended	
	December 31, 2021	December 31, 2020
- Trademarks	21.8	69.5
- Deferred taxes on trademarks	(1.0)	(0.4)
- Patents	5.1	5.1
- Deferred taxes on patents	(1.4)	(0.2)
- Other intangible assets	32.2	82.3
- Deferred taxes on other intangible assets	0.0	0.0

The following impairment testing parameters were used in the period ended December 31, 2021:

	Recoverable amount	Carrying amount of goodwill	Value in use	
			Discount rate (before tax)	Growth rate to perpetuity
Europe		1,833.8	7.7 to 22.9%	2.0 to 5.0%
<i>Of which France</i>	Value in use	819.9	7.7%	2.0%
North and Central America		2,750.6	8.7%	3.1%
Rest of the world		656.8	9.4 to 14.6%	2.0 to 5.0%
<b>NET VALUE AT THE END OF THE PERIOD</b>		<b>5,241.2</b>		

No goodwill impairment losses were identified in the period ended December 31, 2021.

Sensitivity tests performed on the discount rates, long-term growth rates and operating margin rates showed that a

50-basis points unfavorable change in each of these three parameters taken separately would not lead to any material impairment of goodwill of any of the CGUs.

The following impairment testing parameters were used in the period ended December 31, 2020:

	Recoverable amount	Carrying amount of goodwill	Value in use	
			Discount rate (before tax)	Growth rate to perpetuity
Europe		1,599.3	8.2 to 20.4%	2.0 to 5.0%
<i>Of which France</i>	Value in use	819.9	8.5 %	2.0 %
North and Central America		2,591.4	9.3%	3.1%
Rest of the World		613.0	9.5 to 14.1%	2.0 to 5.0%
<b>NET VALUE AT THE END OF THE PERIOD</b>		<b>4,803.7</b>		

No goodwill impairment losses were identified in the period ended December 31, 2020.

### 3.3 PROPERTY, PLANT AND EQUIPMENT

Depreciation is calculated on a straight-line basis over the estimated useful lives of the respective assets; the most commonly adopted useful lives are the following:

Lightweight buildings	25 years
Standard buildings	40 years
Machinery and equipment	8 to 10 years
Tooling	5 years
Building fixtures	15 years

Changes in property, plant and equipment in 2021 are analyzed as follows:

	December 31, 2021				
	Land	Buildings	Machinery and equipment	Assets under construction and other	Total
<i>(in € millions)</i>					
<b>Gross value</b>					
At the beginning of the period	47.0	618.8	1,819.6	343.2	2,828.6
- Acquisitions	0.1	2.3	32.6	96.7	131.7
- Disposals	(0.7)	(18.8)	(51.9)	(15.7)	(87.1)
- Transfers and changes in scope of consolidation	0.8	16.9	87.3	(67.0)	38.0
- Translation adjustments	2.2	11.7	30.4	11.6	55.9
<b>At the end of the period</b>	<b>49.4</b>	<b>630.9</b>	<b>1,918.0</b>	<b>368.8</b>	<b>2,967.1</b>
<b>Depreciation and impairment</b>					
At the beginning of the period	(0.2)	(424.7)	(1,532.7)	(190.1)	(2,147.7)
- Depreciation expense	0.0	(17.3)	(77.5)	(16.8)	(111.6)
- Reversals	0.4	15.5	50.7	11.1	77.7
- Transfers and changes in scope of consolidation	(0.4)	(2.4)	(25.2)	(0.4)	(28.4)
- Translation adjustments	0.0	(6.3)	(23.1)	(8.5)	(37.9)
<b>At the end of the period</b>	<b>(0.2)</b>	<b>(435.2)</b>	<b>(1,607.8)</b>	<b>(204.7)</b>	<b>(2,247.9)</b>
<b>Net value</b>					
At the beginning of the period	46.8	194.1	286.9	153.1	680.9
- Acquisitions/Depreciation	0.1	(15.0)	(44.9)	79.9	20.1
- Disposals/Reversals	(0.3)	(3.3)	(1.2)	(4.6)	(9.4)
- Transfers and changes in scope of consolidation	0.4	14.5	62.1	(67.4)	9.6
- Translation adjustments	2.2	5.4	7.3	3.1	18.0
<b>At the end of the period</b>	<b>49.2</b>	<b>195.7</b>	<b>310.2</b>	<b>164.1</b>	<b>719.2</b>



Changes in property, plant and equipment in 2020 were analyzed as follows:

	December 31, 2020				
<i>(in € millions)</i>	Land	Buildings	Machinery and equipment	Assets under construction and other	Total
<b>Gross value</b>					
At the beginning of the period	47.2	627.4	1,832.5	354.0	2,861.1
- Acquisitions	0.0	3.0	26.6	86.5	116.1
- Disposals	(2.4)	(22.1)	(48.1)	(10.8)	(83.4)
- Transfers and changes in scope of consolidation	5.1	30.3	72.7	(59.8)	48.3
- Translation adjustments	(2.9)	(19.8)	(64.1)	(26.7)	(113.5)
<b>At the end of the period</b>	<b>47.0</b>	<b>618.8</b>	<b>1,819.6</b>	<b>343.2</b>	<b>2,828.6</b>
<b>Depreciation and impairment</b>					
At the beginning of the period	(0.1)	(427.1)	(1,534.6)	(191.6)	(2,153.4)
- Depreciation expense	0.0	(21.0)	(76.2)	(18.0)	(115.2)
- Reversals	0.0	18.3	46.8	9.0	74.1
- Transfers and changes in scope of consolidation	(0.1)	(5.2)	(16.5)	(3.1)	(24.9)
- Translation adjustments	0.0	10.3	47.8	13.6	71.7
<b>At the end of the period</b>	<b>(0.2)</b>	<b>(424.7)</b>	<b>(1,532.7)</b>	<b>(190.1)</b>	<b>(2,147.7)</b>
<b>Net value</b>					
At the beginning of the period	47.1	200.3	297.9	162.4	707.7
- Acquisitions/Depreciation	0.0	(18.0)	(49.6)	68.5	0.9
- Disposals/Reversals	(2.4)	(3.8)	(1.3)	(1.8)	(9.3)
- Transfers and changes in scope of consolidation	5.0	25.1	56.2	(62.9)	23.4
- Translation adjustments	(2.9)	(9.5)	(16.3)	(13.1)	(41.8)
<b>At the end of the period</b>	<b>46.8</b>	<b>194.1</b>	<b>286.9</b>	<b>153.1</b>	<b>680.9</b>

### 3.4 RIGHT-OF-USE ASSETS AND LEASE CONTRACTS

Right-of-use assets are initially measured at an amount equal mainly to the sum of:

- initial values of the lease financial liability;
- prepayments (including the first lease payment in case of lease payments made at the beginning of lease periods); and
- restoration costs.

Right-of-use assets value is subsequently remeasured whenever the lease financial liability value is remeasured.

Right-of-use assets are depreciated using the straight-line method over the estimated lease contract duration. This latter is determined by taking into account the existence of lease renewal options and early termination options whose exercise is subject solely to the Group's decision.

More specifically, regardless of the nature of these options, whenever there is significant capital expenditure on leased buildings, the depreciation period applied to the tangible assets resulting from these expenditures is used to

determine the estimated lease contract duration of these buildings.

Lease financial liabilities are initially measured at the present value of future lease payments (excluding variable lease payments and service payments whenever it is possible to identify these payments within total lease payments, while including, when applicable, the purchase option value if the exercise of this option is deemed probable), using as the discount rate the borrowing rate available for a Group entity for both the currency and the maturity corresponding to the estimated duration of the lease contract.

Lease financial liabilities are remeasured when there is a change in future lease payments arising from a change in an index or rate, or a change in the lease term (following the subsequent exercise of an extension or an early termination option).

Lease financial liabilities are analyzed in Note 4.6.1.

The Group has elected not to recognize right-of-use assets and lease financial liabilities for short-term leases (not exceeding a one-year period) and/or leases of low-value assets.

**CONSOLIDATED FINANCIAL INFORMATION CONCERNING THE GROUP'S ASSETS, LIABILITIES,  
FINANCIAL POSITION AND RESULTS**  
CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS FOR THE YEARS ENDED DECEMBER 31, 2021 AND  
DECEMBER 31, 2020

Changes in right-of-use assets in 2021 are analyzed as follows:

	December 31, 2021			
<i>(in € millions)</i>	Buildings	Machinery and equipment	Other	Total
<b>Gross value</b>				
At the beginning of the period	460.7	6.7	64.5	531.9
- Increases	53.7	0.5	6.2	60.4
- Decreases	(42.2)	(1.9)	(13.2)	(57.3)
- Transfers and changes in scope of consolidation	12.8	0.0	0.3	13.1
- Translation adjustments	19.5	0.2	2.2	21.9
<b>At the end of the period</b>	<b>504.5</b>	<b>5.5</b>	<b>60.0</b>	<b>570.0</b>
<b>Depreciation and impairment</b>				
At the beginning of the period	(222.1)	(3.9)	(37.6)	(263.6)
- Depreciation expense	(61.0)	(0.6)	(6.2)	(67.8)
- Reversals	29.7	1.3	12.3	43.3
- Transfers and changes in scope of consolidation	(1.2)	0.0	(0.1)	(1.3)
- Translation adjustments	(11.1)	(0.1)	(1.0)	(12.2)
<b>At the end of the period</b>	<b>(265.7)</b>	<b>(3.3)</b>	<b>(32.6)</b>	<b>(301.6)</b>
<b>Net value</b>				
At the beginning of the period	238.6	2.8	26.9	268.3
- Increases/Depreciation	(7.3)	(0.1)	0.0	(7.4)
- Decreases/Reversals	(12.5)	(0.6)	(0.9)	(14.0)
- Transfers and changes in scope of consolidation	11.6	0.0	0.2	11.8
- Translation adjustments	8.4	0.1	1.2	9.7
<b>At the end of the period</b>	<b>238.8</b>	<b>2.2</b>	<b>27.4</b>	<b>268.4</b>

“Buildings” right-of-use assets mainly concern lease contracts for production sites, commercial offices and warehouses. Most of these lease contracts offer both extension and early termination options, while very few of them include purchase options or restoration costs. Therefore, the corresponding right-of-use assets do not include any material amount for purchase options or restoration costs.

“Machinery and equipment” right-of-use assets comprises mainly industrial machinery.

“Other” right-of-use assets mainly concern vehicles, forklifts and some IT equipment. Although most of these lease

contracts include purchase options, these options are generally not exercised.

