The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

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5.1. Consolidated financial statements

5.1.1. Consolidated income statement

(in millions of euros)	Notes	2021	2020
NET SALES (a)	1.E.a, 3 and 4	**7,374**	**5,979**
Cost of sales		(6,593)	(5,324)
GROSS PROFIT		**781**	**654**
Administrative and selling expenses		(401)	(385)
R&D costs		(80)	(77)
OPERATING MARGIN (b)	1.E.b and 3	**299**	**193**
Core exposure effect (c)	1.E.c	106	42
Reorganization costs	22.B	(58)	(107)
Other operating income and expenses (d)	6, 7 and 8	(9)	120
Share in net income of associates		(1)	(2)
OPERATING INCOME (LOSS)	1.E.d	**338**	**246**
Cost of debt (net) (e)	1.E.e	(22)	(43)
Other financial income and expenses	1.E.e and 9	(79)	(11)
INCOME BEFORE TAXES		**237**	**192**
Income taxes	1.E.f and 10	(72)	(111)
NET INCOME (LOSS) FROM CONTINUING OPERATIONS		**164**	**80**
Net income from discontinued operations		-	-
NET INCOME (LOSS)		**164**	**80**
attributable to owners of the parent		164	78
attributable to non-controlling interests		0	2
ATTRIBUTABLE NET INCOME (LOSS) PER SHARE (in euros)	11		
- basic earnings (loss) per share		3.76	1.80
- diluted earnings (loss) per share		3.66	1.76

(a) Sales at constant metal prices are presented in the segment information provided in ***Note 3*** *and are used in the activity report in* ***Section 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. The reference prices are described in* ***Note 3****.*

(b) Operating margin is one of the business management indicators used to assess the Group's operating performance, see ***Note 1.E.b****.*

(c) Effect relating to the revaluation of Core exposure at its weighted average cost.

(d) As explained in ***Notes 6, 7 and 8****, in 2021, "Other operating income and expenses" included some 15 million euros in net disposal gains and 15 million euros in net asset impairment.*

(e) Financial income amounted to 2 million euros in 2021 versus 3 million euros in 2020.

5.1.2. Consolidated statement of comprehensive income

(in millions of euros)	Notes	2021	2020
NET INCOME (LOSS)		**164**	**80**
Recyclable components of comprehensive income (loss)		**57**	**(80)**
- currency translation differences		67	(105)
- cash flow hedges	25	(9)	25
Tax impacts on recyclable components of comprehensive income (loss)	10.C	**6**	**(8)**
Non-recyclable components of comprehensive income (loss)		**63**	**6**
- actuarial gains and losses on pensions and other long-term employee benefit obligations	21.B	67	6
- financial assets at fair value through other comprehensive income		(3)	-
Tax impact on non-recyclable components of comprehensive income (loss)	10.C	**(16)**	**(0)**
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)		**111**	**(82)**
TOTAL COMPREHENSIVE INCOME (LOSS)		**275**	(1)
- attributable to owners of the parent		*274*	*(2)*
- attributable to non-controlling interests		*1*	*1*

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

5.1.3. Consolidated balance sheet

(At December 31, in millions of euros)	Notes	2021	2020
ASSETS			
Goodwill	7	240	232
Intangible assets	12	110	115
Property, plant and equipment	13	1,442	1,346
Investments in associates	14	31	32
Deferred tax assets	10.D	112	115
Other non-current assets	15	118	102
NON-CURRENT ASSETS		**2,053**	**1,942**
Inventories and work in progress	16	1,316	937
Contract assets	4.B	42	94
Trade receivables	17	947	829
Current derivative assets	25	66	86
Other current assets	18	190	201
Cash and cash equivalents	23.A	972	1,142
Assets and groups of assets held for sale		0	0
CURRENT ASSETS		**3,534**	**3,288**
TOTAL ASSETS		**5,587**	**5,230**

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

(At December 31, in millions of euros)	Notes	2021	2020
EQUITY AND LIABILITIES			
Capital stock, additional paid-in capital, retained earnings and other reserves		1,426	1,258
Other components of equity		21	(42)
Equity attributable to owners of the parent		**1,447**	**1,216**
Non-controlling interests		17	40
TOTAL EQUITY	**20**	**1,465**	**1,256**
Pensions and other long-term employee benefit obligations	21	301	350
Non-current provisions	22	76	78
Long-term debt	23	736	684
Non-current derivative liabilities	25	5	0
Deferred tax liabilities	10.D	117	133
NON-CURRENT LIABILITIES		**1,235**	**1,246**
Current provisions	22	92	122
Short-term debt	23	311	636
Contract liabilities	4.B	395	364
Current derivative liabilities	25	47	46
Trade payables	24	1,622	1,213
Other current liabilities	24	422	349
Liabilities related to groups of assets held for sale		-	0
CURRENT LIABILITIES		**2,887**	**2,729**
TOTAL EQUITY AND LIABILITIES		**5,587**	**5,230**

