Nexans
ELECTRIFY THE FUTURE

2021 HALF-YEAR FINANCIAL REPORT

Contents

2021 HALF-YEAR FINANCIAL REPORT

The purpose of this report is to present an overview of the operations and results of the Nexans Group for the first-half of fiscal year 2021. It is based on the consolidated financial statements for the six months ended June 30, 2021.
Nexans' shares are traded on the regulated market of Euronext Paris and are included in the SBF 120 index. The Company's estimated ownership structure – broken down by shareholder category –at June 30, 2021, based on the shareholder distribution analysis as of December 31, 2020, was as follows:

- institutional investors: 87,93%, of which approximately 28.82% held by the companies of the Quiñenco group (Invexans Limited, UK, and Tech Pack, Chile); 7.69% by Bpifrance Participations (France)
- private investors and employees: 8.79%, of which 4.69% by individual shareholders and 4.10% by employees
- treasury shares: 0.24%
- unidentified shareholders: 0.29%.

This interim activity report should be read in conjunction with the condensed interim consolidated financial statements for the six months ended June 30, 2021 as well as with Nexans' Universal Registration Document for the year ended December 31, 2020 which was filed with the French financial markets authority (*Autorité des marchés financiers* − AMF) on March 26, 2021 under number D.21-0209.

1. First half 2021 Highlights and General Operating Context

Record half year performance

In the first half of 2021, **sales at standard metal prices totaled 3,112 million euros**, up +12% organically compared to first half of 2020 and up +24.2% in the second quarter 2021 illustrating demand upturn and positive mix/price management.

Nexans benefitted from **sound commercial momentum** and pursued selective growth across its businesses to support healthy backlog for the period and beyond. The Group pursued its strict monitoring of raw material supply and price inflation pass-through, partly enabled by its unique vertically integrated model.

First half 2021 results reflect a good start to the year with a record EBITDA of 222 million euros, up +37.2%. **The EBITDA margin grew by +155 bps against first half 2020 to 7.1% driven by volume rebound and operating leverage** linked: i) to complexity (SHIFT performance program) and cost reductions, ii) effective raw material control both in terms of price inflation and supply and iii) continued product portfolio selectivity.

Successful "New Nexans" 2019-2021 Transformation Plan

Nexans **leadership in subsea High Voltage & Projects** was illustrated by the signing of a preferred supplier agreement by Empire Wind LLC to electrify the future of New York State by connecting the Empire Offshore Wind Farms to the onshore grid. In parallel, Nexans Aurora vessel construction was completed early June, while Charleston US plant conversion is on track for completion in the third quarter despite logistical constraints due to Covid-19 travel restrictions and material supply delays. Both investments will support the performance acceleration expected in the second half.

During the semester, the Group **pursued fixed costs reduction and SHIFT transformation program** across all operations implementing cost and productivity improvements, notably focusing on operating working capital and closely monitoring raw material supply and cost appreciation.

Building blocks of Nexans' 2022-2024 strategic ambition: Electrify the Future

Convinced that remaining a generalist will be more a weakness than a strength, Nexans unveiled its **ambition to become an Electrification Pure Player** on February 17, 2021 at its Capital Markets Day. The Group will cover the entire electrification value chain: from the very start of production of energy, to transmission and distribution of energy, all the way to usage of energy.

During the first half, the Group started **laying the groundwork** on its three main pillars:

- **Simplify to Amplify:** leveraging on its successful transformation, the Group is focusing even further on value growth services and solutions, on customers' needs and tailored innovations to support the worlds' Energy Transition and to unlock its potential as Electrification Pure Player .
- **Transform and Innovate:** Nexans strengthens its R&D firepower through the signing of five risk management, innovation and digital partnerships with leading players in their domains and deployment of a new R&D organization with the implantation of SHIFT Prime, Design Labs and Techno Centers. This new customer-centric organization aims to develop a deep understanding of customer usages and needs and disruptive system and solution offers such as the MOBIWAY™ smart drum and VIGISHIELD solutions launched worldwide during the semester. Nexans also enhanced its Sales & Marketing organization with the creation of the Sales & Marketing Communications function and appointment of Elyette Roux in its Executive Committee to amplify the Group's marketing differentiation and deploy its innovations program.
- **Scale-up to step-up performance:** the Group moved forwards on its inorganic agenda. The European Union Worker's Council was informed and a consultation on the creation of independent legal entities was initiated. These discussions were in parallel launched in the different countries. On the same front, Nexans continued to focus on targeted acquisition candidates.

<u>Taking into account Environnment, Social and Governance impact of our activities</u>

During the first half, Nexans celebrated the tenth anniversary of its CSR department and made significant progresses towards its ambitious Corporate Social Responsibility commitments.

The Group appointed Elyette Roux as first Corporate Vice President & Chief Sales & Marketing, Communications Officer to strengthen its Executive Committee and lead the new Marketing & Sales organization that will support Nexans' new equity story ambitions.
The Group joined the Copper Mark as a partner committed to promote responsible copper production, being the first cable manufacturer to join the organization aligned with United Nations goals.

As a responsible leader fully committed to have a positive impact in its ecosystem, the Group launched its first supplier day to share its purchasing ambitions, roadmap and new CSR supplier charter with more than 250 key suppliers, and finalized the 9th edition of the Nexans foundation, aiming to help disadvantaged communities to access energy.

2. Operations during first-half 2021

2.1 Analysis by segment

Building & Territories: +234bps EBITDA margin thanks to selective growth

Building & Territories segment sales amounted to 1,277 million euros at standard metal prices in first half 2021, a +5.3% organic growth compared to the same period last year. Sales were sequentially up +7.9% in second quarter 2021 supported by an upturn in most geographies notably in Europe and well oriented end-market demand.

EBITDA was strongly up at 90 million euros compared to 58 million euros in first half 2020, with solid EBITDA margin of 7.0%. This +234bps increase reflects the successful management of raw material price inflation and supply as well as the significant cost and complexity reductions implemented since 2019, notably through the in-house SHIFT Program.

Over the period, the **Building** segment demand recovery was strong across most geographies driven by volume growth while remaining selective to support profitability. The **Territories** (Utilities) activity witnessed good dynamics in South America, sound demand in Europe thanks to solid recovery in France and a slowdown in North America, notably in Canada.

The half-year trends by geographies were as follows:

- **Europe** activity was up +7.2% in the first half of 2021 compared to the first half of 2020, boosted by a strong demand in the Building business in the Nordics and France, notably in the DIY market, and stable demand in Utilities.
- **South America** sales rebounded by +40.9% during the semester benefiting from a double-digit growth in all operating countries. Strong profitability improvement was supported by SHIFT Performance successful deployment.
- **Asia Pacific** was down -6.1% in first half 2021 compared to first half 2020. New Zealand and China showed growth supported by catch-up in demand while Australia suffered from tough comparable sales as the first half 2020 had witnessed strong momentum.
- **North America** declined by -32.3% in the semester due to the US Chester plant closure in June 2020 following SHIFT program analysis. Excluding US Chester plant, sales were up +18.8% year-on-year supported by strong construction demand in Canada reflecting Nexans' solid position.
- **Middle East and Africa** was up +17.2% boosted by strong performance across geographies more than offsetting the decline in Lebanon, which continues to be impacted by the geo-political situation..

Industry & Solutions: Robust growth boosted by Auto-harnesses and Automation

Industry & Solutions sales landed at 697 million euros at standard metal prices in the first half of 2021, up +18.7% organically year-on-year and +34.8% in the second quarter of 2021 supported by strong dynamics in auto-harnesses and automation. EBITDA more than doubled to 68 million euros against 30 million euros during the same period last year and EBITDA margin also strongly improved at 9.7% compared to 5.0% in first half 2020.

Automation was strongly up (+44.0% year-on-year), boosted by demand in Europe. **Railway Infrastructure & Rolling Stock** sales were slightly down -3.3% year-on-year in virtue of lower Asian demand. **Aerospace & Defense** witnessed the first signs of recovery in the second quarter (+84.3% compared to second quarter 2020) while **Oil & Gas** remained challenging. After several quarters of dynamic activity, in light of raw material increase, **Wind Turbine** activity was down (-22.4% in sales year-on-year).

Automotive harnesses was strongly up by +50.9% in the first half. Sales reached a record high in virtue of growing market shares of electrical vehicles supported by Government subsidies. A contract in body harnesses has been awarded and will secure the growth momentum in the future.

Telecom & Data : LAN cables and Systems continued upturn; Q2 supported by recovery in Optical Fiber infrastructure market

Telecom & Data sales amounted to 160 million euros at standard metal prices in first half 2021, up +2.7% organically (excluding Berk Tek sold in third quarter 2020) compared to first half 2020 and up +9.5% in second quarter 2021 showing a rebound in demand. EBITDA improved by +14.6% and reached 18 million euros in the first half 2021, reflecting continued profitability focus which more than offset unfavorable base effect of the Berk Tek sale and pricing environment, which is now stabilizing. As a result, EBITDA margin improved strongly at 11.0% compared to 7.0% in first half 2020.