Renewal options not included in lease financial liabilities' value as of December 31, 2021 represent a discounted value of roughly €67 million.

A significant portion of this value corresponds to renewal options related to building lease contracts in the United States, the exercise of which is subject solely to the Group's decision. The exercise of these renewal options, which represent an additional lease period ranging from 5 to 10 years according to lease contracts, is not currently deemed certain by management and would not occur for several years.

Changes in right-of-use assets in 2020 were analyzed as follows:

	December 31, 2020			
(in € millions)	Buildings	Machinery and equipment	Other	Total
<b>Gross value</b>				
At the beginning of the period	476.1	7.1	69.9	553.1
- Increases	49.3	0.8	7.0	57.1
- Decreases	(40.5)	(0.7)	(5.7)	(46.9)
- Changes in scope of consolidation	3.8	0.0	(2.8)	1.0
- Translation adjustments	(28.0)	(0.5)	(3.9)	(32.4)
<b>At the end of the period</b>	<b>460.7</b>	<b>6.7</b>	<b>64.5</b>	<b>531.9</b>
<b>Depreciation and impairment</b>				
At the beginning of the period	(203.2)	(3.5)	(34.3)	(241.0)
- Depreciation expense	(63.0)	(1.0)	(8.1)	(72.1)
- Reversals	29.6	0.5	4.2	34.3
- Changes in scope of consolidation	1.3	0.0	(1.6)	(0.3)
- Translation adjustments	13.2	0.1	2.2	15.5
<b>At the end of the period</b>	<b>(222.1)</b>	<b>(3.9)</b>	<b>(37.6)</b>	<b>(263.6)</b>
<b>Net value</b>				
At the beginning of the period	272.9	3.6	35.6	312.1
- Increases/Depreciation	(13.7)	(0.2)	(1.1)	(15.0)
- Decreases/Reversals	(10.9)	(0.2)	(1.5)	(12.6)
- Changes in scope of consolidation	5.1	0.0	(4.4)	0.7
- Translation adjustments	(14.8)	(0.4)	(1.7)	(16.9)
<b>At the end of the period</b>	<b>238.6</b>	<b>2.8</b>	<b>26.9</b>	<b>268.3</b>

### 3.5 INVENTORIES

Inventories are measured at the lower of cost (of acquisition or production) and net realizable value, with cost determined principally on a first-in, first-out (FIFO) basis. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Impairment provisions are recognized when inventories are considered wholly or partially obsolete, and for finished goods inventories when their net realizable value is lower than their net book value.

Inventories can be analyzed as follows:

(in € millions)	December 31, 2021	December 31, 2020
Purchased raw materials and components	529.3	340.4
Sub-assemblies, work in progress	145.7	101.0
Finished products	727.4	530.3
<b>Gross value at the end of the period</b>	<b>1,402.4</b>	<b>971.7</b>
Impairment	(149.7)	(134.4)
<b>NET VALUE AT THE END OF THE PERIOD</b>	<b>1,252.7</b>	<b>837.3</b>

### 3.6 TRADE RECEIVABLES

Trade receivables are initially recognized at fair value and are subsequently measured at amortized cost.

In accordance with IFRS 9, expected credit losses on trade receivables are estimated based on a provision table, by applying provision rates depending on the receivables aging.

Furthermore, a provision can be recognized in the income statement when there is objective evidence of impairment such as:

- when a debtor has defaulted; or
- when a debtor's credit rating has been downgraded or its business environment has deteriorated.

Trade receivables can be analyzed as follows:

<i>(in € millions)</i>	December 31, 2021	December 31, 2020
Trade receivables	826.6	722.5
Impairment	(98.1)	(78.0)
<b>NET VALUE AT THE END OF THE PERIOD</b>	<b>728.5</b>	<b>644.5</b>

The Group uses factoring contracts to reduce the risk of late payments.

During 2021, a total of €861.7 million in receivables were transferred under the terms of the factoring contracts. The resulting costs were recognized in financial profit (loss) for an amount of about €1 million.

As of December 31, 2021, these factoring contracts allowed the Group to derecognize trade receivables for an amount of €79.6 million (€98.8 million as of December 31, 2020), as they transfer all credit and late payment risks to the factoring companies. The only risk that is not transferred is limited to dilution risk, which is historically very low.

Past-due trade receivables can be analyzed as follows:

<i>(in € millions)</i>	December 31, 2021	December 31, 2020
Less than 3 months past due receivables	151.7	131.0
From 3 to 12 months past due receivables	40.4	31.5
More than 12 months past due receivables	35.3	36.2
<b>TOTAL</b>	<b>227.4</b>	<b>198.7</b>

Provisions for impairment of past-due trade receivables amounted to €76.4 million as of December 31, 2021 (€69.2 million as of December 31, 2020). These provisions break down as follows:

<i>(in € millions)</i>	December 31, 2021	December 31, 2020
Provisions for less than 3 months past due receivables	13.6	12.0
Provisions for 3 to 12 months past due receivables	27.5	21.0
Provisions for more than 12 months past due receivables	35.3	36.2
<b>TOTAL</b>	<b>76.4</b>	<b>69.2</b>

### 3.7 OTHER CURRENT ASSETS

Other current assets can be analyzed as follows:

<i>(in € millions)</i>	December 31, 2021	December 31, 2020
Employee advances	2.6	2.9
Prepayments	80.8	54.8
Taxes other than income tax	121.4	104.9
Other receivables	35.6	42.2
<b>NET VALUE AT THE END OF THE PERIOD</b>	<b>240.4</b>	<b>204.8</b>

These assets are valued at amortized cost.

### 3.8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash, short-term deposits and other liquid financial assets (possibility to realize the assets in less than 3 months at any time), readily convertible to known amounts of cash and are not subject to any material risk of change in value. Some of these other financial assets may have an initial maturity of one year or more, while being very easily convertible.

Cash and cash equivalents that are unavailable in the short term for the Group correspond to the bank accounts of

certain subsidiaries facing complex, short-term fund repatriation conditions due mainly to regulatory reasons.

Cash and cash equivalents totaled €2,788.3 million as of December 31, 2021 (versus €2,791.7 million as of December 31, 2020). Of this amount, €7.3 million was not available to the Group in the short term as of December 31, 2021 (versus €0.4 million as of December 31, 2020).

## NOTE 4 - DETAILS ON NON-CURRENT AND CURRENT LIABILITIES

### 4.1 SHARE CAPITAL AND EARNINGS PER SHARE

Share capital as of December 31, 2021 amounted to €1,069,790,984 represented by 267,447,746 ordinary shares with a par value of €4 each, for 267,447,746 theoretical voting rights and 266,769,570 exercisable voting rights (after subtracting shares held in treasury by the Group as of this date).

As of December 31, 2021, the Group held 678,176 shares in treasury, versus 125,407 shares as of December 31, 2020, i.e. 552,769 additional shares corresponding to:

- the net acquisition of 1,200,000 shares outside of the liquidity contract;

- the transfer of 582,450 shares to employees under performance share plans;
- the net sale of 64,781 shares under the liquidity contract (Note 4.1.2.2).

As of December 31, 2021, among the 678,176 shares held in treasury by the Group, 645,230 shares have been allocated according to the allocation objectives described in Note 4.1.2.1, and 32,946 shares are held under the liquidity contract.

#### 4.1.1 Changes in share capital

Changes in share capital in 2021 were as follows:

	Number of shares	Par value	Share capital (euros)	Premiums (euros)
As of December 31, 2020	267,447,746	4	1,069,790,984	539,064,770
<b>As of December 31, 2021</b>	<b>267,447,746</b>	<b>4</b>	<b>1,069,790,984</b>	<b>539,064,770</b>

#### 4.1.2 Share buybacks and transactions under the liquidity contract

As of December 31, 2021, the Group held 678,176 shares in treasury (125,407 as of December 31, 2020, of which 27,680 under the share buyback program and 97,727 under the liquidity contract) which can be analyzed as follows:

##### 4.1.2.1 Share buybacks

During 2021, the Group acquired 1,200,000 shares, at a cost of €97.7 million.

As of December 31, 2021, the Group held 645,230 shares, acquired at a total cost of €51.3 million. These shares are being held for the following purposes:

- for allocation, upon exercise of performance share plans, of 15,230 shares purchased at a cost of €1.3 million; and
- for cancellation of 630,000 shares acquired at a cost of €50.0 million.

##### 4.1.2.2 Liquidity contract

The Group appointed a financial institution to maintain a liquid market for its shares on the Euronext™ Paris market

under a liquidity contract. This contract is compliant with the AMF decision on July 2, 2018 relating to the establishment of liquidity contracts on equity securities under accepted market practice.

As of December 31, 2021, the Group held 32,946 shares under this contract, purchased at a total cost of €3.3 million.

During 2021, transactions under the liquidity contract led to a cash inflow of €6.0 million corresponding to the net sales of 64,781 shares.

#### 4.1.3 Earnings per share

Basic earnings per share are calculated by dividing net profit attributable to the Group by the weighted average number of ordinary shares outstanding (excluding shares held in treasury) during the period.

Diluted earnings per share are calculated according to the treasury stock method, by dividing profit attributable to the Group by the weighted average number of ordinary shares outstanding (excluding shares held in treasury) during the period, plus the number of dilutive potential ordinary shares. The weighted average number of ordinary shares outstanding used in these calculations is adjusted for the share buybacks and sales carried out during the period.

Basic and diluted earnings per share, calculated on the basis of the average number of ordinary shares outstanding during the period, are as follows:

		12 months ended	
		December 31, 2021	December 31, 2020
Net profit attributable to the Group ( <i>in € millions</i> )	A	904.5	681.2
Average number of shares (excluding shares held in treasury)	B	266,896,342	267,172,454
<i>Average dilution from:</i>			
- Performance shares		1,788,044	1,859,370
- Stock options		0	78,031
Average number of shares after dilution (excluding shares held in treasury)	C	268,684,386	269,109,855
Number of stock options and performance share grants outstanding at the period end		1,837,364	1,984,308
Sales (buybacks) of shares and transactions under the liquidity contract (net during the period)		(1,135,219)	(573,114)
Shares transferred during the period under performance share plans		582,450	496,113
Basic earnings per share ( <i>in euros</i> )	A/B	3.389	2.550
Diluted earnings per share ( <i>in euros</i> )	A/C	3.366	2.531
Dividend per share ( <i>in euros</i> )		1.420	1.340

As mentioned above, during 2021, the Group:

- transferred 582,450 shares under performance share plans, out of the 554,770 shares bought back in the year and 27,680 shares bought back from previous years for this purpose; and
- sold a net 64,781 shares under the liquidity contract.