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

5.1.4. Consolidated statement of changes in equity

(in millions of euros)	Number of shares outstanding (a)	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	-	-	-	-	78	-	-	78	2	80
Other comprehensive income (loss)	-	-	-	-	6	19	(105)	(80)	(1)	(82)
TOTAL COMPREHENSIVE INCOME (LOSS)	**-**	**-**	**-**	**-**	**84**	**19**	**(105)**	**(2)**	**1**	**(1)**
Dividends paid	-	-	-	-	-	-	-	-	(3)	(3)
Share buyback program	(350,314)	-	-	(10)	-	-	-	(10)	-	(10)
Cancelation of treasury stock	-	(0)	(9)	10	-	-	-	-	-	-
(Purchases)/sales of treasury stock	49,330	-	-	2	(2)	-	-	-	-	-
Employee share-based plans :										
- Service cost (b)	-	-	-	-	3	-	-	3	-	3
- Proceeds from share issues (c)	499,621	0	16	-	-	-	-	17	-	17
Other	-	-	-	-	(4)	-	2	(2)	-	(2)
December 31, 2020	**43,648,472**	**44**	**1,614**	**(3)**	**(397)**	**15**	**(56)**	**1,216**	**40**	**1,256**
2021 IFRIC Application (d)	-	-	-	-	(5)	-	-	(5)	-	(5)
January 1, 2021	**43,648,472**	**44**	**1,614**	**(3)**	**(402)**	**15**	**(56)**	**1,211**	**40**	**1,251**
Net income for the year	-	-	-	-	164	-	-	164	0	164
Other comprehensive income (loss)	-	-	-	-	47	(3)	66	110	1	111
TOTAL COMPREHENSIVE INCOME (LOSS)	**-**	**-**	**-**	**-**	**211**	**(3)**	**66**	**274**	**1**	**275**
Dividends paid	-	-	-	-	(31)	-	-	(31)	(2)	(33)
Share buyback program	(90,000)	-	-	(8)	-	-	-	(8)	-	(8)
(Purchases)/sales of treasury stock (e)	78,417	-	-	1	(3)	-	-	(2)	-	(2)
Employee share-based plans :										
- Service cost	-	-	-	-	8	-	-	8	-	8
Transactions with owners not resulting in a change of control (f)	-	-	-	-	(8)	-	-	(8)	(22)	(30)
Other	-	-	-	-	(2)	4	(0)	3	0	3
December 31, 2021	**43,636,889**	**44**	**1,614**	**(10)**	**(226)**	**16**	**9**	**1,447**	**17**	**1,465**

(a)The number of shares outstanding at December 31, 2021 corresponds to 43,755,627 issued shares less 118,738 shares held in treasury.
(b)Including a 1 million euro expense related to the ACT 2020 plan.
(c)Including the impact of the ACT 2020 plan following the share settlement-delivery that took place on November 13, 2020.
(d)This line includes the effects of the clarifications provided by the IFRIC in 2021 on the allocation of certain post-employment benefit costs and the recognition of configuration or customization costs in a cloud computing arrangement.
*(e)In addition to the allocation of 106,368 treasury shares under free share and performance share plans, this line includes the net impact of transactions under the liquidity contract set up in 2021, resulting in a 2 million euro reduction in equity in 2021, see **Note 20**.*
(f) The impact on equity corresponds to the buyout of non-controlling interests in Opticable for 25 million euros and in Nexans Maroc for 5 million euros.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