LAN cables and Systems rebounded by +27.7% organically in the first half 2021 compared to first half 2020 with activity benefitting from the upturn in both Asia and Europe.

Telecom Infrastructure was down -7.9% in first half 2021 as demand started to return in the second quarter. Pricing pressure was mitigated thanks to cost reduction and competitiveness measures.

Thanks to the solid demand and Nexans' leading position, sales were up +9.7% in the **Special Telecom** (Subsea) business year-on-year and backlog remained strong.

High Voltage & Projects: H1 2021 penalized by unfavorable H1 2020 comparable; solid grounds for a strong second half

High Voltage & Projects standard sales stood at 346 million euros in the first half of 2021, down -11.8% year-on-year, in line with project phasing and unfavorable comparative in first half 2020 which had benefitted from three repair contracts. Sales will accelerate progressively throughout the second half, reflecting project phasing, delivery of the state-of-the-art Nexans Aurora cable laying vessel and completion of the Charleston plant in the US.

EBITDA landed at 52 million euros, down -14.2% compared to first half 2020, reflecting the absence of repair contracts in first half 2021. Excluding these three contracts, the growth would have been close to +30%.

Subsea high-voltage was down -15.6% in the first half 2021, impacted by a strong base effect as stated above. In line with the Group's flawless and disciplined project execution, progress was made on project execution, notably on interconnector projects NSL, Crete-Attica, and Lavrion-Syros as well as offshore wind farm projects such as Seagreen OWF and Dolwin6. Adjusted Subsea backlog[1] was at 1.4 billion euros at the end of June with high visibility and fully loaded Halden plant in 2021. Tendering activity continued to be strong, Nexans was selected as preferred supplier by Empire Offshore Wind LLC to electrify the future of New York State, connecting the Empire Offshore Wind Farms to the onshore grid. As part of managing critical transmission assets, Nexans was awarded aftermarket consulting services for Kintyre – Hunterston subsea high voltage transmission link. In parallel, the Charleston plant conversion made progress and completion is expected in the third quarter despite slight delays due to Covid-19 travel disruptions and material supply constraints. Nexans Aurora vessel was delivered on-time and the Group held her naming ceremony on June 8th, 2021. The vessel is now ready to sail on numerous secured projects such as Seagreen OWF in the United Kingdom, Crete-Attica interconnector in Greece and Empire Wind OWF projects in the US.

Land high-voltage was up +3.5% in the first half 2021. Project execution gradually increased over the semester, in line with backlog phasing. Performance remained above breakeven level, after the successful turnaround of the unit last year.

Other activities

The **Other Activities** segment – corresponding for the most part to copper wire sales and including corporate structural costs that cannot be allocated to other segments, such as the IFRS 16 impact for lease assets not allocated to specific activities – reported sales of 631 million euros at standard metal prices in first half 2021, up +47.1% year-on-year mainly linked to strong copper wire demand in North America. EBITDA was -4 million euros over the period against -1 million euros for first half 2020.

1 Adjusted subsea backlog including contracts secured not yet enforced.

2.2 Successfully executing final steps "New Nexans" 2019-2021 Plan

The Group is well on-track to complete its "New Nexans" transformation plan launched and has exceeded expectations in first half 2021. The teams continued to reinforce cost reduction measures and amplify the SHIFT Transformation program to enhance cash conversion as well as complexity reduction. Focus on operating working capital and customer selectivity on all commercial opportunities and turnkey projects is now embedded within units to improve profitability in all environments. During the first half of 2021, 74 million euros of EBITDA improvement were achieved:

- Cost reduction initiatives generated 37 million euros;
- SHIFT Transformation program deployment continued by reducing further complexity, improving cash conversion and eliminating all Value Burners while increasing Profit Drivers. In first half 2021, the positive impact in EBITDA was of 22 million euros;
- Value growth initiatives, mainly focused on High Voltage Subsea activities, generated a positive EBITDA impact of 15 million euros.

In a context of raw material price inflation, focus on copper and other raw material was enhanced across the Group to secure procurement, avoiding any supply shortage and pass-through price increases.

2.3 Other items in the first-half 2021 consolidated income statement

Operating margin totaled 145 million euros, representing 4.7% of sales at standard metal prices (against 2.9% in 2020).
The Group ended the half-year 2021 with an **operating income** of 168 million euros, compared with 4 million euros in the first semester 2020. The main changes were as follows:

- The **Core exposure effect** was a positive 75 million euros in half-year 2021 against a negative 3 million euros in 2020, reflecting much higher average copper prices over the period.

- **Reorganization costs** amounted to 33 million euros in half-year 2021 versus 53 million euros in half-year 2020. In 2021, this amount included a 10 million euros impairment on some unrecoverable fixed assets of the Chester plant in the United States, closed in 2020, as well as costs of 9 million euros for the *New Nexans* program, mainly related to the reorganization of the Group's activities in Europe which was announced on January 24, 2019. The other reorganization costs of 14 million euros mainly come from new actions launched during the period and from the on-going transformation of the Charleston's plant in the United States.

- **Net asset impairment** represented a charge of 15 million euros in half-year 2021 versus a charge of 18 million euros in 2020. In the first semester of 2021, the impairment losses were related to tangible assets in Lebanon. In the first six months of 2020, the impairments were mostly related to certain individual items of property, plant and equipment in South America and the impairment of the German metallurgy business, in relation to the divestiture process on-going at that time.

- **Other operating income and expenses** represented a net expense of 19 million euros compared with a net expense of 21 million euros in half-year 2020. The main items are the net asset impairments mentioned above.

Net financial expense amounted to 34 million euros in 2021 compared with 19 million euros during the same period last year. The increase is mainly related to the impairments of some financial investments for 13 million euros, notably in Lebanon.

Group's **net income** landed at 81 million euros for first half 2021, versus a net loss of 54 million euros for first-half 2020. The 2021 figure corresponded to a 133 million euros **income before taxes** (versus 15 million euros in loss before taxes in half-year 2020). **Income tax expense** stood at 52 million euros, the increase of the taxable profit being the main reason for the difference with an income tax expense of 39 million euros in the first six months of 2020.

The Group ended the period with an **attributable net income** of 81 million euros versus an attributable net loss of 55 million euros in 2020.

Net debt decreased to 112 million euros on 30th June, 2021, from 179 million euros on 31st December, 2020, reflecting among others:

- Cash from operations of +200 million euros;
- Reorganization cash outflows of -61 million euros, nearly half of it being related to the European reorganization plan announced at the end of January 2019;
- Capital expenditures for -96 million euros, corresponding for the most part to the investments made for the transformation of the Charleston plant and for the construction of the new Nexans Aurora cable-laying vessel;
- Cash outflows of -4 million euros on M&A consulting fees;
- Investing flows related to cash from dividends on non-consolidated companies for +4 million euros;
- A +64 million euros improvement in working capital due to continued efforts on inventories volume and overdues collection – impact of copper price fluctuation being not significant on net debt;
- Cash outflows of -52 million euros related to financing & equity activities, including -20 million euros of interest payments and Group dividends payment for -31 million euros;
- A -6 million euros negative impact corresponding to new lease liabilities;
- A positive impact of +18 million euros for favorable foreign exchange evolutions over the six months period.

3. 2021 outlook

Following the strong first half performance and, based on current macro-economic environment and assuming no material impact from COVID-19, the Group upgrades its targets for 2021:

- EBITDA between 430 and 460 million euros (previously between 410 and 450 million euros);
- Free Cash Flow before M&A and equity operations between 100 and 150 million euros;
- Return on capital employed (ROCE) between 13% and 15% (previously between 12.5% and 14.5%).

4. Risk factors

A detailed description of recurring risk factors relating to Nexans business is provided in Nexans 2020 Universal Registration Document, in Section 3.1, “Risk factors”, and in Note 15 “Disputes and contingent liabilities” to the condensed interim consolidated financial statements at June 30, 2021.
Nexans considers that the main risks identified in the 2020 Universal Registration Document have not changed significantly.

If these risks were to materialize they could have a significant adverse effect on the Group’s operations, financial position, earnings and outlook.

Nexans may be exposed to other risks that were not identified at the date of this report, or which are not currently considered material.

5. Related-party transactions

The Company considers that there were no significant changes in its main transactions with related-parties during the first half of 2021 compared to the situation described in the 2020 Universal Registration Document (Note 28 to the consolidated financial statements for the year ended December 31, 2020 and list of related party agreements in paragraph 7.2 of the 2020 Universal Registration Document).