These movements were taken into account on an accruals basis in the computation of the average number of ordinary shares outstanding during the period, in accordance with IAS 33. If the shares had been issued and bought back on January 1, 2021, earnings per share and diluted earnings per share would have amounted to €3.391 and €3.364 respectively for the 12 months ended December 31, 2021.

During 2020, the Group:

- issued 436,618 shares under stock option plans;
- transferred 496,113 shares under performance share plans, out of the 487,320 shares bought back in the year and the 8,793 shares bought back in previous years for this purpose; and
- acquired a net 58,114 shares under the liquidity contract.

These movements were taken into account on an accruals basis in calculating the average number of ordinary shares outstanding during the period, in accordance with IAS 33. If the shares had been issued and bought back on January 1, 2020, basic earnings per share and diluted earnings per share would have amounted to €2.548 and €2.525 respectively for the 12 months ended December 31, 2020.

## 4.2 STOCK OPTION PLANS AND PERFORMANCE SHARE PLANS

The cost of stock options or performance shares is measured at the fair value of the award on the grant date, using the Black & Scholes option pricing model or the binomial model, and is recognized in the income statement under personnel costs on a straight-line basis over the vesting period with a corresponding adjustment to equity. Changes in the fair value of stock options after the grant date are not taken into account.

The expense recognized by crediting equity is adjusted at each period-end during the vesting period to take into account changes in the number of shares that are expected to be delivered to employees when the performance shares vest or the stock options are exercised, except for the number of shares related to stock market performance criteria.

#### 4.2.1 Performance share plans

The following performance share plans were approved by the Company's Board of Directors:

	2017 Plan	2018 Plans	2019 Plans	2020 Plans	2021 Plans
Date approved by shareholders	May 27, 2016	May 30, 2018	May 30, 2018	May 30, 2018	May 26, 2021
Grant date	May 31, 2017	May 30, 2018	May 29, 2019	May 26, 2020	May 26, 2021
Total number of performance share rights initially granted	492,254 <sup>(1)</sup>	524,123 <sup>(1)</sup>	617,818	461,861	491,477
<i>o/w to Executive Officer</i>	12,503 <sup>(1)</sup>	19,546 <sup>(1)</sup>	22,954	11,544	20,544
- Gilles Schnepf	12,503	0	0	0	0
- Benoît Coquart	N/A	19,546	22,954	11,544	20,544
Total IFRS 2 expense (in € millions)	24.8 <sup>(2)</sup>	28.5 <sup>(2)</sup>	31.0 <sup>(2)</sup>	22.8 <sup>(2)</sup>	35.2 <sup>(2)</sup>
End of vesting period	June 17, 2021	June 16, 2021 <sup>(3)</sup>	June 16, 2022 <sup>(3)</sup>	June 16, 2023 <sup>(3)</sup>	June 14, 2024 <sup>(3)</sup>
	June 17, 2021	June 16, 2022 <sup>(4)</sup>	June 16, 2023 <sup>(4)</sup>	June 14, 2024 <sup>(4)</sup>	June 12, 2025 <sup>(4)</sup>
	June 17, 2021	May 31, 2023 <sup>(3)</sup>	May 31, 2024 <sup>(3)</sup>	May 28, 2025 <sup>(3)</sup>	May 27, 2026 <sup>(3)</sup>
End of lock-up period		June 16, 2022 <sup>(4)</sup>	June 16, 2023 <sup>(4)</sup>	June 14, 2024 <sup>(4)</sup>	June 12, 2025 <sup>(4)</sup>
Number of performance shares adjusted for the performance criteria fulfillment	46,750 <sup>(5)</sup>	(37,046) <sup>(5)</sup>	(2,656) <sup>(6)</sup>		
Number of performance share rights cancelled or forfeited	(52,848)	(49,088)	(56,821)	(10,822)	(4,706)
Number of performance shares acquired as of December 31, 2021	(486,156)	(94,679)	(1,231)	(866)	
<b>PERFORMANCE SHARE RIGHTS OUTSTANDING AS OF DECEMBER 31, 2021</b>	<b>0</b>	<b>343,310</b>	<b>557,110</b>	<b>450,173</b>	<b>486,771</b>

(1) Given the dividend distribution features approved at the General Meetings of Shareholders on May 31, 2017, on May 30, 2018 and on May 29, 2019, the number of remaining performance shares was adjusted to take into account the impact of these transactions on the interests of performance share beneficiaries in accordance with article L.228-99 of the French Commercial Code.

(2) Total charge estimated at the grant date assuming 100% achievement for each performance criteria. This charge is spread over the vesting periods.

(3) Date applicable to the Executive Officer and members of the Executive Committee.

(4) Date applicable to beneficiaries other than the Executive Officer and members of the Executive Committee.

(5) Percentage of performance criteria achievement: see Note 4.2.1.3.

(6) Adjustments estimated as at the date when the consolidated financial statements were prepared.



#### 4.2.1.1 2017 performance share plan

The final number of shares ultimately granted to beneficiaries is determined based on a service condition and several performance criteria. The vesting period is four years.

Type of performance criteria	Description of performance criteria	Weight of performance criteria by plan
		2017
"External" financial performance criterion	Comparison between the arithmetic mean of Legrand's consolidated EBITDA margin over a three-year period as published in the consolidated financial statements and the arithmetic mean of EBITDA margins achieved by companies forming part of the MSCI World Capital Goods index over the same period.	1/3
"Internal" financial performance criterion	Arithmetic mean of normalized free cash flow as a percentage of sales over a three-year period, as published in the consolidated financial statements.	1/3
Non-financial performance criterion	Arithmetic mean of the average achievement rate of Group CSR Roadmap priorities over a three-year period.	1/3

Following the application of IFRS 16, on March 20, 2018 the Board of Directors decided to replace the EBITDA and free cash flow criteria for the 2019 performance assessment under the 2017 plan with the adjusted operating margin before acquisitions and organic sales growth criteria, in line with the Company's 2019 targets.

#### 4.2.1.2 2018, 2019, 2020 and 2021 performance share plans

The final number of shares granted to beneficiaries is determined on the condition that the beneficiary is present within the Group at the time the vesting period expires and according to several performance criteria.

For the Executive Officer and members of the Executive Committee, the term of the vesting period is three years, with an additional two-year holding period; for other beneficiaries, the vesting period is four years, with no holding period

### Performance criteria applicable to the Executive Officer and members of the Executive Committee

The performance criteria applicable to the Executive Officer and members of the Executive Committee are defined as follows:

Type of performance criteria	Description of performance criteria and target-setting method	Weight of performance criteria
Target for organic sales growth	Target: 3-year arithmetic mean of the upper and lower bounds of the annual target ranges concerned. Comparison between the target and the average achievement over three years.	1/4
Target for adjusted operating margin before acquisitions <sup>(1)</sup>	Target: 3-year arithmetic mean of the upper and lower bounds of the annual target ranges concerned. Comparison between the target and the average achievement over three years.	1/4
Annual rates of achievement of the Group's CSR roadmap	Target: arithmetic mean over 3 years of the annual CSR roadmap achievement rates.	1/4
Legrand's share price performance relative to the performance of the CAC 40 index	Performance gap between Legrand's share price and the CAC 40 index over a 3-year period.	1/4

(1) The adjusted operating margin before acquisitions corresponds to the adjusted operating profit (see key figures)

## Performance criteria applicable to beneficiaries other than the Executive Officer and members of the Executive Committee

The performance criteria applicable to beneficiaries other than the Executive Officer and members of the Executive Committee are defined as follows:

Type of performance criteria	Description of performance criteria and target-setting method	Weight of performance criteria
Target for organic sales growth	The target to be reached for this criterion, set annually corresponds to the lower and upper ranges of the relevant annual target. The annual rate of achievement is measured in relation to the annual target. The final pay-out rate for this criterion corresponds to the arithmetic average over a three-year period of the annual rates of achievement.	1/3
Target for adjusted operating margin before acquisitions <sup>(1)</sup>	The target to be reached for this criterion, set annually corresponds to the lower and upper ranges of the relevant annual target. The annual rate of achievement is measured in relation to the annual target. The final pay-out rate for this criterion corresponds to the arithmetic average over a three-year period of the annual rates of achievement.	1/3
Annual rates of achievement of the Group's CSR roadmap	The annual rate of achievement corresponds to the rate of achievement of the CSR annual roadmap. The final pay-out rate for this criterion corresponds to the arithmetic average over a three-year period of the annual rates of attainment.	1/3

(1) The adjusted operating margin before acquisitions corresponds to the adjusted operating profit (see key figures).

The final pay-out rate for each criterion corresponds to the arithmetic average over a three-year period of the annual achievement rates.

If all the performance shares from the 2018 to 2021 plans were to vest according to the target allocation (i.e., 1,837,364 shares) and if those shares were transferred following capital increases, the Company's capital would be diluted by 0.7% as of December 31, 2021.

### 4.2.1.3 Monitoring of performance criteria performance share plans

The monitoring of the performance criteria under the 2017 plan can be detailed as follows:

Criteria	Target <sup>(1)</sup>	Actual		Criteria	Target <sup>(1)</sup>	Actual 2019	Performance overall <sup>(3)</sup>
		2017	2018				
Legrand EBITDA margin vs. MSCI EBITDA margins	<b>+ 7.4 pts</b>	+ 7.2 pts	+ 7.6 pts	Organic growth	<b>2.0%</b>	2.6%	
Normalized free cash flow level	<b>12.0%</b>	13.3%	14.9%	Adjusted operating margin before acquisitions <sup>(2)</sup>	<b>20.3%</b>	20.4%	<b>111.6%</b>
Annual rates of achievement of the Group's CSR roadmap	<b>100.0%</b>	122.0%	122.0%	Annual rates of achievement of the Group's CSR roadmap	<b>100.0%</b>	113.0%	
<b>Performance by year</b>		<b>112.6%</b>	<b>119.5%</b>			<b>102.7%</b>	

(1) 100% achievement target for the criterion.

(2) The adjusted operating margin before acquisitions corresponds to the adjusted operating income (see key figures).

(3) Performance of 108.9% for the Executive officer.