5.1.5. Consolidated statement of cash flows

(in millions of euros)	Notes	2021	2020
Net income		164	80
Depreciation, amortization and impairment of assets (including goodwill)	7, 12 and 13	176	175
Cost of debt (gross)		24	46
Core exposure effect (a)		(106)	(42)
Current and deferred income tax charge (benefit)	10	72	111
Net (gains) losses on asset disposals	8	(15)	(142)
Other restatements (b)		20	(94)
CASH FLOWS FROM OPERATIONS BEFORE GROSS COST OF DEBT AND TAX (c)		**337**	**136**
Decrease (increase) in working capital	19	117	362
Impairment of current assets and accrued contract costs		(5)	4
Income taxes paid		(47)	(46)
NET CHANGE IN CURRENT ASSETS AND LIABILITIES		**65**	**320**
NET CASH GENERATED FROM OPERATING ACTIVITIES		**401**	**456**
Proceeds from disposals of property, plant and equipment and intangible assets		14	16
Capital expenditure	12, 13	(206)	(225)
Decrease (increase) in loans granted and short-term financial assets (d)		5	(42)
Purchase of shares in consolidated companies, net of cash acquired		(5)	(2)
Proceeds from sale of shares in consolidated companies, net of cash transferred		8	155
NET CASH USED IN INVESTING ACTIVITIES		**(183)**	**(99)**
NET CHANGE IN CASH AND CASH EQUIVALENTS AFTER INVESTING ACTIVITIES		**219**	**356**
Proceeds from (repayments of) long-term and short-term borrowings	23	(305)	218
- of which repayment of bonds 2016-2021		(250)	-
- of which proceeds from (repayment of) the government-backed loan		(280)	279
Cash capital increases (reductions)	20	(10)	7
Interest paid		(41)	(45)
Transactions with owners not resulting in a change of control		(30)	(7)
Dividends paid		(32)	(4)
NET CASH USED IN FINANCING ACTIVITIES		**(417)**	**169**
Net effect of currency translation differences		33	(19)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(165)**	**507**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	23.A	**1,133**	**626**
CASH AND CASH EQUIVALENTS AT YEAR-END	23.A	**968**	**1,133**
- of which cash and cash equivalents recorded under assets		972	1,142
- of which short-term bank loans and overdrafts recorded under liabilities		(5)	(9)

*(a) Effect relating to the revaluation of Core exposure at its weighted average cost, which has no cash impact (see **Note 1.E.c**).*
*(b) "Other restatements" in 2021 primarily include (i) a negative adjustment of 59 million euros (2020: negative adjustment of 98 million euros) to cancel the net change in operating provisions (including provisions for pensions, reorganization costs and antitrust proceedings), (ii) a 51 million euro positive adjustment to cancel impairment losses recognized on financial assets (see **Note 9**), (iii) a 12 million euro positive adjustment (2020: 7 million euro negative adjustment) related to the cash impact of hedges and (iv) an 8 million euro positive adjustment (2020: 3 million euro positive adjustment) to cancel the cost of share-based payments.*
(c) The Group also uses the "operating cash flow" concept, which is mainly calculated after adding back cash outflows relating to reorganizations (99 million euros and 170 million euros in 2021 and 2020 respectively), and deducting income tax paid.
(d) In 2020, this caption included 39 million euros corresponding to bank deposits by the Group's Lebanese company with Lebanese banks that have been reclassified from Cash and cash equivalents in accordance with IAS 7.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

5.1.6. Notes to the consolidated financial statements

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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.

The consolidated financial statements are presented in euros rounded to the nearest million. Rounding may in some cases lead to non-material discrepancies in the different totals or year-on-year changes. They were approved by the Board of Directors on February 15, 2022 and will become final after approval at the Annual Shareholders' Meeting, which will take place on May 11, 2022 on first call.

The significant accounting policies used in the preparation of these consolidated financial statements are set out below. Except where otherwise indicated, these policies have been applied consistently to all the financial years presented.

Basis of preparation

The consolidated financial statements of the Nexans Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union at December 31, 2021.

The Group has applied all of the new standards, interpretations and amendments to existing standards that were mandatory for the first time in the fiscal year beginning January 1, 2021, and which were as follows:

- Amendments to IAS 39, IFRS 7, IFRS 9 and IFRS 16, "Interest rate benchmark reform – Phase II";
- Amendment to IFRS 16: Covid-19-related rent concessions beyond June 30, 2021;
- IFRIC decision on how to allocate the cost of certain length-of-service-based post-employment benefits that are capped beyond a certain number of years of service and are payable subject to the beneficiary's continuing employment at the retirement date (IAS 19);
- IFRIC decision on configuration or customization costs in a cloud computing arrangement.

These interpretations did not have a material impact on the Group's consolidated financial statements (see consolidated statement of changes in equity) and no restatement of comparative information was necessary.

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:

- 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 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 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.

When preparing the annual consolidated financial statements, Management took the consequences of the Covid-19 pandemic into account in its estimates and assumptions, despite the prevailing uncertainty concerning the virus's mutation and how the resulting crisis will evolve. The pandemic's consequences are described in **Note 2** and are taken into account in the estimates described below, where applicable.

The main sources of uncertainty relating to estimates are expanded upon where necessary in the relevant notes and concern the following items:

- The recoverable amount of certain items of property, plant and equipment, goodwill and other intangible assets, and determining the groups of cash-generating units (CGUs) used for goodwill impairment testing (see **Note 1.F.a**, **Note 1.F.b**, **Note 1.F.c** and **Note 7**).
- Recognition and recoverability of deferred tax assets for unused tax losses (see **Note 1.E.f** and **Note 10.E**).
- Margins to completion and percentage of completion on long-term contracts (see **Note 1.E.a**).
- The measurement of pension liabilities and other employee benefits (see **Note 1.F.j** and **Note 21**).
- Provisions and contingent liabilities (see **Note 1.F.k**, **Note 22** and **Note 29**).
- The measurement of derivative instruments and their qualification as cash flow hedges (see **Note 1.F.n** and **Note 25**).
- Cancelable lease terms for real estate leases (see **Note 1.F.m**).