6 FINANCIAL STATEMENTS

6.1. Consolidated financial statements

6.1.1. Consolidated income statement

(in millions of euros)	Notes	1st semester 2021	1st semester 2020
NET SALES (1)	3.4	**3,735**	**2,953**
Cost of sales		(3,355)	(2,623)
GROSS PROFIT		**380**	**330**
Administrative and selling expenses		(197)	(206)
R&D costs		(38)	(41)
OPERATING MARGIN (2)	3	**145**	**83**
Core exposure effect (3)		75	(3)
Other operating income and expenses (4)	5	(19)	(21)
Reorganization costs	13	(33)	(53)
Share in net income of associates		(1)	(1)
OPERATING INCOME (LOSS)		**168**	**4**
Cost of debt (net)		(16)	(18)
Other financial income and expenses	7	(18)	(2)
INCOME BEFORE TAXES		**133**	**(15)**
Income taxes	8	(52)	(39)
NET INCOME (LOSS) FROM CONTINUING OPERATIONS		**81**	**(54)**
Net income from discontinued operations		-	-
NET INCOME (LOSS)		**81**	**(54)**
attributable to owners of the parent		81	(55)
attributable to non-controlling interests		0	1
ATTRIBUTABLE NET INCOME (LOSS) PER SHARE (in euros)	9		
- basic earnings (loss) per share		1.85	(1.27)
- diluted earnings (loss) per share		1.81	(1.27)

*(1) Sales at constant metal prices calculated using reference prices are presented in the segment information provided in **Note 3** and are used in the activity report in Section 2.1.*
Sales at constant copper and aluminum prices are used by the Group to monitor its operational performance, because the effect of changes in non-ferrous metals prices is neutralized to show underlying business growth. Cost of sales is restated on the same basis. Since January 1, 2020, reference prices have been unchanged at 5,000 euros per tonne for copper and 1,200 euros per tonne for aluminum.
(2) Operating margin is one of the business management indicators used to assess the Group's operating performance.
(3) Effect relating to the revaluation of Core exposure at its weighted average cost.
*(4) As explained in **Notes 5 and 6,** during the first semester of 2021, "Other operating income and expenses" included 15 million euros in net asset impairment of Lebanon. During the first semester of last year, this item included 18 million euros in net asset impairment, primarily on the property, plant and equipment of certain operations in South America.*

6.1.2. Consolidated statement of comprehensive income

(in millions of euros)	Notes	1st semester 2021	1st semester 2020
NET INCOME (LOSS)		**81**	**(54)**
Recyclable components of comprehensive income (loss)		**44**	**(89)**
- currency translation differences		37	(66)
- cash flow hedges		8	(23)
Tax impacts on recyclable components of comprehensive income (loss)		**2**	**5**
Non-recyclable components of comprehensive income (loss)		**30**	**(7)**
- Actuarial gains and losses on pensions and other long-term employee benefit obligations	12	33	(7)
- financial assets at fair value through other comprehensive income		(3)	-
- Share of other non-recyclable comprehensive income of associates		-	-
Tax impact on non-recyclable components of comprehensive income (loss)		**(7)**	**1**
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)		**69**	**(89)**
TOTAL COMPREHENSIVE INCOME (LOSS)		**150**	(143)
- attributable to owners of the parent		*149*	*(144)*
- attributable to non-controlling interests		*1*	*1*

6.1.3. Consolidated balance sheet

(in millions of euros)	Notes	June 30, 2021	December 31, 2020
ASSETS			
Goodwill	10	236	232
Intangible assets		117	115
Property, plant and equipment		1,369	1,346
Investments in associates		31	32
Deferred tax assets		100	115
Other non-current assets		114	102
NON-CURRENT ASSETS		**1,967**	**1,942**
Inventories and work in progress		1,171	937
Contract assets		101	94
Trade receivables		1,077	829
Current derivative assets		82	86
Other current assets		214	201
Cash and cash equivalents	14	907	1,142
Assets and groups of assets held for sale		0	0
CURRENT ASSETS		**3,551**	**3,288**
TOTAL ASSETS		**5,518**	**5,230**

(in millions of euros)	Notes	June 30, 2021	December 31, 2020
EQUITY AND LIABILITIES			
Capital stock, additional paid-in capital, retained earnings and other reserves		1,339	1,258
Other components of equity		0	(42)
Equity attributable to owners of the parent		**1,339**	**1,216**
Non-controlling interests		40	40
TOTAL EQUITY	**11**	**1,379**	**1,256**
Pensions and other long-term employee benefit obligations	12	330	350
Non-current provisions	13	83	78
Long-term debt	14	708	684
Non-current derivative liabilities		5	0
Deferred tax liabilities		93	133
NON-CURRENT LIABILITIES		**1,218**	**1,246**
Current provisions	13	97	122
Short-term debt	14	310	636
Contract liabilities		350	364
Current derivative liabilities		43	46
Trade payables		1,710	1,213
Other current liabilities		410	349
Liabilities related to groups of assets held for sale		0	0
CURRENT LIABILITIES		**2,921**	**2,729**
TOTAL EQUITY AND LIABILITIES		**5,518**	**5,230**

6.1.4. Consolidated statement of changes in equity

(in millions of euros)	Number of shares outstanding (1)	Capital stock	Additional paid-in capital	Treasury stock	Retained earnings and other reserves	Changes in fair value and other	Currency translation differences	Equity attributable to owners of the parent	Non controlling interests	Total equity
JANUARY 1, 2020	**43,449,835**	**44**	**1,606**	**(5)**	**(479)**	**(4)**	**47**	**1,209**	**42**	**1,251**
Net income for the year	-	-	-	-	(55)	-	-	(55)	1	(54)
Other comprehensive income (loss)	-	-	-	-	(6)	(18)	(65)	(89)	-	(89)
TOTAL COMPREHENSIVE INCOME (LOSS)	**-**	**-**	**-**	**-**	**(61)**	**(18)**	**(65)**	**(144)**	**1**	**(143)**
Dividends paid	-	-	-	-	-	-	-	-	(1)	(1)
Share buyback program	(310,914)	-	-	(10)	-	-	-	(10)	-	(10)
Employee share-based plans :										
- Service cost	-	-	-	-	3	-	-	3	-	3
- Proceeds from share issues	-	-	-	-	-	-	-	-	-	-
Other	-	-	0	-	(3)	-	3	(0)	-	(0)
June 30, 2020	**43,138,921**	**44**	**1,607**	**(15)**	**(540)**	**(22)**	**(15)**	**1,058**	**42**	**1,100**
JANUARY 1, 2021	**43,648,472**	**44**	**1,614**	**(3)**	**(397)**	**15**	**(56)**	**1,216**	**40**	**1,256**
Net income for the year	-	-	-	-	81	-	-	81	-	81
Other comprehensive income (loss)	-	-	-	-	23	9	36	68	1	69
TOTAL COMPREHENSIVE INCOME (LOSS)	**-**	**-**	**-**	**-**	**104**	**9**	**36**	**149**	**1**	**150**
Dividends paid	-	-	-	-	(31)	-	-	(31)	(0)	(31)
(Purchases)/sales of treasury stock (2)	81,252	-	-	2	(3)	-	-	(1)	-	(1)
Employee share-based plans :										
- Service cost	-	-	-	-	3	-	-	3	-	3
- Proceeds from share issues	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	2	-	-	2	-	2
June 30, 2021	**43,729,724**	**44**	**1,614**	**(1)**	**(322)**	**24**	**(20)**	**1,339**	**40**	**1,379**

(1) *The number of shares outstanding at June 30, 2021 corresponded to 43,755,627 issued shares less 25,903 shares held in treasury.*

(2) *Besides the attribution of 96,440 own shares for 3 millions euros concerning shares free plan, this line also included the net impact of liquidity contract signed on May, 3rd 2021. This contract owns 15,188 Nexans SA's shares for an equity decrease of 1 million euro cf.* ***Note 11.***