The monitoring of the performance criteria under the 2018 plan applicable to the Executive Officer and members of the Executive Committee can be detailed as follows:

Criteria	2018		2019		2020		3-year average		
	Target <sup>(1)</sup>	Actual	Target <sup>(1)</sup>	Actual	Target <sup>(1)</sup>	Actual	Target <sup>(1)</sup>	Actual	Performance
Organic sales growth	2.5%	4.9%	2.0%	2.6%	1.0%	(8.7%)	1.8%	(0.4%)	<b>82.0%</b>
Adjusted operating margin before acquisitions <sup>(2)</sup>	20.3%	20.2%	20.3%	20.4%	20.0%	19.1%	20.2%	19.9%	<b>91.9%</b>
Annual rates of achievement of the Group's CSR roadmap	100.0%	122.0%	100.0%	113.0%	100.0%	128.0%	100.0%	121.0%	<b>104.2%</b>
Legrand's share price performance relative to the performance of the CAC 40 index							<b>+8.8%</b>	<b>+17.2%</b>	<b>+150.0%</b>
<b>Performance</b>									<b>107.0%</b>

(1) 100% achievement target for the criterion.

(2) The adjusted operating margin before acquisitions corresponds to the adjusted operating income (see key figures).

The monitoring of the performance criteria under the 2018 plan applicable to beneficiaries other than the Executive Officer and members of the Executive Committee can be detailed as follows:

Criteria	2018			2019			2020			Performance by criterion
	Target <sup>(1)</sup>	Actual	Performance	Target <sup>(1)</sup>	Actual	Performance	Target <sup>(1)</sup>	Actual	Performance	
Organic sales growth	2.5%	4.9%	<b>128.0%</b>	2.0%	2.6%	<b>103.0%</b>	1.0%	(8.7%)	<b>0.0%</b>	<b>77.0%</b>
Adjusted operating margin before acquisitions <sup>(2)</sup>	20.3%	20.2%	<b>98.0%</b>	20.3%	20.4%	<b>102.5%</b>	20.0%	19.1%	<b>50.0%</b>	<b>83.5%</b>
Annual rates of achievement of the Group's CSR roadmap	100.0%	122.0%	<b>104.4%</b>	100.0%	113.0%	<b>102.6%</b>	100.0%	128.0%	<b>106.8%</b>	<b>104.6%</b>
<b>Performance by year</b>			<b>110.1%</b>			<b>102.7%</b>			<b>52.3%</b>	<b>88.4%</b>

(1) 100% achievement target for the criterion.

(2) The adjusted operating margin before acquisitions corresponds to the adjusted operating income (see key figures).

**CONSOLIDATED FINANCIAL INFORMATION CONCERNING THE GROUP'S ASSETS, LIABILITIES,  
FINANCIAL POSITION AND RESULTS**  
CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS FOR THE YEARS ENDED DECEMBER 31, 2021 AND  
DECEMBER 31, 2020

The monitoring of the performance criteria under the 2019 plan applicable to the Executive Officer and members of the Executive Committee can be detailed as follows:

Criteria	2019		2020		2021		3-year average		Performance
	Target <sup>(1)</sup>	Actual	Target <sup>(1)</sup>	Actual	Target <sup>(1)</sup>	Actual	Target <sup>(1)</sup>	Actual	
Organic sales growth	2.0%	2.6%	1.0%	(8.7%)	3.5%	13.6%	2.2%	2.5%	<b>101.5%</b>
Adjusted operating margin before acquisitions <sup>(2)</sup>	20.3%	20.4%	20.0%	19.1%	19.7%	20.8%	20.0%	20.1%	<b>102.3%</b>
Annual rates of achievement of the Group's CSR roadmap	100.0%	113.0%	100.0%	128.0%	100.0%	131.0%	100.0%	123.7%	<b>104.7%</b>
Legrand's share price performance relative to the performance of the CAC 40 index							<b>8.8%</b>	<b>32.6%</b>	<b>150.0%</b>
<b>Performance</b>									<b>114.6%</b>

(1) 100% achievement target for the criterion.

(2) The adjusted operating margin before acquisitions corresponds to the adjusted operating income (see key figures).

The monitoring of the performance criteria under the 2019 plan applicable to beneficiaries other than the Executive Officer and members of the Executive Committee can be detailed as follows:

Criteria	2019			2020			2021			Performance by criterion
	Target <sup>(1)</sup>	Actual	Performance	Target <sup>(1)</sup>	Actual	Performance	Target <sup>(1)</sup>	Actual	Performance	
Organic sales growth	2.0%	2.6%	<b>103.0%</b>	1.0%	(8.7%)	<b>0.0%</b>	3.5%	13.6%	150.0%	<b>84.3%</b>
Adjusted operating margin before acquisitions <sup>(2)</sup>	20.3%	20.4%	<b>102.5%</b>	20.0%	19.1%	<b>50.0%</b>	19.7%	20.8%	150.0%	<b>100.8%</b>
Annual rates of achievement of the Group's CSR roadmap	100.0%	113.0%	<b>102.6%</b>	100.0%	128.0%	<b>106.8%</b>	100.0%	131.0%	108.0%	<b>105.8%</b>
<b>Performance by year</b>			<b>102.7%</b>			<b>52.3%</b>			<b>136.0%</b>	<b>97.0%</b>

(1) 100% achievement target for the criterion.

(2) The adjusted operating margin before acquisitions corresponds to the adjusted operating income (see key figures).

#### 4.2.2 Stock option plans

No stock option plans have been implemented since the 2010 Plan.

#### 4.2.3 Share-based payments (IFRS 2 expense)

In accordance with IFRS 2, an expense of €30.5 million was recorded in 2021 (€22.3 million in 2020) for all of these plans combined.

## 4.3 RETAINED EARNINGS AND TRANSLATION RESERVES

### 4.3.1 Retained earnings

The Group's consolidated retained earnings as of December 31, 2021 amounted to €5,268.5 million.

As of the same date, the Company had retained earnings including profit for the period of €1,065.6 million available for distribution.

### 4.3.2 Translation reserves

Assets and liabilities of Group entities whose functional currency is different from the presentation currency are translated using the exchange rate at the balance sheet date. Statements of income are translated using the average exchange rate for the period. Gains or losses arising from the translation of the financial statements of foreign subsidiaries are recognized directly in equity under "Translation reserves", until the potential Group's loss of control over the entity.

Translation reserves record the impact of fluctuations in the following currencies:

<i>(in € millions)</i>	December 31, 2021	December 31, 2020
US dollar	(13.7)	(320.2)
Other currencies	(608.1)	(642.1)
<b>TOTAL</b>	<b>(621.8)</b>	<b>(962.3)</b>

The Group operates in close to 90 countries. It is mainly exposed to a dozen currencies other than the euro and the US dollar, including the Australian dollar, Brazilian real, British pound, Chilean peso, Chinese yuan, Indian rupee, Mexican peso, Russian ruble and Turkish lira.

Under IFRS 9, non-derivative financial instruments may be designated as hedges only when they are used to hedge foreign currency risk and provided that they qualify for hedge accounting.

Accordingly, in the case of hedges of a net investment in a foreign operation, the portion of the gain or loss on the hedging instrument that is deemed to be an effective hedge is recognized in equity.

The counterpart of the Yankee debt increase amounting to €24.5 million in 2021, was recorded as a decrease in conversion reserves. As of December 31, 2021, a total balance of €63.7 million was recorded as a decrease in conversion reserves, under the Yankee loan.

Finally, in accordance with IAS 21, translation gains and losses on receivables or payables considered as part of a net investment in a foreign Group entity are recognized in translation reserves. Gains recognized in translation reserves in 2021 amounted to €4.6 million, resulting in a net positive balance of €11.2 million as of December 31, 2021.

## 4.4 PROVISIONS

Changes in provisions in 2021 are as follows:

December 31, 2021						
<i>(in € millions)</i>	Product warranties	Claims and litigation	Tax and employee risks	Restructuring	Other	Total
At the beginning of the period	52.0	127.4	40.8	36.6	71.3	328.1
Changes in scope of consolidation	(0.1)	0.2	(1.5)	-	1.9	0.5
Increases	15.3	25.9	8.3	20.9	25.4	95.8
Utilizations	(7.9)	(16.5)	(5.3)	(19.3)	(23.4)	(72.4)
Reversals of surplus provisions	(8.0)	(12.7)	-	(1.3)	(5.3)	(27.3)
Reclassifications	-	-	(0.3)	-	-	(0.3)
Translation adjustments	1.1	1.8	1.6	1.1	2.4	8.0
<b>AT THE END OF THE PERIOD</b>	<b>52.4</b>	<b>126.1</b>	<b>43.6</b>	<b>38.0</b>	<b>72.3</b>	<b>332.4</b>
<i>Of which non-current portion</i>	31.8	85.3	13.2	3.7	62.6	196.6

Changes in provisions in 2020 were as follows:

December 31, 2020						
<i>(in € millions)</i>	Product warranties	Claims and litigation	Tax and employee risks	Restructuring	Other	Total
At the beginning of the period	53.5	77.3	38.3	23.7	58.0	250.8
Changes in scope of consolidation	1.5	0.3	1.5	0.2	0.7	4.2
Increases	12.6	55.4	12.7	40.8	30.8	152.3
Utilizations	(8.0)	(7.3)	(4.8)	(25.4)	(12.4)	(57.9)
Reversals of surplus provisions	(5.9)	(12.5)	(2.0)	(1.7)	(3.6)	(25.7)
Reclassifications	(0.1)	17.0	0.0	0.3	2.2	19.4
Translation adjustments	(1.6)	(2.8)	(4.9)	(1.3)	(4.4)	(15.0)
<b>AT THE END OF THE PERIOD</b>	<b>52.0</b>	<b>127.4</b>	<b>40.8</b>	<b>36.6</b>	<b>71.3</b>	<b>328.1</b>
<i>Of which non-current portion</i>	33.3	85.1	16.6	1.5	63.7	200.2

## 4.5 PROVISION FOR POST-EMPLOYMENT BENEFITS AND OTHER LONG-TERM EMPLOYEE BENEFITS

### 4.5.1 Pension and other post-employment benefit obligations

Group companies operate various pension plans. The plans are funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined contribution and defined benefit plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Contributions are recognized as an expense for the period of payment. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in current and prior periods.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and end-of-career salary.

The liability recognized in the balance sheet for defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date, less the fair value of plan assets. The past service cost arising from changes to pension benefit plans is expensed in full as incurred.

In accordance with IAS 19, the Group recognizes all actuarial gains and losses outside profit or loss, in the consolidated statement of comprehensive income.

Defined benefit obligations are calculated using the projected unit credit method. This method takes into account estimated years of service at retirement, final salaries, life expectancy and staff turnover, based on actuarial assumptions. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of investment grade corporate bonds that are denominated in the currency in which the benefits will be paid and have terms to maturity approximating the period to payment of the related pension liability.