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. CONSOLIDATION METHODS

The consolidated financial statements include the financial statements of (i) Nexans, (ii) the subsidiaries over which Nexans exercises control, and (iii) companies accounted for by the equity method (associates).

The financial statements of subsidiaries and associates are prepared for the same period as those of the parent company. Adjustments are made to harmonize any differences in accounting policies that may exist.

Subsidiaries (companies controlled by Nexans) are fully consolidated from the date the Group takes over control through the date on which control is transferred outside the Group. Control is defined as the direct or indirect power to govern the financial and operating policies of a company in order to benefit from its activities.

Other companies over which the Group exercises significant influence are classified as associates and accounted for by the equity method. Significant influence is presumed to exist when the Group's direct or indirect interest is over 20%.

The type of control or influence exercised by the Group is assessed on a case-by-case basis using the presumptions set out in IFRS 10, IFRS 11 and the revised version of IAS 28. A list of the Group's main subsidiaries and associates is provided in **Note 31**.

Intra-group balances and transactions, including any intra-group profits, are eliminated in consolidation.

C. FOREIGN CURRENCY TRANSLATION

The Group's financial statements are presented in euros. Consequently:

- The balance sheets of foreign operations whose functional currency is not the euro are translated into euros at the year-end exchange rate.
- Income statement items of foreign operations are translated at the average annual exchange rate, which is considered as approximating the rate applicable to the underlying transactions.

The resulting exchange differences are included in other comprehensive income under "Currency translation differences". The functional currency of an entity is the currency of the primary economic environment in which the entity operates and in the majority of cases corresponds to the local currency.

Cash flow statement items are also translated at the average annual exchange rate.

In 2021 and 2020, the Lebanese economy was considered as hyper-inflationary within the meaning of IAS 29. However, as the Group's income and expenses in this country are mainly denominated in US dollars, IAS 29 has not been applied for the translation of the Lebanese subsidiary's financial statements.

Since 2006, IAS 29 has not been applied to translate the financial statements of any Group company.

Foreign currency transactions are translated at the exchange rate prevailing at the transaction date. When these transactions are hedged and the hedge concerned is documented as a qualifying hedging relationship for accounting purposes, the gain or loss on the spot portion of the corresponding derivative directly affects the hedged item so that the overall transaction is recorded at the hedging rate in the income statement.

In accordance with IAS 21, "The Effects of Changes in Foreign Exchange Rates", foreign currency monetary items ivn the balance sheet are translated at the year-end closing rate. Any exchange gains or losses arising on translation are recorded as financial income or expense except if they form part of the net investment in the foreign operation within the meaning of IAS 21, in which case they are recognized directly in other comprehensive income under "Currency translation differences".

Foreign exchange derivatives are measured and recognized in accordance with the principles described in **Note 1.F.n**.

D. BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method, whereby the identifiable assets acquired, liabilities assumed and any contingent liabilities are recognized and measured at fair value.

For all business combinations the acquirer must (other than in exceptional cases) recognize any non-controlling interest in the acquiree either (i) at fair value (the "full goodwill" method) or (ii) at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets measured at their acquisition-date fair value, in which case no goodwill is recognized on non-controlling interests (the "partial goodwill" method).

Goodwill, determined as of the acquisition date, corresponds to the difference between:

- The aggregate of (i) the acquisition price, generally measured at acquisition-date fair value, (ii) the amount of any non-controlling interest in the acquiree measured as described above, and (iii) for a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and
- The net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with IFRS 3.

The Group has a period of 12 months from the acquisition date to complete the initial accounting for a business combination, during which any "measurement period adjustments" may be made. These adjustments are notably made to reflect information obtained subsequent to the acquisition date about facts and circumstances that existed at that date.

The consideration transferred in a business combination must be measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer. Any contingent consideration at the acquisition date is systematically included in the initial fair value measurement of the consideration transferred in exchange for the acquiree, based on probability tests. Any changes in the fair value of contingent consideration that the acquirer recognizes after the acquisition date and which do not correspond to measurement period adjustments as described above – such as meeting an earnings target different from initial expectations – are accounted for as follows:

- Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.
- Contingent consideration classified as an asset or liability that is a financial instrument and is within the scope of IFRS 9 is measured at fair value, with any resulting gain or loss recognized in the income statement (notably the effect of unwinding the discount) or in other comprehensive income as appropriate.