6.1.5. Consolidated statement of cash flows

(in millions of euros)	Notes	1st Semester 2021	1st Semester 2020
Net income		81	(54)
Depreciation, amortization and impairment of assets (including goodwill)		92	96
Cost of debt (gross)		17	19
Core exposure effect (1)		(75)	3
Current and deferred income tax charge (benefit)		52	38
Net (gains) losses on asset disposals		1	(1)
Other restatements (2)		(2)	(46)
CASH FLOWS FROM OPERATIONS BEFORE GROSS COST OF DEBT AND TAX (3)		**166**	**56**
Decrease (increase) in working capital		54	307
Impairment of current assets and accrued contract costs		9	(12)
Income taxes paid		(27)	5
NET CHANGE IN CURRENT ASSETS AND LIABILITIES		**37**	**301**
NET CASH GENERATED FROM OPERATING ACTIVITIES		**203**	**357**
Proceeds from disposals of property, plant and equipment and intangible assets		-	7
Capital expenditure		(96)	(106)
Decrease (increase) in loans granted and short-term financial assets		4	(3)
Purchase of shares in consolidated companies, net of cash acquired		(2)	(1)
Proceeds from sale of shares in consolidated companies, net of cash transferred		(1)	(0)
NET CASH USED IN INVESTING ACTIVITIES		**(96)**	**(103)**
NET CHANGE IN CASH AND CASH EQUIVALENTS AFTER INVESTING ACTIVITIES		**107**	**254**
Proceeds from (repayments of) long-term and short-term borrowings	2,14	(311)	215
- of which repayment of bond 2016 - 2021		(250)	(0)
- of which proceeds (repayment) from the government-backed loan		(280)	279
Cash capital increases (reductions)		(1)	(10)
Interest paid		(22)	(24)
Transactions with owners not resulting in a change of control		-	(7)
Dividends paid		(31)	(0)
NET CASH USED IN FINANCING ACTIVITIES		**(364)**	**175**
Net effect of currency translation differences		25	(39)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(233)**	**390**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	14.A	1,133	**626**
CASH AND CASH EQUIVALENTS AT YEAR-END	14.A	900	**1,015**
- of which cash and cash equivalents recorded under assets		907	1,028
- of which short-term bank loans and overdrafts recorded under liabilities		(7)	(12)

(1) Effect relating to the revaluation of Core exposure at its weighted average cost, which has no cash impact.

(2) "Other restatements" in 2021 primarily include (i) a negative adjustment of 41 million euros (2020: negative adjustment of 59 million euros) to cancel the net change in operating provisions (including provisions for pensions, reorganization costs and antitrust proceedings), (ii) a positive adjustment of 15 million euros to cancel the loan's impairment, (iii) a positive adjustment of 11 million euros to neutralize write off effects of tangible and intangible assets, (iv) a 7 million euro positive adjustment (2020: 2 million euro positive adjustment) related to the cash impact of hedges and (v) a 3 million euro positive adjustment (2020: 3 million euro positive adjustment) to cancel the cost of share-based payments.

(3) The Group also uses the "cash from operations" concept, which is mainly calculated after adding back cash outflows relating to reorganizations (61 million euros and 98 million euros in 2021 and 2020, respectively), and deducting income tax paid.

6.1.6. Notes to the consolidated financial statements

NOTE 1. Summary of significant accounting policies

A. GENERAL PRINCIPLES

Nexans (the Company) is a French joint stock corporation (société anonyme) governed by the laws and regulations applicable to commercial companies in France, notably the French Commercial Code (Code de commerce). The Company was formed on January 7, 1994 (under the name Atalec) and its headquarters is at Le Vinci, 4 allée de l'Arche, 92400 Courbevoie, France.

Nexans is listed on the regulated market of Euronext Paris (Compartment A) and forms part of the SBF 120 index.

These condensed interim consolidated financial statements are presented in euros rounded to the nearest million. Rounding may in some cases lead to non-material differences in totals or year-on-year changes. They were approved by Nexans' Board of Directors on July 27, 2021.

Compliance with IAS 34

The condensed interim consolidated financial statements of the Nexans Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. The standards adopted by the European Union can be viewed on the European Commission website at:

https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002/amending-and-supplementary-acts/acts-adopted-basis-regulatory-procedure-scrutiny-rps.

The application of IFRS as issued by the IASB would not have a material impact on the financial statements presented.

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting". They do not contain all the disclosures required for annual financial statements and should therefore be read in conjunction with the Group's annual financial statements for the year ended December 31, 2020.

Standards and interpretations applied

The accounting policies adopted for the financial statements at June 30, 2021 are consistent with those applied in the annual consolidated financial statements for the year ended December 31, 2020, except as explained below and where specific conditions apply relating to the preparation of interim financial statements (see **Note 1.B**).

The following new standards, amendments or interpretations issued by the IASB and adopted by the European Union were applied by the Group at June 30, 2021, without any material impact on the consolidated financial statements:

- Amendments to IAS 39, IFRS 7, IFRS 9 and IFRS 16, "Interest rate benchmark reform – Phase II".

New standards, amendments and interpretations published by the IASB but not yet effective

The IASB has not issued any new standards, amendments or interpretations that have been endorsed by the European Union but are not yet applicable.

The IASB has issued the following amendments that have not yet been endorsed by the European Union and are potentially applicable by the Group:

- Annual improvements to IFRSs (2018-2020), including IFRS 9, "Fees and cost included in the 10% test for derecognition of financial liabilities";
- Amendments to IAS 1, "Classification of liabilities as current or non-current";
- Amendments to IAS 1, "Disclosure of Accounting Policies";
- Amendments to IAS 8, "Definition of Accounting Estimates";
- Amendments to IAS 16, "Property, plant and equipment – Proceeds before intended use";
- Amendments to IFRS 16, "Covid-19-Related Rent Concessions beyond 30 June 2021";
- Amendments to IAS 37, "Onerous Contracts – Cost of Fulfilling a Contract";
- Amendments to IFRS 3, "Reference to the Conceptual Framework";
- Amendments to IAS 12, "Deferred Tax related to Assets and Liabilities arising from a Single Transaction";
- Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture".

The Group does not expect its application of these amendments to have a material impact on its consolidated financial statements.

Accounting estimates and judgments

The preparation of interim consolidated financial statements requires Management to exercise its judgment and make estimates and assumptions that could have a material impact on the reported amounts of assets, liabilities, income and expenses.

The main sources of the uncertainty relating to the estimates used to prepare the interim consolidated financial statements for first-half 2021 were the same as those described in the full-year 2020 consolidated financial statements.

During the first six months of 2021, Management reviewed its estimates concerning:

- The recoverable amount of certain items of property, plant and equipment, goodwill and other intangible assets (see **Note 6** and **Note 10**);
- Recognition and recoverability of deferred tax assets for unused tax losses (see **Note 8**);
- Margins to completion and percentage of completion on long-term contracts;
- The measurement of pension liabilities and other employee benefits (see **Note 12**);
- Provisions and contingent liabilities (see **Note 13** and **Note 15**);
- The measurement of derivative instruments and their qualification as cash flow hedges.

These estimates and underlying assumptions are based on past experience and other factors considered reasonable under the circumstances and are reviewed on an ongoing basis. They serve as the basis for determining the carrying amounts of assets and liabilities when such amounts cannot be obtained directly from other sources. Due to the inherent uncertainties of any valuation process, it is possible that actual amounts reported in the Group's future financial statements may differ from the estimates used in these financial statements. The impact of changes in accounting estimates is recognized in the period of the change if it only affects that period or over the period of the change and subsequent periods if they are also affected by the change.

B. SPECIFIC ISSUES CONCERNING THE PREPARATION OF INTERIM FINANCIAL STATEMENTS

For the purpose of preparing the Group's condensed interim consolidated financial statements, the following calculations and estimates are applied in addition to the recognition, measurement and presentation rules described in **Note 1.A**:

- The current and deferred tax charge for the period is calculated by applying the estimated average annual tax rate for the current fiscal year to the first-half pre-tax income figure for each entity or tax group. This average annual rate includes, where appropriate, the impact of transactions affecting the legal structure of the Group during the period, such as mergers.

- The net provision recognized for pension and other long-term employee benefit obligations is calculated based on the latest valuations available at the previous period-end. Expenses recognized during the period for pension and other long-term employee benefit obligations are calculated based on half of the estimated amount for the full year. Adjustments of actuarial assumptions are performed on the main contributing plans in order to take into account any significant fluctuations or one-time events that may have occurred during the six-month period. The fair value of the main plan assets is reviewed at the period end.

NOTE 2. Significant events of the year

A. Delivery of the Nexans Aurora cable-laying vessel

Nexans, a global player in energy transition, announced the naming of its new flagship, the "CLV Nexans Aurora", built at Ulstein Verft in Norway.

Designed by Skipsteknisk to operate near shore in shallow waters as well as deepsea cable operations with cable laying equipment delivered from Maats Tech, the DP3 Cable Laying Vessel is the most technologically advanced of its kind in the world. The "CLV Nexans Aurora" offers sustainable operational solutions for silent operations, fuel, power generation and use of shore power. The 149.9m long and 31m wide vessel boasts over 10,000 tons of cable load capacity and is fitted with state-of-the-art instruments for cable transport, installation and protection.

Once launched, "CLV Nexans Aurora" will lay export cables for offshore wind farms and interconnectors around the world like for the Seagreen OWF in Scotland, the Crete-Attica interconnector in Greece and the Empire Offshore Wind project in the United States.