Some Group companies provide post-employment healthcare benefits to their retirees. Entitlement to these benefits is usually conditional on the employee remaining with one of these Group companies up to retirement age and completion of a minimum service period. These benefits are treated as post-employment benefits under the defined benefit scheme.

Pension and other post-employment defined benefit obligations can be analyzed as follows:

<i>(in € millions)</i>	December 31, 2021	December 31, 2020
France (Note 4.5.1.2)	103.6	100.4
Italy (Note 4.5.1.3)	33.9	34.5
United Kingdom (Note 4.5.1.4)	123.4	125.9
United States (Note 4.5.1.5)	75.7	76.4
Other countries	53.7	49.6
<b>TOTAL PENSION AND OTHER POST-EMPLOYMENT DEFINED BENEFIT OBLIGATIONS</b>	<b>390.3</b>	<b>386.8</b>

#### 4.5.1.1 Analysis of pension and other post-employment defined benefit obligations

The total (current and non-current) obligation under the Group's pension and other post-employment defined benefit plans, consisting primarily of plans in France, Italy, the United States and United Kingdom, is as follows:

<i>(in € millions)</i>	December 31, 2021	December 31, 2020
<b>Defined benefit obligation</b>		
Projected benefit obligation at the beginning of the period	386.8	391.6
Service cost	10.0	8.8
Interest cost	5.6	7.1
Benefits paid or unused	(19.6)	(24.9)
Employee contributions	0.4	0.6
Actuarial losses/(gains)	(24.8)	16.5
Curtailments, settlements, special termination benefits	(0.8)	(0.3)
Translation adjustments	15.1	(16.9)
Other	17.6	4.3
<b>PROJECTED BENEFIT OBLIGATION AT THE END OF THE PERIOD</b>	<b>390.3</b>	<b>386.8</b>
<b>Fair value of plan assets</b>		
Fair value of plan assets at the beginning of the period	207.8	206.8
Expected return on plan assets	3.8	4.8
Employer contributions	8.5	8.8
Employee contributions	0.4	1.3
Benefits paid	(11.6)	(14.8)
Actuarial (losses)/gains	7.6	12.0
Translation adjustments	14.7	(13.9)
Other	0.0	2.8
<b>FAIR VALUE OF PLAN ASSETS AT END OF PERIOD</b>	<b>231.2</b>	<b>207.8</b>
<b>PROVISION RECOGNIZED IN THE BALANCE SHEET</b>	<b>175.7</b>	<b>187.6</b>
Current liability	5.0	5.8
Non-current liability	170.7	181.8
Non-current asset	16.6	8.6

Actuarial gains recognized in equity in 2021 amounted to €32.4 million.

These €32.4 million actuarial gains resulted from:

- €13.5 million in gains from changes in financial assumptions;
- €3.9 million in gains from changes in demographic assumptions; and
- €15.0 million in experience gains.

The discount rates used are determined by reference to the yield on high-quality bonds based on the following benchmark indices:

- Euro zone: iBoxx € Corporates AA 10+;
- United Kingdom: iBoxx £ Corporates AA 15+;

- United States: Citigroup Pension Liability Index.

Sensitivity tests were performed on:

- the discount rate. According to the results of these tests, a 50-basis point reduction in the rate would lead to the recognition of additional actuarial losses of around €31.1 million and would increase the provision as of December 31, 2021 by the same amount; and
- the rate of future salary increases. According to the results of these tests, a 50-basis point increase in the rate would lead to the recognition of additional actuarial losses of around €10.9 million and would increase the provision as of December 31, 2021 by the same amount.



Discounted future payments for the Group's pension and other post-employment benefit plans are as follows:

<i>(in € millions)</i>	
2022	16.1
2023	15.4
2024	19.1
2025	16.6
2026 and beyond	323.1
<b>TOTAL</b>	<b>390.3</b>

The impact of service costs and interest costs on profit before tax for the period is as follows:

<i>(in € millions)</i>	12 months ended	
	December 31, 2021	December 31, 2020
Service cost	(10.0)	(8.8)
Net interest cost*	(1.8)	(2.3)
<b>TOTAL</b>	<b>(11.8)</b>	<b>(11.1)</b>

\* The expected return on assets and interest costs are presented as a net amount in financial expenses.

The weighted average allocation of pension plan assets is as follows as of December 31, 2021:

<i>(as a percentage)</i>	United Kingdom	United States
Equity instruments	48.9	26.1
Debt instruments	40.4	62.0
Insurance funds	10.7	11.9
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>

These assets are marked to market.

#### 4.5.1.2 Provisions for retirement benefits and supplementary pension benefits in France

The provisions recorded in the consolidated balance sheet concern the unvested entitlements of active employees. The Group has no obligation with respect to the vested entitlements of former employees, as the benefits were settled at the time of their retirement, either directly or through payments to insurance companies in full discharge of the liability.

The main defined benefit plan applicable in France concerns statutory length-of-service awards, under which all retiring employees are eligible for a lump-sum payment calculated according to their length of service. This payment is defined either in the collective bargaining agreement to which their company is a party or in a separate company-level agreement, whichever is more advantageous to the employee. The amount generally varies depending on the employee category (manager/non-manager).

In France, provisions recorded in the consolidated balance sheet amounted to €103.6 million as of December 31, 2021 (€100.4 million as of December 31, 2020) corresponding to the difference between the projected benefit obligation of €103.6 million as of December 31, 2021 (€100.4 million as of December 31, 2020), and the fair value of the related plan assets of €0.0 million as of December 31, 2021 (€0.0 million as of December 31, 2020).

The projected benefit obligation is calculated based on staff turnover and mortality assumptions, estimated rates of salary increases and an estimated discount rate. In France, the calculation in 2021 was based on a salary increase rate of 2.8% and a discount rate of 1.2% (respectively 2.8% and 0.6% in 2020).

#### 4.5.1.3 Provisions for termination benefits in Italy

In Italy, a termination benefit is awarded to employees regardless of the reason for their departure.

Since January 1, 2007, such benefits have been paid either into an independently managed pension fund or to the Italian social security service (INPS). As from that date, the Italian termination benefit plans have been qualified as defined contribution plans under IFRS. Termination benefit obligations arising prior to January 1, 2007 continue to be accounted for under IFRS as defined benefit plans, based on revised actuarial estimates that exclude the effect of future salary increases.

The resulting provisions for termination benefits, which correspond to the obligation as of December 31, 2006 plus the ensuing actuarial revisions, amounted to €33.9 million as of December 31, 2021 (€34.5 million as of December 31, 2020).

The calculation in 2021 was based on a discount rate of 0.4% (0.0% in 2020).

#### 4.5.1.4 Provisions for retirement benefits and other post-employment benefits in the United Kingdom.

The UK plan is a trustee-administered plan governed by article 153 of the 2004 Finance Act, and is managed in a legal entity outside of the Group.

Benefits are paid directly out of funds consisting of contributions paid by the company and by plan participants.

The plan has been closed to new entrants since May 2004.

Active plan participants account for 1.5% of the projected benefit obligation, participants who are no longer accumulating benefit entitlements for 37.6% and retired participants for 60.9%.

The provisions recorded in the consolidated balance sheet amounted to €13.3 million as of December 31, 2021 (€29.4 million as of December 31, 2020) corresponding to the difference between the projected benefit obligation of €123.4 million as of December 31, 2021 (€125.9 million as of December 31, 2020) and the fair value of the related plan assets of €110.1 million as of December 31, 2021 (€96.5 million as of December 31, 2020).

The projected benefit obligation is calculated based on staff turnover and mortality assumptions, estimated rates of salary increases and an estimated discount rate. The calculation in 2021 was based on a salary increase rate of 4.7% and a discount rate and an expected return on plan assets of 1.7% (respectively 4.2% and 1.4% in 2020).

#### 4.5.1.5 Provisions for retirement benefits and other post-employment benefits in the United States

In the United States, the Group provides pension benefits for employees and health care and life insurance for certain retired employees.

The Legrand North America Retirement Plan is covered by a plan document in force since January 2002 that was last

amended in January 2008. The minimum funding requirement is determined based on Section 430 of the Internal Revenue Code.

To meet its obligations under the plan, the Group has set up a trust with Prudential Financial, Inc. The trust assets include several different investment funds. The current trustee is Legrand North America. The Wiremold Company is the Plan Administrator and the Custodian is Prudential Financial, Inc.

The plan has been closed to new entrants since August 2006 for salaried employees and since April 2009 for hourly employees. Since January 1, 2018, active plan participants can no longer cumulate new rights.

Active plan participants account for 10.1% of the projected benefit obligation, other participants who are no longer accumulating benefit entitlements for 19.8% and retired participants for 70.1%.

The funding policy consists of ensuring that the legal minimum funding requirement is met at all times.

The provisions recorded in the consolidated balance sheet amounted to €0.0 million as of December 31, 2021 (€0.0 million as of December 31, 2020) reflecting the fact that the fair value of the plan assets is higher than the value of the projected benefit obligation.

The calculation in 2021 was based on a discount rate and an expected return on plan assets of 2.5% (2.2% in 2020).

#### 4.5.2 Other long-term employee benefits

The Group implemented cash-settled long-term employee benefit plans for employees deemed to be key for the Group, subject to the grantees' continued presence within the Group after a vesting period of three years.

In addition to the grantee still being present within the Group, these plans can, in certain cases, depend on the Group's achievement of future economic performance conditions.

Due to their gradual replacement by equity-settled long-term employee benefit plans detailed in Note 4.2.1, these plans no longer represent material amounts in the Group's financial statements.

## 4.6 LONG-TERM AND SHORT-TERM BORROWINGS

The Group actively manages its debt through diversified sources of financing available to support its medium-term business growth while guaranteeing a robust financial position over the long term.

### Negotiable commercial paper

Legrand France has a short-term marketable securities program (NEU CP) whose package was increased from €700.0 million to €1,200.0 million on March 25, 2020.

A medium-term marketable securities program (NEU MTN) was opened on March 18, 2021 with a package of €1,200.0 million.

### Bonds

In April 2012, the Group carried out a €400.0 million 3.375% ten-year bond issue. The bonds will be redeemable at maturity on April 19, 2022.

In December 2015, the Group carried out a €300.0 million 1.875% twelve-year bond issue. The bonds will be redeemable at maturity on December 16, 2027.

In July 2017, the Group carried out a bond issue for a total of €1.0 billion, in two tranches of €500.0 million each, with maturities of seven and fifteen years. The respective maturity dates of these two tranches are July 6, 2024 and July 6, 2032 and their annual coupons are respectively 0.750% and 1.875%.