The Group accounts for acquisition-related costs for subsidiaries as expenses in the periods in which the costs are incurred and the services received. However, if the acquisition of a subsidiary is financed through the issuance of equity or debt instruments, the related costs are recognized in equity or debt respectively in accordance with IFRS 9 and IAS 32.

E. INCOME STATEMENT ITEMS

a. Sales

Net sales

Net sales (at current metal prices) represent revenue from sales of goods held for resale, as well as sales of goods and services deriving from the Group's main activities, for which consideration has been promised in contracts drawn up with customers. Net sales correspond to the Net sales at current metal prices in **Note 3** related to Operating segments.

The Group's main activities correspond to sales of cables produced in its plants, as well as cable installation services. Cables are sold either separately under specific contracts with customers (see below, "Sales of goods") or together with installation services under contracts that combine both sales of cables and installation services (see below, "Goods and services contracts").

In accordance with IFRS 15, revenue is recognized under sales when the control of goods or services is transferred to the customer. The amount recognized corresponds to the consideration the entity expects to receive in exchange for the goods or services.

For all business, the sales amount recognized in revenue corresponds to the amount of consideration to which the entity expects to be entitled based on the terms and conditions of each contract and standard commercial practices. Penalties are deducted from revenue from the underlying contract as soon as they are accepted. Revenue also includes certain variable consideration, notably relating to discounts and rebates, which are measured using the expected value method or based on the single most likely amount, depending on the specific terms and conditions of the contracts concerned.

For all of the Group's activities, the revenue recognized as the consideration promised from customers for the transfer of goods or services takes into account the financial impact of payment deferrals when such deferrals are significant and represent a period of more than one year.

Sales of goods

Customer contracts covering sales of goods include a single performance obligation for each delivery.

Revenue from sales of goods is recognized at a specific point in time, corresponding to the moment when control of the asset concerned is transferred to the customer, which is generally when the goods are delivered.

In addition, as the delivery of goods also corresponds to the moment when the Group obtains an enforceable right to payment, the contra-entry to the recognized amount of sales is presented in "Trade receivables" on the assets side of the consolidated balance sheet.

Goods and services contracts

Contracts covering both sales of goods and cable installation services essentially concern the Group's high-voltage cable and umbilical cable activities. They are contracts that are specifically negotiated for constructing and installing an asset or a group of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use. When the customer cannot use an asset or a group of assets during their production or installation due to the specific features of their design and interdependency as provided for contractually, then a single performance obligation is identified per contract.

Performance obligations under goods and services contracts are considered to be satisfied over time if (i) the asset or group of assets created in connection with a goods and services contract is specific to the requirements of the customer and cannot have an alternative use, and (ii) Nexans has an enforceable right to payment for the services performed up until the date in question. The input method is used to measure progress towards fulfilling the performance obligation based on costs incurred. The costs taken into account do not include any inefficiencies that were not anticipated and cannot therefore trigger any revenue recognition.

For each goods and services contract, the cumulative amount of revenue recognized in respect of all of the Group's service obligations under the contract, less any advance payments received from customers and trade receivables which are recognized separately, is presented in the consolidated balance sheet under "Contract assets" or "Contract liabilities".

Any expected loss to completion is recognized immediately in cost of sales in the consolidated income statement, and under "Short-term provisions" or "Long-term provisions" in the consolidated balance sheet.

Customer advance payments

The Group may receive partial payments from customers before the corresponding work is performed, which are referred to as customer advance payments. In accordance with IFRS 15, these advance payments are recorded under "Contract liabilities" or "Contract assets" depending on the net balance sheet position of the related goods and services contract.

In the same way as for recognition of consideration promised by customers, when recognizing customer advance payments, the Group takes into account the financial impact of payment deferrals when such deferrals are significant and represent a period of more than one year.

Sales at constant metal prices

On an operating level, the effects of fluctuations in metal prices are passed on in selling prices.

To neutralize the effect of fluctuations in non-ferrous metal prices and thus measure the underlying trend in its business, the Group also presents its sales figures based on a constant price for copper and aluminum. These reference prices were set at 5,000 euros per tonne for copper and 1,200 euros per tonne for aluminum. The sales at constant metal prices are shown in **Note 3**.

b. Operating margin

Operating margin, a key indicator, measures the Group's operating performance and comprises gross profit (which includes indirect production costs), administrative and selling expenses and research and development costs (see **Note 1.F.a**).

Share-based payments (see **Note 1.F.i**), pension operating costs (see **Note 1.F.j**) and employee profit-sharing are allocated by function to the appropriate lines in the income statement based on cost accounting principles.