The investment was financed by a bond issue for an initial nominal amount of 1,050 million Norwegian krone (see **Note 14**).

B. Evolution of the Lebanese situation

The pursuance and the deterioration of the political and economic situation of Lebanon led the Group to assess the value of its assets in the country.

The consequences are mentioned in **Notes 6 and 14**

C. Early repayment of 280 million euro French State backed term loan ("PGE") and 250 million euro senior unsecured fixed rate bond due 2021

Nexans announced the early full redemption of the 280 million euro French State backed loan ("PGE") as of February 25, 2021 and the 250 million euro senior unsecured 3.25% fixed rate bond issued on May 26, 2016 and due on May 26, 2021, as of March 10, 2021.

As of December 31, 2020, and prior to these early repayments, Nexans' liquidity position stood at 1.7 billion euros, including a 600 million euro undrawn revolving credit facility. As of June 30, 2021, the Group liquidity position stands at 1.5 billion euros after these two repayments.

Nexans has sufficient liquidity for its operations and foreseen financial commitments.

D. Implementation of a new liquidity contract

On May 3, 2021, the Group appointed Oddo BHF SCA and Natixis to implement a liquidity contract for a period of one year tacitly renewable.

The resources allocated to the liquidity account amount to 6 million euros.

NOTE 3. Operating segments

The Group has the following four reportable segments within the meaning of IFRS 8 (after taking into account the aggregations authorized by the standard):

- **Building & Territories:** This segment provides reliable cabling systems and smart energy solutions enabling buildings and territories to be more efficient, sustainable and people-friendly. It covers the following markets: building, smart cities/grids, e-mobility, local infrastructure, decentralized energy systems and rural electrification.
- **High Voltage & Projects:** This segment partners its customers from the start of the cycle (design, engineering, financing, asset management) right through to the end (systems management) to help them find the cabling solution that is the best suited to their needs in terms of efficiency and reliability. It covers the following markets: offshore wind farms, subsea interconnections, land high-voltage, and smart solutions for the oil and gas sector (direct electric heating, subsea heating cables).
- **Telecom & Data:** This segment helps customers to easily deploy copper and fiber optic infrastructure thanks to plug-and-play cabling and connection solutions. It encompasses the following activities: data transmission (subsea, fiber, FTTx), telecom networks, hyperscale data centers and LAN cabling solutions.
- **Industry & Solutions**: This segment provides support to OEMs and industrial infrastructure project managers in personalizing their cabling and connection solutions to enable them to meet their electrification, digitization and automation requirements. It covers the following markets: transport (aeronautics, rail, shipbuilding, automotive), automatic devices, renewable energy (solar and wind power), resources (oil and gas, mining) and other sectors (nuclear, medical, handling, etc.).

The Group's segment information also includes a column entitled "**Other Activities**", which corresponds to (i) certain specific or centralized activities carried out for the Group as a whole which give rise to expenses that are not allocated between the various segments, and (ii) the Electrical Wires business, comprising wire rods, electrical wires and winding wire production operations.

Concerning the **"Other Activities"** column, the following should be noted:

- A total 98% of the sales at constant metal prices recorded under "Other Activities" in first-half 2021 were generated by the Group's Electrical Wires business (compared with 99% in first-half 2020).
- Operating margin for "Other Activities" was a negative 17 million euros in first-half 2021, reflecting the combined impact of profit generated from sales of copper wires and certain centralized Group costs that are not allocated between the segments (such as holding company expenses).

Transfer prices between the various operating segments are generally the same as those applied for transactions with parties outside the Group.

The reported figures for first-half 2021and first-half 2020 included sales at constant metal prices which were calculated with the reference prices of 5,000 euros per tonne for copper and 1,200 euros per tonne for aluminum.

A. INFORMATION BY REPORTABLE SEGMENT

1st semester 2021 (in millions of euros)	Building & Territories	High Voltage & Projects	Telecom & Data	Industry & Solutions	Other Activities	Group total
Net sales at current metal prices	1,558	348	163	739	927	3,735
Net sales at constant metal prices	1,277	346	160	697	631	3,112
EBITDA	90	52	18	68	(4)	222
Depreciation and amortization	(23)	(20)	(4)	(18)	(12)	(77)
Operating margin	67	31	14	50	(17)	145
Net impairment of non-current assets (including goodwill) (see Note 6)	(15)	-	-	-	0	(15)

1st semester 2020 (in millions of euros)	Building & Territories	High Voltage & Projects	Telecom & Data	Industry & Solutions	Other Activities	Group total
Net sales at current metal prices	1,279	381	221	603	469	2,953
Net sales at constant metal prices	1,233	376	220	598	468	2,895
Net sales at constant metal prices and 2021 exchange rates	1,207	392	223	593	468	2,884
EBITDA	58	60	15	30	(1)	162
Depreciation and amortization	(25)	(18)	(4)	(18)	(14)	(79)
Operating margin	33	42	11	12	(15)	83
Net impairment of non-current assets (including goodwill) (see Note 6)	(14)	-	-	-	(3)	(18)

The Executive Committee also analyzes the Group's performance based on geographic area.

B. INFORMATION BY MAJOR GEOGRAPHIC AREA

1st semester 2021 (in millions of euros)	France	Germany	Norway	Other (2)	Group total
Net sales at current metal prices (1)	619	408	358	2,351	3,735
Net sales at constant metal prices (1)	503	402	349	1,858	3,112

(1) Based on the location of the assets of the Group's subsidiaries.
(2) Countries that do not individually account for more than 10% of the Group's net sales at constant metal prices.

1st semester 2020 (in millions of euros)	France	Germany	Norway	Other (2)	Group total
Net sales at current metal prices (1)	431	349	375	1,798	2,953
Net sales at constant metal prices (1)	419	351	370	1,755	2,895
Net sales at constant metal prices and 2021 exchange rates (1)	419	351	391	1,723	2,884

(3) Based on the location of the assets of the Group's subsidiaries.
(4) Countries that do not individually account for more than 10% of the Group's net sales at constant metal prices.

C. INFORMATION BY MAJOR CUSTOMER

The Group did not have any customers that individually accounted for over 10% of its sales in first-half 2021 or 2020.

NOTE 4. Revenue from contracts with customers

Consolidated net sales can be analyzed as follows:

1st semester 2021 Sales (in millions of euros)	Building & Territories	High Voltage & Projects	Telecom & Data	Industry & Solutions	Other Activities	Group total
Performance obligations satisfied at a point in time	1,558	29	163	739	927	3,417
Performance obligations satisfied over time	-	319	-	-	-	319
NET SALES	**1,558**	**348**	**163**	**739**	**927**	**3,735**

1st semester 2020 Sales (in millions of euros)	Building & Territories	High Voltage & Projects	Telecom & Data	Industry & Solutions	Other Activities	Group total
Performance obligations satisfied at a point in time	1,279	37	221	603	469	2,609
Performance obligations satisfied over time	-	345	-	-	-	345
NET SALES	**1,279**	**381**	**221**	**603**	**469**	**2,953**

NOTE 5. Other operating income and expenses

(in millions of euros)	Notes	1st semester 2021	1st semester 2020
Net asset impairment	6	(15)	(18)
Changes in fair value of non-ferrous metal derivatives		(1)	(2)
Net gains (losses) on asset disposals		(1)	2
Acquisition-related costs (completed and planned acquisitions)		(2)	(1)
Expenses and provisions for antitrust investigations	15	(0)	(1)
Other non-current operating expenses		(0)	(2)
OTHER OPERATING INCOME AND EXPENSES		**(19)**	**(21)**

NOTE 6. Net asset impairment

A. Process followed and results of impairment tests

The Group carries out impairment tests on goodwill and intangible assets with indefinite useful lives at least once a year and on other intangible assets and property, plant and equipment whenever there is an indication that they may be impaired.

For the preparation of the interim financial statements at June 30, 2021, due to the ongoing effects of the Covid-19 pandemic, Nexans reviewed its assets for impairment by:

- Identifying any impairment indicators specific to individual assets and performing impairment tests on the identified assets.
- Reviewing the estimated fair values of all cash-generating units.

B. Main assumptions

The main assumptions applied by geographic area when preparing the business plans used in connection with the impairment tests performed at June 30, 2021 are listed below:

	Discount rates (after tax) of future flows		Infinite growth rate	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Europe (Euro Zone)	6.5%	6.5%	1.4%	1.5%
Chile	8.0%	8.0%	2.5%	2.5%
United States of America	8.0%	8.0%	1.6%	1.8%
Brazil	10.0%	10.0%	2.0%	2.2%
China	9.5%	9.5%	4.9%	5.5%
Peru	10.0%	10.0%	3.3%	3.8%
Norway	7.5%	7.5%	1.7%	1.8%
Australia	8.0%	8.0%	2.5%	2.5%
Lebanon	25.0%	22.5%	2.7%	2.7%

- Cash flows used for impairment testing purposes are based on five-year assumptions approved by Group management.
- The Group revised the discount rates applied for the impairment tests. In addition, as the interest-rate environment was stable in first-half of 2021, the Group mainly retained the same rates as those applied at end-December 2020. Rates for Lebanon and South Korea have been updated.
- The Group reviewed the perpetual growth rates applied for first-half of 2021, and updated the rates when necessary compared to December 31, 2020.