In October 2017, the Group carried out a €400.0 million 0.5% six-year bond issue. The bonds will be redeemable at maturity on October 9, 2023.

In March 2018, the Group carried out a €400.0 million 1.0% eight-year bond issue. The bonds will be redeemable at maturity on March 6, 2026.

In June 2019, the Group carried out a €400.0 million 0.625% nine-year bond issue. The bonds will be redeemable at maturity on June 24, 2028.

In May 2020, the Group carried out a €600.0 million 0.75% ten-year bond issue. The bonds will be redeemable at maturity on May 20, 2030.

In October 2021, the Group carried out its first sustainability-linked bond issue indexed to its carbon neutrality metrics. The 0.375% ten-year bonds were issued for a total amount of €600 million and will be redeemable at maturity on October 6, 2031.

The issue is indexed to the Group's carbon trajectory by applying a potential additional coupon of 0.50% over the only last year in which the bond reaches maturity, in the event that the related objectives are not achieved.

#### Yankee bonds

On February 14, 1995, Legrand France issued \$400.0 million worth of 8.5% debentures due February 15, 2025, through a public placement in the United States. Interest on Yankee bonds is payable semi-annually on February 15 and August 15 of each year, beginning August 15, 1995.

A number of Yankee bondholders offered to sell their securities to the Group. Acting on this offer, the Group decided to acquire Yankee bonds:

- in 2013, with an aggregate face value of \$6.5 million,
- in 2020, with an aggregate face value of \$18.6 million,

- In 2021, with an aggregate face value of \$27.5 million,

The acquired debentures were subsequently cancelled.

#### 2011 Credit Facility

In October 2011, the Group signed a Credit Facility with six banks to set up a €900.0 million revolving multicurrency credit line for a five-year period with two successive one-year period renewal options. As per this contract, the margin applied to market rates is determined on the basis of the Group's credit rating.

In July 2014, the Group signed an agreement that amends and extends this Credit Facility with all banks party to this contract. This agreement extends the maximum maturity of the €900.0 million revolving credit line by three years, i.e., up to July 2021, including two successive one-year period extension options, and at improved financing terms compared with October 2011.

In December 2019, the Group signed a new agreement that amends and extends this Credit Facility with all banks party to this contract.

Following this agreement, the maturity of the €900.0 million revolving credit line is extended up to December 2026. The margin applied to market rates is still determined on the basis of the Group's credit rating, but it will be increased or decreased each year according to the Group yearly achievement rate on its CSR roadmap.

The 2011 Credit Facility does not contain any covenants.

As of December 31, 2021, the Credit Facility had not been drawn down.

#### 4.6.1 Long-term borrowings

Long-term borrowings are initially recognized at fair value, taking into account any transaction costs directly attributable to the issue, and are subsequently measured at amortized cost, using the effective interest method.

Long-term borrowings can be analyzed as follows:

<i>(in € millions)</i>	December 31, 2021	December 31, 2020
Negotiable commercial paper	220.0	0.0
Bonds	3,700.0	3,500.0
Yankee bonds	304.1	302.7
Lease financial liabilities	217.0	219.3
Other borrowings	64.1	71.7
<b>Long-term borrowings excluding debt issuance costs</b>	<b>4,505.2</b>	<b>4,093.7</b>
Debt issuance costs	(19.3)	(19.9)
<b>TOTAL</b>	<b>4,485.9</b>	<b>4,073.8</b>

No guarantees have been given with respect to these borrowings.

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Long-term borrowings (excluding debt issuance costs) break down by currency as follows, after hedging (see Note 5.1.2.2):

<i>(in € millions)</i>	December 31, 2021	December 31, 2020
Euro	4,026.2	3,428.9
US dollar	416.7	506.4
Other currencies	62.3	158.4
<b>LONG-TERM BORROWINGS EXCLUDING DEBT ISSUANCE COSTS</b>	<b>4,505.2</b>	<b>4,093.7</b>

Long-term borrowings (excluding debt issuance costs) as of December 31, 2021 can be analyzed by maturity as follows:

<i>(in € millions)</i>	Negotiable commercial paper	Bonds	Yankee bonds	Lease financial liabilities	Other borrowings
Due in one to two years	155.0	400.0	0.0	51.2	10.7
Due in two to three years	65.0	500.0	0.0	39.0	37.4
Due in three to four years	0.0	0.0	304.1	30.0	9.0
Due in four to five years	0.0	400.0	0.0	23.3	7.0
Due beyond five years	0.0	2,400.0	0.0	73.5	0.0
<b>LONG-TERM BORROWINGS EXCLUDING DEBT ISSUANCE COSTS</b>	<b>220.0</b>	<b>3,700.0</b>	<b>304.1</b>	<b>217.0</b>	<b>64.1</b>

Long-term borrowings (excluding debt issuance costs) as of December 31, 2020 can be analyzed by maturity as follows:

<i>(in € millions)</i>	Bonds	Yankee bonds	Lease financial liabilities	Other borrowings
Due in one to two years	400.0	0.0	45.6	42.6
Due in two to three years	400.0	0.0	38.3	10.1
Due in three to four years	500.0	0.0	29.8	10.5
Due in four to five years	0.0	302.7	24.8	8.5
Due beyond five years	2,200.0	0.0	80.8	0.0
<b>LONG-TERM BORROWINGS EXCLUDING DEBT ISSUANCE COSTS</b>	<b>3,500.0</b>	<b>302.7</b>	<b>219.3</b>	<b>71.7</b>

Average interest rates on borrowings are as follows:

	12 months ended	
	December 31, 2021	December 31, 2020
Negotiable commercial paper	(0.20%)	N/A
Bonds	1.15%	1.43%
Yankee bonds	8.50%	8.50%
Lease financial liabilities	2.49%	2.59%
Other borrowings	3.04%	2.74%

#### 4.6.2 Short-term borrowings

Short-term borrowings can be analyzed as follows:

<i>(in € millions)</i>	December 31, 2021	December 31, 2020
Negotiable commercial paper	320.0	1,200.0
Bonds	400.0	0.0
Lease financial liabilities	62.2	59.0
Other borrowings	44.4	61.7
<b>TOTAL</b>	<b>826.6</b>	<b>1,320.7</b>

#### 4.6.3 Changes in long-term and short-term borrowings

Changes in long-term and short-term borrowings can be analyzed as follows:

<i>(in € millions)</i>	December 31, 2021	Variations not impacting cash flows					December 31, 2020
		Cash flows	Acquisitions	Reclassifications	Translation adjustments	Other	
Long-term borrowings	4,485.9	799.0	2.7	(491.4)	32.9	68.9	4,073.8
Short-term borrowings	826.6	(981.4)	6.0	491.4	4.3	(14.4)	1,320.7
<b>Gross financial debt</b>	<b>5,312.5</b>	<b>(182.4)</b>	<b>8.7</b>	<b>0.0</b>	<b>37.2</b>	<b>54.5</b>	<b>5,394.5</b>

#### 4.7 DEFERRED TAXES

In accordance with IAS 12, deferred taxes are recognized for temporary differences between the tax bases of assets and liabilities and their carrying amount in the consolidated balance sheet.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled.

Deferred tax assets and deferred tax liabilities are offset when the entity has a legally enforceable right of offset and

they relate to income taxes levied by the same taxation authority.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. The recognized deferred tax assets are expected to be utilized no later than five years from the period-end.

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Deferred taxes recorded in the balance sheet result from temporary differences between the carrying amount of assets and liabilities and their tax base and can be analyzed as follows:

<i>(in € millions)</i>	December 31, 2021	December 31, 2020
Deferred taxes recorded by French companies	(297.9)	(261.2)
Deferred taxes recorded by foreign companies	(452.3)	(417.6)
<b>TOTAL</b>	<b>(750.2)</b>	<b>(678.8)</b>
Origin of deferred taxes:		
- Impairment losses on inventories and receivables	55.0	50.8
- Margin on inventories	26.4	21.5
- Recognized operating losses carried forward	3.5	6.6
- Leases	6.6	3.0
- Fixed assets	(263.3)	(222.0)
- Trademarks	(430.7)	(431.9)
- Patents	(15.5)	(15.7)
- Other provisions	(110.9)	(70.2)
- Pensions and other post-employment benefits	38.7	36.5
- Fair value adjustments to derivative instruments	(0.5)	(0.6)
- Other	(59.5)	(56.8)
<b>TOTAL</b>	<b>(750.2)</b>	<b>(678.8)</b>
- Of which deferred tax assets	116.3	112.4
- Of which deferred tax liabilities	(866.5)	(791.2)

The timing of expected reversal of deferred taxes can be analyzed as follows:

<i>(in € millions)</i>	December 31, 2021	December 31, 2020
Deferred tax assets (liabilities) reversing in the short term	90.8	92.8
Deferred tax assets (liabilities) reversing in the long term	(841.0)	(771.6)
<b>TOTAL</b>	<b>(750.2)</b>	<b>(678.8)</b>

Tax losses carried forward break down as follows:

<i>(in € millions)</i>	December 31, 2021	December 31, 2020
<b>Recognized operating losses carried forward</b>	<b>14.4</b>	<b>25.1</b>
Recognized deferred tax assets	3.5	6.6
<b>Unrecognized operating losses carried forward</b>	<b>125.6</b>	<b>107.7</b>
Unrecognized deferred tax assets	27.0	23.7
<b>Total net operating losses carried forward</b>	<b>140.0</b>	<b>132.8</b>



#### 4.8 OTHER CURRENT LIABILITIES

Other current liabilities can be analyzed as follows:

<i>(in € millions)</i>	December 31, 2021	December 31, 2020
Taxes other than income tax	89.9	71.0
Accrued employee benefits expense	345.4	311.0
Statutory and discretionary profit-sharing reserve	38.0	27.0
Payables related to fixed asset purchases	29.5	27.7
Accrued expenses	164.1	128.3
Accrued interest	36.5	35.9
Deferred revenue	33.7	28.9
Other current liabilities	37.2	32.0
<b>TOTAL</b>	<b>774.3</b>	<b>661.8</b>

## NOTE 5 - OTHER INFORMATION

### 5.1 FINANCIAL INSTRUMENTS AND MANAGEMENT OF RISKS

#### 5.1.1 Financial instruments

##### 5.1.1.1 Impact of financial instruments

<i>(in € millions)</i>	12 months ended				
	December 31, 2021			December 31, 2020	
	Impact on financial profit (loss)	Impact on equity		Impact on financial profit (loss)	Impact on equity
	Fair value	Translation adjustment			
Other investments				0.0	0.0
Trade receivables	(1.2)			(1.4)	0.0
Cash and cash equivalents	5.8		37.9	5.3	(54.4)
Trade payables	0.0			0.0	0.0
Borrowings	(71.1)		(24.5)	(78.9)	28.5
Derivatives	15.9	5.0	(5.5)	(2.3)	6.0
<b>TOTAL</b>	<b>(50.6)</b>	<b>5.0</b>	<b>7.9</b>	<b>(77.3)</b>	<b>(19.9)</b>

In accordance with IFRS 9, other investments are valued at fair value through equity. Therefore, changes in the fair value of other investments only impact the consolidated balance sheet and the consolidated statement of comprehensive income.