Operating margin is measured before the impact of : (i) revaluing Core exposure (see **Note 1.E.c**); (ii) impairment losses recorded on property, plant and equipment, goodwill and other intangible assets following impairment tests; (iii) changes in fair value of non-ferrous metal derivatives; (iv) gains and losses on asset disposals; (v) acquisition-related costs when they concern acquisitions that have been completed and acquisition fees and costs related to planned acquisitions; (vi) expenses and provisions for antitrust investigations; (vii) reorganization costs; (viii) share in net income of associates; (ix) financial income and expenses; (x) income taxes; and (xi) net income (loss) from discontinued operations.

The Group also uses EBITDA and ROCE as operating performance indicators.

Consolidated EBITDA is defined as restated operating margin before depreciation and amortization, while ROCE corresponds to the return on capital employed and is calculated as operating margin divided by capital employed.

c. Core exposure effect

This line of the consolidated income statement includes the following two components (see also **Note 26.C**):

- A "price" effect: In the Group's IFRS financial statements non-ferrous metal inventories are measured using the weighted average unit cost method, leading to the recognition of a temporary price difference between the accounting value of the copper used in production and the actual value of this copper as allocated to orders through the hedging mechanism. This difference is exacerbated by the existence on a permanent basis of a minimum inventory of metal that is not hedged (called "Core exposure").
  The accounting impact related to this difference is not included in operating margin and instead is accounted for in a separate line of the consolidated income statement, called "Core exposure effect". Within operating margin – which is a key performance indicator for Nexans – inventories consumed are valued based on the metal price specific to each order, in line with the Group's policy of hedging the price of the metals contained in the cables sold to customers.

- A "volume" effect: At the level of operating margin – which is a performance indicator – Core exposure is measured at historic cost, whereas at operating income level it is valued at weighted average cost (see **Note 1.F.e**) in accordance with IFRS. The impact of any changes in volumes of Core exposure during the period is also recorded under "Core exposure effect" in the consolidated income statement. However, this effect is generally limited, as the tonnage of Core exposure is usually kept at a stable level from one period to the next, except for any structural change in the event of structural reorganizations within the Group or following a lasting significant contraction or expansion in business volumes, in accordance with the management principles described in **Note 26.C**.

d. Operating income

Operating income includes operating margin (see **Note 1.E.b**), Core exposure effect (see **Note 1.E.c**), reorganization costs (see **Note 1.F.k**), share in net income of associates, and other operating income and expenses. Other operating income and expenses are presented in **Note 6** and mainly include impairment losses recorded on property, plant and equipment, goodwill and other intangible assets following impairment tests (see **Note 1.F.c**), gains and losses on asset disposals, and expenses and provisions for antitrust investigations.

e. Financial income and expenses

Financial income and expenses include the following:

- Cost of debt, net of financial income from investments of cash and cash equivalents.
- Other financial income and expenses, which primarily include (i) foreign currency gains and losses on transactions not qualified as cash flow hedges, (ii) additions to and reversals of provisions for impairment in value of financial investments, (iii) net interest expense on pensions and other long-term benefit obligations, and (iv) dividends received from non-consolidated companies.

Details on the majority of these items are provided in **Note 9** and **Note 23**

f. Income taxes

The income tax expense for the year comprises current and deferred taxes.

Deferred taxes are recognized for temporary differences arising between the carrying amount and tax base of assets and liabilities, as well as for tax losses available for carryforward. In accordance with IAS 12, no deferred tax assets or liabilities are recognized for temporary differences resulting from goodwill for which impairment is not deductible for tax purposes, or from the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit (except in the case of finance leases and actuarial gains or losses on pension benefit obligations).

Deferred tax assets that are not matched by deferred tax liabilities expected to reverse in the same period are recognized only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized, based on medium-term earnings forecasts (generally covering a five-year period) for the company concerned. The Group ensures that the forecasts used for calculating deferred taxes are consistent with those used for impairment testing (see **Note 1.F.c**).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled. The rates applied reflect Management's intentions of how the underlying assets will be realized or the liabilities settled. All amounts resulting from changes in tax rates are recorded either in equity or in net income in the year in which the tax rate change is enacted or substantively enacted, based on the initial recognition method for the corresponding deferred taxes.

A deferred tax liability is recognized for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures, except to the extent that (i) the Group is able to control the timing of the reversal of the temporary difference, and (ii) it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset if the entity is legally entitled to offset current tax assets and liabilities and if the deferred tax assets and liabilities relate to taxes levied by the same taxation authority.

F. ITEMS RECOGNIZED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

a. Intangible assets

See **Notes 1.D** and **1.F.c** for a description of the Group's accounting treatment of goodwill.

Intangible assets are stated at cost less any accumulated amortization and impairment losses. When they are acquired in a business combination, their cost corresponds to their fair value.