C. Results of the impairment tests

The impairment tests carried out in the first half of 2021 led to the recognition of a 15 million euro impairment loss on tangible assets related to the Group's Lebanese operations.

No impairment losses were recognized in first-half 2021 in respect of the Group's CGUs following the review of their values.

Impairment tests carried out in first-half 2020 led to the recognition of impairment losses of 14 million euros, mainly on property, plant and equipment in South America. A loss was also recognized on the German metallurgy business due to the asset disposal program on-going at that time.

D. Sensitivity analyses

The main assumptions described above are used for measuring the CGUs that are tested for impairment. Sensitivity analyses are performed to assess the effect on the calculations of changes in the assumptions. The method used consists of testing the effect of a 50-basis point change in assumptions, as follows:

- A 50 basis-point increase in the discount rate compared with the assumptions,
- A 50 basis-point decrease in the perpetuity growth rate compared with the assumptions applied,
- A 50-basis point decrease in EBITDA margin (measure of business performance) under normal circumstances compared to the assumptions used. Since 2020, the assumed decrease has been doubled to 100 basis points, to take into account the economic impact of the Covid-19 crisis.

- At June 30, 2021, a further 100 basis-point decrease in EBITDA margin would have led to the recognition of an additional impairment of close to 1 million euro on the Group's Lebanese activities.

The other sensitivity tests did not reveal any potential need to recognize additional impairment losses.

NOTE 7. Other financial income and expenses

(in millions of euros)	1st semester 2021	1st semester 2020
Dividends received from non-consolidated companies	4	1
Impairment of financial investments and rovisions	(14)	-
Net foreign exchange gain (loss)	(5)	2
Net interest expense on pensions and other long-term employee benefit obligations	(1)	(1)
Other	(2)	(3)
OTHER FINANCIAL INCOME AND EXPENSES	**(18)**	**(2)**

In the first-half of 2021, the Group reviewed the future outlooks of certain non-consolidated assets located in France, and consequently recognized an impairment of 8 million euros.

The impairment of financial investments also includes the additional depreciation of Lebanon cash (see **Note 14)**.

NOTE 8. Income taxes

The effective income tax rates were as follows for first-half 2021 and first-half 2020:

(in millions of euros)	1st semester 2021	1st semester 2020
Income before taxes	133	(15)
- of which share in net income of associates	(1)	1
INCOME BEFORE TAXES AND SHARE IN NET INCOME OF ASSOCIATES	**134**	**(14)**
(Income tax expense)	(52)	(39)
EFFECTIVE TAX RATE (IN %)	**39.16%**	**(277.30)%**

The effective income tax rate for first-half 2021 is of 39,16% versus -277,30% for the first semester of 2020. The high half-year 2021 rate is mainly due to (i) the non-recognition of deferred tax assets for the losses of certain Group companies and (ii) the lower level of deferred taxes recognition in Europe.

These items, notably (i) the non-recognition of deferred tax assets for the losses of certain Group companies, combined with (ii) a negative income before tax explained the negative effective tax rate on first-half 2020.

NOTE 9. Earnings per share

The following table presents a reconciliation of basic earnings per share and diluted earnings per share:

	1st semester 2021	1st semester 2020
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT (1)	81	(55)
Average number of shares outstanding	43,702,177	43,277,726
Average number of dilutive instruments (2)	*1,083,262*	*Anti-dilutive*
Average number of diluted shares	44,785,439	43,277,726
ATTRIBUTABLE NET INCOME PER SHARE		
- Basic earnings per share (3)	1.85	(1.27)
- Diluted earnings per share (3)	1.81	(1.27)

(1) In millions of euros. In 2021 and 2020, attributable net income corresponded to adjusted net income attributable to owners of the parent.
(2) Anti-dilutive instruments in 2021 correspond to free share and performance share rights.
(3) In euros.

NOTE 10. Goodwill

The change in goodwill in first-half 2021 (236 million euros at June 30, 2021 versus 232 million euros at December 31, 2020) is attributable to changes in exchange rates as the majority of the Group's goodwill is denominated in foreign currencies related to the acquisitions of Olex in Australia, Madeco in South America and AmerCable in North America.

Goodwill is tested for impairment at least once a year and whenever there is an indication that it may be impaired, using the methods and assumptions described in the notes to the full-year 2020 consolidated financial statements. All of the Group's goodwill was tested for impairment in the first half of 2021 (see **Note 6**).

No goodwill impairment losses were recognized in first-half 2021, first-half 2020 or full-year 2020.

NOTE 11. Equity

A. COMPOSITION OF CAPITAL STOCK

At June 30, 2021, Nexans S.A.'s capital stock comprised 43,755,627 fully paid-up shares with a par value of 1 euro each (43,755,627 shares at December 31, 2020).

B. DIVIDENDS

At the Annual Shareholders' Meeting, shareholders were invited to approve the payment of a dividend of 0.70 euros per share, representing an aggregate payout of 31 million euros based on the 43,755,627 shares making up the Company's capital stock at December 31, 2020.

At the Annual Shareholders' Meeting held on May 12, 2021 to approve the financial statements for the year ended December 31, 2020, the Company's shareholders authorized payment of a dividend of 0.70 euros per share, representing an aggregate 31 million euros based on the 43,730,407 ordinary shares making up the Company's capital stock on the May 21, 2021 dividend payment date (excluding shares held in treasury).

At the Annual Shareholders' Meeting held on May 13, 2020 to approve the financial statements for the year ended December 31, 2019, the Company's shareholders approved the Board's proposal not to pay a dividend for 2019 due to the Covid-19 crisis.

C. TREASURY STOCK

At June 30, 2021, Nexans S.A. held 25,903 shares in treasury (107,155 shares at December 31, 2020).

In first-half 2021, the Group did not purchase any own shares into treasury under the buyback program.

At May 3, 2021, the Company entered a liquidity program on ordinaries shares. In 2021, from May 3 to June 30, it bought 48 640 own shares for 3 million euros and sold 33 452 own shares for 2 million euros, leading to a decrease of the total equity by 1 million euro.

D. STOCK OPTIONS

There is no stock options outstanding since end of 2018 year.

E. FREE SHARES AND PERFORMANCE SHARES

At June 30, 2021 there were 1,152,723 free shares and performance shares outstanding, each entitling their owner to one share on vesting, representing a total of 2,7% of the Company's capital stock (995,298 at December 31, 2020, representing a total of 2.3% of the Company's capital stock).

The fair value of free shares and performance shares is recorded as a payroll expense from the grant date to the end of the vesting period, with a corresponding adjustment to equity.

In the first-half 2021 income statement, this expense totaled 3 million euros (versus 3 million euros in first half 2020).

NOTE 12. Pensions, retirement bonuses and other long-term benefits

The net provision recognized for pension and other long-term employee benefit obligations is calculated based on the latest valuations available at the previous period-end. Adjustments of actuarial assumptions are performed on the main contributing plans in order to take into account any significant fluctuations or one-time events that may have occurred during the six-month period. At June 30, 2021 the main benefit obligations and plan assets of the plans in France, Germany, Switzerland, Canada and the United States were remeasured, primarily based on the applicable discount rates and the fair value of the plan assets.

A. MAIN ASSUMPTIONS

The basic assumptions used for the actuarial calculations required to measure obligations under defined benefit plans are determined by the Group in conjunction with its external actuary. Demographic and other assumptions (such as for staff turnover and salary increases) are set on a per-company basis, taking into consideration local job market trends and forecasts specific to each entity.

The weighted average rates at June 30, 2021 used for the main countries concerned are listed below.