Yankee bonds denominated in US dollars are treated as net investment hedges (see Note 4.3.2).

Over the period, the Group subscribed to a rate hedging instrument for future financing. As of December 31, 2021, this instrument with a fair value of €5.0 million was recognized as other financial assets through equity as counterpart (cash flow hedge recognition).



### 5.1.1.2 Breakdown of balance sheet items by type of financial instrument

(in € millions)	December 31, 2021						December 31, 2020
	Carrying amount	Amortized cost	Fair value	Levels of valuation			Carrying amount
				Level 1 <sup>(1)</sup>	Level 2 <sup>(2)</sup>	Level 3 <sup>(3)</sup>	
<b>ASSETS</b>							
<b>Non-current assets</b>							
Other investments	2.4		2.4			2.4	1.5
Other non-current assets	62.6	46.0	16.6		62.6		49.4
<b>TOTAL NON-CURRENT ASSETS</b>	<b>65.0</b>	<b>46.0</b>	<b>19.0</b>	<b>0.0</b>	<b>62.6</b>	<b>2.4</b>	<b>50.9</b>
<b>Current assets</b>							
Trade receivables	728.5	728.5			728.5		644.5
Other current financial assets	6.4		6.4		6.4		1.5
Cash and cash equivalents	2,788.3		2,788.3		2,788.3		2,791.7
<b>TOTAL CURRENT ASSETS</b>	<b>3,523.2</b>	<b>728.5</b>	<b>2,794.7</b>	<b>0.0</b>	<b>3,523.2</b>	<b>0.0</b>	<b>3,437.7</b>
<b>EQUITY AND LIABILITIES</b>							
<b>Non-current liabilities</b>							
Long-term borrowings	4,485.9	455.5	4,219.8	4,219.8	455.5	26.3	4,073.8
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>4,485.9</b>	<b>455.5</b>	<b>4,219.8</b>	<b>4,219.8</b>	<b>455.5</b>	<b>26.3</b>	<b>4,073.8</b>
<b>Current liabilities</b>							
Short-term borrowings	826.6	426.6	404.6	404.6	426.6		1,320.7
Trade payables	810.5	810.5			810.5		612.9
Other current financial liabilities	0.0		0.0		0.0		1.1
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,637.1</b>	<b>1,237.1</b>	<b>404.6</b>	<b>404.6</b>	<b>1,237.1</b>	<b>0.0</b>	<b>1,934.7</b>

(1) Level 1: quoted prices on an active market.

(2) Level 2: calculations made from directly observable market data.

(3) Level 3: calculations made from non-observable market data.

In accordance with IFRS 13, fair value measurement takes counterparty default risk into account.

In light of the Group's credit rating, the measurement of other current financial liabilities is subject to insignificant credit risk.

### 5.1.2 Management of financial risks

The Group's cash management strategy is based on overall financial risk management principles and involves taking specific measures to manage the risks associated with interest rates, exchange rates, commodity prices and the investment of available cash. The Group does not conduct any trading in financial instruments, in line with its policy of not carrying out any speculative transactions. All transactions involving derivative financial instruments are conducted with the sole purpose of managing interest rate,

exchange rate and commodity risks and as such are limited in duration and value.

This strategy is centralized at Group level. Its implementation is deployed by the Financing and Treasury Department which recommends appropriate measures and implements them after they have been validated by the Corporate Finance Department and Group management. A detailed reporting system has been set up to enable permanent close tracking of the Group's positions and effective oversight of the management of the financial risks described in this note.

#### 5.1.2.1 Interest rate risk

As part of an interest rate risk management policy aimed mainly at managing the risk of a rate increase, the Group has structured its debt into a combination of fixed and variable rate financing. The Group may be required to subscribe to use hedging instruments for its future funding.

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Net debt (excluding debt issuance costs) breaks down as follows between fixed and variable interest rates before the effect of hedging instruments:

(in € millions)	December 31, 2021						December 31, 2020	
	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in 3 to 4 years	Due in 4 to 5 years	Due beyond 5 years	Total	Total
<b>Financial assets*</b>								
Fixed rate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Variable rate	2,788.3	0.0	0.0	0.0	0.0	0.0	2,788.3	2,791.7
<b>Financial liabilities**</b>								
Fixed rate	(469.8)	(616.7)	(641.4)	(343.1)	(430.3)	(2,473.5)	(4,974.8)	(4,158.5)
Variable rate	(356.8)	(0.2)	0.0	0.0	0.0	0.0	(357.0)	(1,255.9)
<b>Net exposure</b>								
Fixed rate	(469.8)	(616.7)	(641.4)	(343.1)	(430.3)	(2,473.5)	(4,974.8)	(4,158.5)
Variable rate	2,431.5	(0.2)	0.0	0.0	0.0	0.0	2,431.3	1,535.8

\*Financial assets: cash and marketable securities.

\*\*Financial liabilities: borrowings (excluding debt issuance costs).

The following table shows the sensitivity of net debt costs to changes in interest rates, before hedging instruments:

(in € millions)	December 31, 2021		December 31, 2020	
	Impact on profit before tax	Impact on equity before tax	Impact on profit before tax	Impact on equity before tax
Impact of a 100-bps increase in interest rates	18.3	42.3	14.1	14.1
Impact of a 100-bps decrease in interest rates	(18.3)	(42.3)	(14.3)	(14.3)

The impact on profit before tax of a 100-basis point increase in interest rates would result in a gain of €18.3 million due to a net positive variable-rate exposure. Conversely, the impact on profit before tax of a 100-basis point decrease in interest rates would result in a loss of €18.3 million.

#### 5.1.2.2 Foreign currency risk

The Group operates in international markets and is therefore exposed to risks through its use of several different currencies.

When relevant, "natural" hedges are preferred. If required, when the acquisition of an asset is financed using a currency other than the functional currency of the country concerned, the Group may enter into forward contracts to hedge its foreign currency risk.

As of December 31, 2021, the Group has set up forward contracts in Australian dollars, Canadian dollars, US dollars, Singaporean dollars, Hungarian forint, Mexican pesos, British pounds and Polish zloty which are accounted for in the balance sheet at their fair value.

The following table shows the breakdown of net debt (excluding debt issuance costs) by reporting currency:

(in € millions)	December 31, 2021				December 31, 2020	
	Financial assets*	Financial liabilities**	Net exposure before hedging	Hedging	Net exposure after hedging	Net exposure after hedging
Euro	2,211.1	(4,798.8)	(2,587.7)	(129.5)	(2,717.2)	(2,526.1)
US dollar	281.2	(424.9)	(143.7)	(24.7)	(168.4)	(338.7)
Other currencies	296.0	(108.1)	187.9	154.2	342.1	242.1
<b>TOTAL</b>	<b>2,788.3</b>	<b>(5,331.8)</b>	<b>(2,543.5)</b>	<b>0.0</b>	<b>(2,543.5)</b>	<b>(2,622.7)</b>

\* Financial assets: cash and marketable securities.

\*\* Financial liabilities: borrowings (excluding debt issuance costs).

The following table shows the sensitivity of gross debt to changes in the exchange rate of the euro against other currencies, before hedging instruments:

<i>(in € millions)</i>	December 31, 2021		December 31, 2020	
	Impact on profit before tax	Impact on equity before tax	Impact on profit before tax	Impact on equity before tax
	10% increase		10% increase	
US dollar	0.3	42.3	0.5	42.7
Other currencies	0.0	10.8	(0.3)	9.7

<i>(in € millions)</i>	December 31, 2021		December 31, 2020	
	Impact on profit before tax	Impact on equity before tax	Impact on profit before tax	Impact on equity before tax
	10% decrease		10% decrease	
US dollar	(0.3)	(38.5)	(0.4)	(38.8)
Other currencies	0.0	(9.8)	0.2	(8.8)

Operating assets and liabilities break down as follows by reporting currency:

<i>(in € millions)</i>	December 31, 2021		December 31, 2020	
	Current operating assets excluding taxes	Current operating liabilities excluding taxes	Net exposure	Net exposure
Euro	685.2	787.1	(101.9)	(142.3)
US dollar	729.9	443.2	286.7	203.2
Other currencies	806.5	490.3	316.2	223.1
<b>TOTAL</b>	<b>2,221.6</b>	<b>1,720.6</b>	<b>501.0</b>	<b>284.0</b>

The table below presents the breakdown of net sales and operating expenses by reporting currency as of December 31, 2021:

<i>(in € millions)</i>	Net sales		Operating expenses	
Euro	2,424.3	34.7%	1,895.5	33.5%
US dollar	2,666.9	38.1%	2,204.0	39.0%
Other currencies	1,903.0	27.2%	1,550.6	27.4%
<b>Total</b>	<b>6,994.2</b>	<b>100.0%</b>	<b>5,650.1</b>	<b>100.0%</b>

When relevant, natural hedges are also set up by matching costs and revenues in each of the Group's operating currencies. Residual amounts are hedged by options to limit the Group's exposure to fluctuations in the main currencies concerned. These hedges are for periods of less than 18 months.

The Group estimates that, all other things being equal, a 10% increase in the exchange rate of the euro against all other currencies would have resulted in 2021 in a decrease in net sales of approximately €415 million (€373 million in 2020) and a decrease in operating profit of approximately €74 million (€64 million in 2020), while a 10% decrease would have resulted in 2021 in an increase in net sales of approximately €457 million (€410 million in 2020) and an increase in operating profit of approximately €81 million (€71 million in 2020).

### 5.1.2.3 Commodity risk

The Group is exposed to commodity risk arising from changes in the price of raw materials, mainly plastics and metals (steel, copper, brass, aluminum). Raw materials consumption (except components) amounted to around €694 million in 2021.