The Group applies the cost model for the measurement of intangible assets rather than the allowed alternative method that consists of regularly revaluing categories of assets. Government grants are recognized as a deduction from the gross amount of the assets to which they relate.

Intangible assets primarily correspond to the following:

- Trademarks, customer relationships and certain supply contracts acquired in business combinations. Except in rare cases, trademarks are deemed to have an indefinite useful life. Customer relationships are amortized on a straight-line basis over the period during which the related economic benefits are expected to flow to the Group (between five and twenty-five years). Supply contracts can be deemed to have an indefinite useful life when they are automatically renewable and where there is evidence, notably based on past experience, indicating that the contractual rights will be renewed. Otherwise, their useful lives generally correspond to the term of the contract.
- The costs for acquired or developed software, usually intended for internal use, and development costs, to the extent that their cost can be reliably measured and it is probable that they will generate future economic benefits. These assets are amortized by the straight-line method over their estimated useful lives (between three and five years).
- Development costs that meet the recognition criteria in IAS 38. Capitalized development costs are amortized over the estimated useful life of the project concerned, from the date the related product is made available. Research costs, as well as development costs that do not meet the recognition criteria in IAS 38, are expensed as incurred. Research and development costs to be rebilled to or by customers under the terms of construction contracts are included in "Contract assets" and "Contract liabilities".

Intangible assets are derecognized when the risks and rewards of ownership of the asset are transferred.

b. Property, plant and equipment

Property, plant and equipment are stated at cost less any accumulated depreciation and impairment losses. When they are acquired in a business combination, their cost corresponds to their fair value. In accordance with IAS 23, directly attributable borrowing costs are included in the cost of qualifying assets.

The Group applies the cost model for the measurement of property, plant and equipment rather than the allowed alternative method that consists of regularly revaluing categories of assets. Government grants are recognized as a deduction from the gross amount of the assets to which they relate.

Property, plant and equipment are depreciated by the straight-line method based on the following estimated useful lives:

INDUSTRIAL BUILDINGS AND EQUIPMENT	
▪ Buildings for industrial use	20 years
▪ Infrastructure and fixtures	10-20 years
▪ Equipment and machinery:	
- Heavy mechanical components	30 years
- Medium mechanical components	20 years
- Light mechanical components	10 years
- Electrical and electronic components	10 years
▪ Small equipment and tools	3 years
BUILDINGS FOR ADMINISTRATIVE AND COMMERCIAL USE	**20-40 years**

The depreciation method and periods applied are reviewed at each year-end where necessary. The residual value of the assets is taken into account in the depreciable amount when it is deemed significant. Replacement costs are capitalized to the extent that they satisfy the criteria in IAS 16.

Property, plant and equipment are derecognized when the risks and rewards of ownership of the asset are transferred.

Property, plant and equipment also include right-of-use assets recognized for leases (see **Note 1.F.m**).

c. Impairment tests

At each period-end, the Group assesses whether there is an indication that an asset may be impaired. Impairment tests are also carried out whenever events or changes in the market environment indicate that property, plant and equipment or intangible assets (including goodwill), may have suffered impairment. An impairment loss is recognized where necessary for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Intangible assets with indefinite useful lives and goodwill are tested for impairment at least once a year.

For operating assets that the Group intends to hold and use in its operations over the long term, the recoverable amount of a cash-generating unit (CGU) corresponds to the higher of fair value less costs to sell (where determinable) and value in use. Where the Group has decided to sell particular operations, the carrying amount of the related assets is compared with their fair value less costs to sell. Where negotiations in relation to such a sale are in progress, fair value is determined based on the best estimate of the outcome of the negotiations at the reporting date.

Value in use is calculated on the basis of the future operating cash flows determined in the Group's budget process and strategic plan, which represent Management's best estimate of the economic conditions that will prevail during the remainder of the asset's useful life. The assumptions used are made on the basis of past experience and external sources of information, such as discount rates and perpetual growth rates.

When an analysis of the related context reveals that a CGU, intangible asset, or item of property, plant and equipment that is in use or ready for use may have become impaired, the asset concerned is tested for impairment in accordance with IAS 36, based on the following:

- CGU: a cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount of goodwill is tested at the level of the CGU or group of CGUs to which it is allocated. The structure of the Group's CGUs is aligned with its operational organization and is based on a combined vision of market segments and geographic areas.
- Other intangible assets and property, plant and equipment: groups of assets with finite useful lives are tested for impairment if there is a specific indication that they may be impaired (as defined in IAS 36.12). Examples of indications that an asset may be impaired include a pronounced decline in profitability, a considerably lower performance than in the original business plan, or a significant loss of customers, market share or product certifications.
- The discount rate applied corresponds to the expected market rate of return for a similar investment, specific to each geographic area, regardless of the sources of financing. The discount rates used are post-tax rates applied to post-tax cash flows. The recoverable amounts determined using these post-tax rates are the same as those that would be obtained by using pre-tax rates applied to pre-tax cash flows.
- Five-year business plans are used, based on the Group's budget process and strategic plan, with an extrapolation calculated in conjunction with local management for the final years of the projection period if appropriate.
- Operational cash flows are extrapolated based on growth rates specific to each geographic area.