	Discount rate at June 30, 2021	Discount rate at December 31, 2020	Discount rate at June 30, 2020
France	0.90%	0.60%	1.00%
Germany	0.90%	0.60%	1.00%
Switzerland	0.20%	0.10%	0.10%
Canada	2.90%	2.35%	2.35%
United States	2.85%	2.40%	2.95%

B. Change in net provision for pension and other long-term employee benefit obligations

(in millions of euros)	2021	2020
NET PROVISION RECOGNIZED AT JANUARY 1	**335**	**365**
- of which pension assets	*(15)*	*(8)*
- of which pension liabilities	*350*	*373*
Expense (income) recognized in the income statement	7	9
Expense (income) recognized in other comprehensive income	(33)	7
Utilization	(15)	(15)
Other impacts (exchange differences, acquisitions/disposals, etc.)	1	(5)
NET PROVISION RECOGNIZED AT JUNE 30	**295**	**360**
- of which pension assets	*(35)*	*(2)*
- of which pension liabilities	*330*	*361*

NOTE 13. Provisions

A. ANALYSIS BY NATURE

Movements in these provisions were as follows between 2020 and 2021:

(in millions of euros)	TOTAL	Accrued contract costs	Provisions for reorganization	Other provisions
AT DECEMBER 31, 2020	**200**	**38**	**87**	**75**
Additions	24	15	5	4
Reversals (utilized provisions)	(39)	(4)	(34)	(1)
Reversals (surplus provisions)	(5)	(2)	(3)	(0)
Exchange differences and other	0	1	(1)	0
AT JUNE 30, 2021	**180**	**48**	**54**	**78**

The above provisions have not been discounted as the effect of discounting would not have been material.

Provisions for accrued contract costs are primarily set aside by the Group as a result of its contractual responsibilities, particularly relating to customer warranties, loss-making contracts and penalties under commercial contracts. Where appropriate, they also include provisions for construction contracts in progress.

The "Other provisions" column primarily included provisions set aside for antitrust investigations, which amounted to 70 million euros at June 30, 2021 (see **Note 15**).

B. ANALYSIS OF REORGANIZATION COSTS

Reorganization costs came to 33 million euros in first-half 2021, breaking down as follows:

(in millions of euros)	Redundancy costs	Asset impairment (1) and retirements	Other monetary costs	TOTAL
Charges to provisions, net of reversals of surplus provisions	0	10	2	13
Other costs for the year	7	-	13	20
TOTAL REORGANIZATION COSTS	**7**	**10**	**15**	**33**

(1) Presented as a deduction from the corresponding assets in the consolidated balance sheet.

In first-half 2021, the total included costs related to the new plans launched in 2020, primarily in the North America and Europe regions, for 12 million euros. In July 2020, due to its limited share of the Building and Territories market in the United States, the Group decided to close its Chester plant in the state of New York, and to reorganize its North American structure in order to optimize the cost base. The Chester assets' review led to a 10 million euros impairment and retirements booking.

These costs also included 6 million euros related to the project to reorganize the Group's operations in Europe announced on January 24, 2019. This amount mainly corresponded to costs for which no provisions could be recorded in accordance with IFRS (notably in Germany and France). In first-half 2020, costs for this project amounted to 26 million euros.

As was the case in previous periods, wherever possible the reorganization plans implemented by the Group in first-half 2021 included assistance measures negotiated with employee representative bodies as well as measures aimed at limiting lay-offs and facilitating redeployment.

Other costs in 2021 included 8 million euros directly related to the transformation program announced by the Group on November 9, 2018 (versus 11 million euros in 2020).

NOTE 14. Net debt

At June 30, 2021, the Group's long-term debt is rated BB by Standard & Poor's with a positive outlook.

At December 31, 2020, the Group's long-term debt was rated BB by Standard & Poor's with a negative outlook.

A. ANALYSIS BY NATURE

(In millions of euros)	Notes	At June 30, 2021	At December 31, 2020
Long-term – ordinary bonds (1)	14.B	523	523
Other long-term borrowings (1)(2)	14.C	107	80
TOTAL LONG-TERM DEBT (2)		**631**	**603**
Short-term – ordinary bonds (1)	14.B	-	250
Short-term borrowings and short-term accrued interest not yet due (2)	14.C	280	353
Short-term bank loans and overdrafts		7	9
TOTAL SHORT-TERM DEBT (2)		**287**	**611**
GROSS DEBT (2)		**918**	**1,215**
Cash		(861)	(1,120)
Cash equivalents		(46)	(21)
NET DEBT EXCLUDING LEASE LIABILITIES		**11**	**73**
Lease liabilities (3)		100	105
NET DEBT		**112**	**179**

(1) Excluding short-term accrued interest not yet due and lease liabilities.
(2) Excluding lease liabilities.
(3) Out of the total lease liabilities recognized, 77 million euros corresponded to non-current liabilities and the balance to current liabilities. The related interest expense amounted to 2 million euros In first-half of 2021.

At June 30, 2021, in line with the method on December 31, 2020, the consequences of the situation in Lebanon were taken into account by the Group as follows:

- The application of IFRS 9 led the Group to recognize an additional impairment of 5 million euros on Lebanese subsidiary's cash to take into account the bankruptcy risks of Lebanese banks, total amount up to 9 million euros.
- The net balance post impairment of 30 million euros' deposits held in Lebanese banks, almost all in US dollars, is reclassified as "Other current assets" as of June 30, 2021, excluded from cash and cash equivalents in accordance with IAS 7. This balance amounted to 36 million euros at December 31, 2020.

As of June 30, 2021, Nexans France SAS has sold 25 million euros as part of a receivables securitization program (same amount as of December 31, 2020). An analysis of the terms of these operations showed that rights to the cash flows from the receivables and substantially all of the related risks and benefits were transferred to the factor. The factored receivables were therefore derecognized in accordance with IFRS.

B. BONDS

(in millions of euros)	Carrying amount at June 30,2021	Face value at issue date	Maturity date	Nominal interest rate
Ordinary bonds redeemable in 2023	335	325	August 8, 2023	3.75%
Ordinary bonds redeemable in 2024	201	200	April 5, 2024	2.75%
TOTAL ORDINARY BONDS (1)	**536**	**525**		

(1) Including 12 million euros in short-term accrued interest.

On August 8, 2018, Nexans issued 325 million euros worth of fixed-rate bonds with a five-year term, maturing on August 8, 2023. The bonds were issued at par and had an annual coupon of 3.75%. The issue price was 100% of the bonds' par value.

On April 5, 2017, Nexans carried out a 200 million euro bond issue at 2.75% with a maturity date of April 5, 2024. The issue price was 100% of the bonds' face value.

On March 10, 2021, Nexans redeemed in advance the 250 million euros worth of bonds issued on May 26, 2016 and with a maturity date of May 26, 2021. The issue price was 100% of the bonds' face value and the interest rate was 3.25%. This loan was recorded under "Short-term – ordinary bonds" at December 31, 2020.

C. OTHER BORROWINGS

On February 25, 2021, Nexans repaid in advance the 280 million euro French State-backed bank loan. The loan was received by Nexans on June 17, 2020. It had a twelve-month maturity which Nexans had the option to extend by up to five years. The French government's guarantee covered 80% of the loan's amount. The debt was reclassified as "Short-term borrowings and short-term accrued interest not yet due" at December 31, 2020 for its carrying amount of 280 million euros.

The amount recognized under "Other long-term borrowings" at June 30, 2021 includes a 103 million euros drawdown on the loan to finance the construction of the Nexans Aurora cable-laying vessel.

The loan was originally denominated in Norwegian krone and was drawn down in tranches as work advanced on the vessel's construction. Since early June 2021, the repayment currency was changed to the euro, in line with the option included in the loan agreement. Following this change, the variable interest rate on the loan is now indexed to the 3-month Euribor. The loan is repayable over twelve years as from the vessel's delivery date in equal annual installments, with the final installment due in June 2033.

94 million euros of this loan is reported under "Other long-term borrowings" and the rest of this loan is shown under "Short-term borrowings and short-term accrued interest not yet due".

The related debt covenants are described in **Note 14.D** below.

D. COVENANTS

The 600 million euro syndicated credit facility taken out in December 2015 and amended on December 12, 2018 expires on December 12, 2023.

It includes a 200 million euro very short-term drawing facility, aimed in particular at securing a negotiable instruments program set up on December 21, 2018 for a maximum amount of 400 million euros. The amount outstanding under this program at June 30, 2021 was 190 million euros.

The amended syndicated credit facility is subject to the following two covenants:

- the consolidated net debt to equity ratio (including non-controlling interests) must not exceed 1.20x; and
- consolidated debt must not exceed 3.2x consolidated EBITDA as defined in **Note 3**.

These ratios were well within the specified limits at both June 30, 2021 and December 31, 2020.

The loan to finance construction of the Nexans Aurora cable-laying vessel includes (i) the same financial covenants as those set out in the Group's amended syndicated credit facility described above and (ii) covenants specific to the Group's subsidiary, based on the following:

- an equity to asset ratio;
- a net debt to equity ratio;
- a certain level of cash and cash equivalents.

These ratios were well within the specified limits at June 30, 2021 and December 31, 2020.

The Group is not subject to any other financial ratio covenants.