A 10% increase in the price of the above-mentioned consumption would theoretically feed through to around a €69 million increase in annual purchasing costs. The Group believes that it could, circumstances permitting, raise the prices of its products to offset the adverse impact of any such increases over the long term.

Additionally, the Group can set up specific derivative financial instruments (options) for limited amounts and periods to hedge part of the risk of an unfavorable change in

copper and certain other raw material prices. The Group did not set up any such hedging contracts in 2021.

#### 5.1.2.4 Credit risk

As explained in Note 2.2, a substantial portion of Group revenue is generated with two major distributors. Other revenue is essentially derived from distributors of electrical products but sales are diversified due to the large number of customers and their geographic dispersion. The Group actively manages its credit risk by establishing regularly reviewed individual credit limits for each customer, constantly monitoring collection of its outstanding receivables and systematically chasing up past due receivables. In addition, the situation is reviewed regularly with the Corporate Finance Department. When the Group is in a position to do so, it can resort to either credit insurance or factoring.

#### 5.1.2.5 Counterparty risk

Financial instruments that may potentially expose the Group to counterparty risk are principally cash equivalents, short-

Legrand is rated "A-" with a stable outlook by Standard & Poor's.

Rating agency	Long-term debt	Outlook
S&P	A-	Stable

### 5.1.3 Climate risk management

The Group considered the challenges of climate change in the preparation of its financial statements.

Thus, as part of the management of climate-related risks and opportunities, the Group has set up a specific governance and has assessed the risks and opportunities related to climate issues, in particular through the realization of a risk mapping in 2020 in partnership with the expert firm EcoAct.

During this mapping:

- a systematic review of Legrand's activities and value chain in relation to climate risks was carried out taking into account the direct and indirect impacts of physical and transition risks;
- a prioritisation of risks and opportunities has been carried out according to the financial impact and the probability of occurrence, in accordance with the Group's risk management framework. The financial impact was estimated on the basis of

term investments and hedging instruments. These assets are placed with well-rated financial institutions or corporates with the aim of fragmenting the exposure to these counterparties. Those strategies are decided and monitored by the Corporate Finance Department, which ensures a regular follow up of ratings and credit default swap rates of these main counterparties.

#### 5.1.2.6 Liquidity risk

The Group considers that managing liquidity risk depends primarily on having access to diversified sources of financing as to their origin and maturity. This approach represents the basis of the Group's financing policy.

The total amount of net financial debt (€2,524.2 million as of December 31, 2021) is fully financed by financing facilities expiring at the earliest in 2022 and at the latest in 2032. The average maturity of gross debt is 5.0 years.

Legrand's activity, financial data and forward-looking reports and scenarios of the likely impact of climate change (ILO, IEA or sector reports).

Thus, 19 risks and opportunities were identified:

- 9 transition risks and significant opportunities have been identified; and
- 10 moderate or minor risks & opportunities have been identified.

A detailed analysis of the physical risks associated with climate change was carried out. This analysis shows a low sensitivity of the Group.

Based on these analyses, no material impact related to climate change issues is expected in the short or medium term. In particular, these climate issues are not likely to modify the Group's various business plans.

## 5.2 RELATED-PARTY INFORMATION

The only individuals qualifying as related parties within the meaning of IAS 24 are the corporate officers who serve on the Executive Committee and the Chairman of the Board of Directors.

Compensation and benefits provided to the members of the Executive Committee and to the Chairman of the Board of Directors for their services are detailed in the following table:

<i>(in € millions)</i>	12 months ended	
	December 31, 2021	December 31, 2020
<b>Compensation (amounts paid during the period)</b>	<b>8.2</b>	<b>7.7</b>
out of which fixed compensation	5.2	4.6
out of which variable compensation	2.9	3.0
out of which other short-term benefits <sup>(1)</sup>	0.1	0.1
<b>Long-term compensation (charge for the period) <sup>(2)</sup></b>	<b>4.9</b>	<b>4.5</b>
<b>Termination benefits (charge for the period)</b>	<b>0.0</b>	<b>0.0</b>
<b>Pension and other post-employment benefits (charge for the period) <sup>(3)</sup></b>	<b>0.3</b>	<b>0.1</b>

*(1) Other short-term benefits include benefits in kind.*

*(2) As per the equity-settled benefit plans described in Note 4.2.1, with a 100% pay-out rate assumption.*

*(3) Change in the obligation's present value (in accordance with IAS 19).*

## 5.3 OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

### 5.3.1 Specific transactions

Specific commitments and their expiry dates are discussed in the following notes:

- Note 3.4: Right-of-use assets;
- Note 4.5.1: Pension and other post-employment benefit obligations.

### 5.3.2 Routine transactions

#### 5.3.2.1 Financial guarantees

<i>(in € millions)</i>	December 31, 2021	December 31, 2020
Guarantees given to banks	115.6	119.0
Guarantees given to other organizations	45.1	42.5
<b>TOTAL</b>	<b>160.7</b>	<b>161.5</b>

Most of these guarantees are given by the Company to banks for Group subsidiaries located outside of France.

#### 5.3.2.2 Lease contracts outside the scope of IFRS 16

As of December 31, 2021, the Group holds short-term or low value lease contracts which are outside the scope of IFRS 16.

These lease contracts relate mostly to low value assets. The resulting future minimum rental commitments are not material as of December 31, 2021.

#### 5.3.2.3 Commitments to purchase property, plant and equipment

Commitments to purchase property, plant and equipment amounted to €21.4 million as of December 31, 2021.

### 5.3.3 Contingent liabilities

The Group is involved in a number of claims and legal proceedings arising in the normal course of business. In the opinion of management, all such matters have been adequately provided for, knowing that no provision is recorded for claims and legal proceedings for which the Group considers that the provision recognition criteria under IFRS are not met.

On September 6, 2018, Legrand was raided, while fully cooperating with the relevant authorities.

## 5.4 STATUTORY AUDITORS' FEES

The total amount of statutory auditors' fees invoiced to the group in 2021 can be detailed as follows:

<i>(in euros excluding taxes)</i>	PricewaterhouseCoopers Audit SAS		Deloitte & Associés	
Statutory audit and related services	590,212	94%	621,521	84%
Non-audit services	36,500	6%	116,420	16%
<b>TOTAL</b>	<b>626,712</b>	<b>100%</b>	<b>737,941</b>	<b>100%</b>

## 5.5 SUBSEQUENT EVENTS

In January 2022, the Group announced the acquisition of Emos (subject to standard conditions precedent), the leader in Central and Eastern Europe in electrical installation components.

Based in the Czech Republic, Emos has annual sales of around €85 million.

## 5.6 KEY FIGURES RECONCILIATION

### Reconciliation of adjusted operating profit with profit for the period:

<i>(in € millions)</i>	12 months ended	
	December 31, 2021	December 31, 2020
<b>Profit for the period</b>	<b>905.1</b>	<b>682.0</b>
Share of profits (losses) of equity-accounted entities	0.0	0.7
Income tax expense	351.9	279.2
Exchange (gains) / losses	1.5	10.3
Financial income	(6.8)	(6.1)
Financial expense	92.4	99.3
<b>Operating profit</b>	<b>1,344.1</b>	<b>1,065.4</b>
Amortization & depreciation of revaluation of assets at the time of acquisitions and other P&L impacts relating to acquisitions	89.9	90.6
Impairment of goodwill	0.0	0.0
<b>Adjusted operating profit</b>	<b>1,434.0</b>	<b>1,156.0</b>

### Reconciliation of cash flow from operations, free cash flow and normalized free cash flow with profit for the period:

<i>(in € millions)</i>	12 months ended	
	December 31, 2021	December 31, 2020
<b>Profit for the period</b>	<b>905.1</b>	<b>682.0</b>
Adjustments for non-cash movements in assets and liabilities:		
Depreciation, amortization and impairment	310.1	337.7
Changes in other non-current assets and liabilities and long-term deferred taxes	90.5	119.2
Unrealized exchange (gains)/losses	11.5	(1.5)
(Gains)/losses on sales of assets, net	0.7	(11.6)
Other adjustments	0.2	(17.1)
<b>Cash flow from operations</b>	<b>1,318.1</b>	<b>1,108.7</b>
Decrease (Increase) in working capital requirement	(205.4)	53.2
<b>Net cash provided from operating activities</b>	<b>1,112.7</b>	<b>1,161.9</b>
Capital expenditure (including capitalized development costs)	(170.5)	(155.1)
Net proceeds from sales of fixed and financial assets	10.2	22.3
<b>Free cash flow</b>	<b>952.4</b>	<b>1,029.1</b>
Increase (Decrease) in working capital requirement	205.4	(53.2)
(Increase) Decrease in normalized working capital requirement	(83.7)	58.3
<b>Normalized free cash flow</b>	<b>1,074.1</b>	<b>1,034.2</b>

## Reconciliation of EBITDA with profit for the period:

<i>(in € millions)</i>	12 months ended	
	December 31, 2021	December 31, 2020
<b>Profit for the period</b>	<b>905.1</b>	<b>682.0</b>
Share of profits (losses) of equity-accounted entities	0.0	0.7
Income tax expense	351.9	279.2
Exchange (gains) / losses	1.5	10.3
Financial income	(6.8)	(6.1)
Financial expense	92.4	99.3
<b>Operating profit</b>	<b>1,344.1</b>	<b>1,065.4</b>
Depreciation and impairment of tangible assets	179.4	187.4
Amortization and impairment of intangible assets (including capitalized development costs) and reversal of Milestone inventory step-up	127.0	146.9
Impairment of goodwill	0.0	0.0
<b>EBITDA</b>	<b>1,650.5</b>	<b>1,399.7</b>

## Calculation of net financial debt:

<i>(in € millions)</i>	12 months ended	
	December 31, 2021	December 31, 2020
Short-term borrowings	826.6	1,320.7
Long-term borrowings	4,485.9	4,073.8
Cash and cash equivalents	(2,788.3)	(2,791.7)
<b>Net financial debt</b>	<b>2,524.2</b>	<b>2,602.8</b>

## Calculation of working capital requirement:

<i>(in € millions)</i>	December 31, 2021		December 31, 2020	
Trade receivables	728.5	644.5		
Inventories	1,252.7	837.3		
Other current assets	240.4	204.8		
Income tax receivables	115.1	70.1		
Deferred tax assets / (liabilities) reversing in the short term	90.8	92.8		
Trade payables	(810.5)	(612.9)		
Other current liabilities	(774.3)	(661.8)		
Income tax payables	(39.6)	(30.3)		
Short-term provisions	(135.8)	(127.9)		
<b>Working capital required</b>	<b>667.3</b>	<b>416.6</b>		