NOTE 15. Disputes and contingent liabilities

A. ANTITRUST INVESTIGATIONS

In late January 2009, antitrust investigations were launched in several countries against various cable manufacturers including Group companies in relation to anticompetitive behavior in the submarine and underground high-voltage power cables sector.

On April 7, 2014, Nexans France SAS and the Company were notified of the European Commission's decision, which found that Nexans France SAS had participated directly in an infringement of European antitrust legislation in the submarine and underground high-voltage power cable sector. The Company was held jointly liable for the payment of a portion of the fine imposed on Nexans France SAS by the European Commission.

In early July 2014, Nexans France SAS paid 70.6 million euro fine imposed on it by the European Commission. Nexans France SAS and the Company appealed the European Commission's decision to the General Court of the European Union. The appeal was dismissed on July 12, 2018. Nexans France SAS and the Company appealed the General Court's judgment before the European Court of Justice, which, in turn, dismissed the appeal on July 16, 2020.

In April 2019, certain Group entities received claims from customers filed before the courts in the United-Kingdom, the Netherlands and Italy against Nexans and other defendants.

In the UK, Scottish and Southern Energy lodged a claim against Nexans France SAS, the Company and certain companies of the Prysmian Group. However, in September 2019, the claim against Nexans France SAS and the Company was discontinued, with no payment to SSE and each party bearing their own costs of the proceedings.

Prysmian is one of the main defendants in certain antitrust damages claims initiated in the UK by National Grid and Scottish Power in 2015. Contribution claims have been brought by Prysmian against Nexans France SAS and the Company in these cases. Prysmian and the other main defendants have now reached a settlement with National Grid and Scottish Power.

In April 2017, Vattenfall initiated a claim for alleged antitrust damages against Prysmian and NKT before the High Court in London. On June 12, 2020, Nexans France SAS and the Company were notified of a contribution claim brought by Prysmian. Following a transfer from the High Court, both cases are now pending before the UK Competition Tribunal.

Italian company Terna S.p.A. launched an antitrust damages claim before the Court of Milan. Nexans Italia filed a defense on October 24, 2019 focusing on Nexans Italia's lack of standing to be sued. On February 3, 2020 the judge ruled Terna's claim to be null for lack of clarity. Terna has since supplemented its claim and the case is ongoing. A final outcome is not expected before 2022.

The claim in Netherlands was made jointly by Electricity & Water Authority of Bahrain, GCC Interconnection Authority, Kuwait Ministry of Electricity and Water and Oman Electricity Transmission Company, against certain companies of the Prysmian Group and its former shareholders, and companies in the Nexans Group and ABB Groups. This action has been brought before the Court of Amsterdam. On December 18, 2019, Nexans and other defendants filed a motion contesting jurisdiction. The court issued its judgment on November 25, 2020, declaring itself incompetent with regard to the claims against the non-Dutch defendants, including Nexans France SAS, Nexans Participations and the Company. The court also ordered the claimants to pay the costs of the proceedings. The claimants appealed this ruling and the case on the merits against the Dutch entities is stayed until October 6, 2021 pending the appeal judgment.

Investigations carried out by the American, Japanese, New Zealand and Canadian authorities in the high-voltage power cable sector were closed without sanctions. During investigations led by the Australian antitrust authority (ACCC), the Australian courts dismissed ACCC's case and refused to sanction Nexans and its Australian subsidiary in the high-voltage power cable sector in a case pertaining to the sale of low- and medium-voltage cables.

Investigation in Brazil by the General Superintendence of the antitrust authority "CADE" in the high-voltage power cable sector was concluded on February 11, 2019.. On April 15, 2020 the Administrative Tribunal of CADE condemned the Company, together with other cable manufacturers. The Company has paid the 1 million euro (BRL equivalent) fine and has appealed the decision. The case is ongoing.

Investigation by the antitrust authority in South Korea ("KFTC") in the high-voltage power cable sector has not been officially closed but Nexans understands that the statute of limitations should be considered expired.

Nexans' local Korean subsidiaries have cooperated with the KFTC in investigations initiated between 2013 and 2015 in businesses other than the high-voltage. As a result, full leniency (zero fine) has been granted by KFTC in 15 cases, and for two other cases the Korean subsidiaries were granted a 20% reduction of fines and were ordered to pay the KFTC a total of approx. 850,000 euros. All such investigations are now closed, and the risks associated with the majority of claims brought by customers in connection with them are now all closed.

On November 24, 2017 in Spain, Nexans Iberia and the Company (in its capacity as Nexans Iberia's parent company) were notified of a decision by the Spanish competition authority ("CNMC"), which found that Nexans Iberia had participated directly in an infringement of Spanish competition laws in the low- and medium-voltage cable sectors. The Company was held jointly liable for the payment of part of the fine levied on Nexans Iberia by the CNMC. In early January 2018, Nexans Iberia settled the 1.3 million euro fine levied by the CNMC. Nexans Iberia and the Company have appealed the CNMC's decision. Appeal decision is expected to take place in 2021.

On July 27, 2020, Nexans Iberia was served with a claim filed by Iberdrola before the Commerce Court of Barcelona, on the basis on the CNMC's decision (which also sanctioned one of Iberdrola's subsidiaries). Iberdrola is seeking a total of 9.4 million euros in damages from all the defendants, including Prysmian and several local Spanish producers. Nexans Iberia has filed defense arguments and the case is pending.

As of June 30, 2021, and following a reassessment of risks, the Group has a recorded contingency provision of 70 million euros to cover all the investigations mentioned above as well as the direct and indirect consequences of the related rulings that have been or will be handed down and in particular the follow-on damages claims by customers (existing or potential claims). The amount of the provision is based on management's assumptions that take into account the consequences in similar cases and currently available information. There is still considerable uncertainty as to the extent of the risks related to potential claims and/or fines. The final costs related to these risks could therefore be significantly different from the amount of the provision recognized.

The Group's risk prevention and compliance systems have been strengthened regularly and significantly in recent years. However, the Group cannot guarantee that all risks and problems relating to practices that do not comply with the applicable rules of ethics and business conduct will be fully controlled or eliminated. The compliance program includes means of detection which could generate internal investigations, and even external investigations. As consistently communicated by the Company in the past, unfavorable outcomes for antitrust proceedings and/or investigations as well as the associated consequences could have a material adverse effect on the results and thus the financial position of the Group.

B. OTHER DISPUTES AND PROCEEDINGS GIVING RISE TO THE RECOGNITION OF PROVISIONS

For cases where the criteria are met for recognizing provisions, the Group considers the resolution of the disputes and proceedings concerned will not materially impact the Group's results in light of the provisions recorded in the financial statements. Depending on the circumstances, this assessment takes into account the Group's insurance coverage, any third party guarantees or warranties and, where applicable, evaluations by the independent counsel of the probability of judgment being entered against the Group.

The Group considers that the other existing or probable disputes for which provisions were recorded at June 30, 2021 do not individually represent sufficiently material amounts to require specific disclosures in the consolidated financial statements.

C. CONTINGENT LIABILITIES RELATING TO DISPUTES AND PROCEEDINGS

Certain contracts entered into by the Group as of June 30, 2021 could lead to performance difficulties, but the Group currently considers that those difficulties do not justify the recognition of provisions in the financial statements or specific disclosure as contingent liabilities.

NOTE 16. Subsequent events

No significant event for which disclosure is required has occurred since June 30,2021.

Statutory Auditors' review report on the 2021 interim financial information

(For the period from January 1 to June 30, 2021)

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,
Nexans
Immeuble Le Vinci
4 allée de l'Arche
92400 Courbevoie

In compliance with the assignment entrusted to us by your Shareholders' Meeting and in accordance with the requirements of article L.451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Nexans, for the period from January 1 to June 30, 2021;
- the verification of the information presented in the half-yearly management report.

Due to the global crisis related to the Covid-19 pandemic, the condensed half-yearly consolidated financial statements of this period have been prepared and reviewed under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of our procedures.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I – Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without modifying our conclusion, we draw your attention to Note 15 A, "Antitrust investigations", to the condensed half-yearly consolidated financial statements regarding the consequences of the decision of the European Commission.

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II – Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

The Statutory Auditors
Neuilly-sur-Seine and Paris La Défense, July 28, 2021

PricewaterhouseCoopers Audit	**Mazars**
Edouard Demarcq	Juliette Decoux-Guillemot

Statement by the person responsible for the 2021 Half-Year Financial Report

Paris, July 28, 2021

I hereby declare that to the best of my knowledge, the condensed statements for the six months ended June 30, 2021, have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of operations of the Company and all the other companies included in the scope of consolidation, and the interim activity report presented herein provides a fair view of significant events of the first half-year 2021 and their impact on the financial statements, the main related-party transactions and it describes the principal risks and principal uncertainties for the remaining six months of the year.

Christopher Guérin
Chief Executive Officer