Impairment losses (net of reversals) are recorded in the income statement under "Other operating income and expenses" unless they directly relate to a reorganization operation (see **Note 1.F.k**).

d. Financial assets at fair value through profit or loss or other comprehensive income

Financial assets at fair value through profit or loss or through other comprehensive income relate to the shares in non-consolidated entities. They are initially recognized at fair value. For each of these assets, the Group decides whether to measure subsequent changes in fair value either through profit or loss or through other comprehensive income (without any possibility of subsequently being recycled to profit or loss). This choice is made at the initial recognition date and is irreversible.

e. Inventories and work in progress

Inventories and manufacturing work in progress are stated at the lower of cost and net realizable value. The costs incurred in bringing inventories to their present location and conditions are accounted for as follows:

- Raw materials: purchase cost according to the weighted average cost (WAC) method;
- Finished goods and work in progress: cost of materials and direct labor, and share of indirect production costs, according to the WAC method.

In compliance with IAS 23, qualifying inventories include directly attributable borrowing costs.

Inventories include Core exposure:

- With respect to continuous casting activities, the Core exposure represents the minimum quantity of non-ferrous metal inventories necessary to establish and maintain casting operations.
- In respect to Nexans cabling activities, the Core exposure represents the amounts of non-ferrous metals required for the Group's cable plants to operate.

Its overall volume is generally kept stable and is constantly replenished, however the level of Core exposure may have to be adapted at times, particularly in the event of a lasting significant contraction or expansion in business volumes. In the event of structural reorganizations within the Group, the level of Core exposure may have to be revised.

The impact of changes in value of this component is shown in a separate line of the income statement and is included as a component of cash flows from operations in the statement of cash flows.

Net realizable value of inventories is the estimated sale price in the ordinary course of business, less estimated completion costs and the costs necessary to carry out the sale. If the carrying amount of non-ferrous metal inventories is higher than their market value at the year-end, an impairment loss is only recognized when the products to which the assets are allocated have a negative production margin. Additional factors may be taken into account in determining inventory impairment losses, such as obsolescence, physical damage, defects or other indications of impairment (short lengths, etc.) As stated in **Note 1.E.c**, impairment losses on Core exposure are recognized under "Core exposure effect" in the consolidated income statement. Any impairment losses related to other categories of inventories are recognized within operating margin.

f. Trade receivables and other receivables

Trade receivables are stated at their transaction price, determined in accordance with IFRS 15. Interest-free short-term operating receivables are recognized at nominal value as the impact of discounting is not material.

Impairment losses for trade receivables are recognized based on two methods:

- A collective method based on a statistical approach that reflects the expected credit losses over the lifetime of receivables, including receivables not past due, in accordance with IFRS 9.
  In order to apply this method, the Group has drawn up a matrix of the rates used to write down its trade receivables that factor in country risks, observed default probabilities and expected losses in the event of default. The base used to calculate these statistical loss allowances also takes into account any contractual guarantees received in relation to the receivables concerned. The carrying amount of the asset is written down and the amount of the loss is recognized in the income statement under "Cost of sales".
- An individual method, whereby an impairment loss is recorded for a trade receivable whenever there is an objective indication that the Group will not be able to collect the full amounts due under the conditions originally provided for at the time of the transaction.

The following are indicators that a receivable may be impaired: (i) major financial difficulties for the debtor; (ii) the probability that the debtor will undergo bankruptcy or a financial reorganization; and (iii) a payment default. The amount of the impairment loss recorded represents the difference between the carrying amount of the asset and the estimated value of future cash flows, discounted at the initial effective interest rate. Receivables written down by the individual method are excluded from the calculation base for impairment losses determined by the collective method.
In the same way as for the collective method described above, under the individual method, the carrying amount of the asset is written down and the amount of the impairment loss is recognized in the income statement under "Cost of sales".

These impairment methods also apply to "Contract assets" recognized in the consolidated balance sheet.

g. Cash and cash equivalents

Cash and cash equivalents, whose changes are shown in the consolidated statement of cash flows, comprise the following:

- Cash and cash equivalents classified as assets in the balance sheet, which include cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.
- Bank overdrafts repayable on demand which form an integral part of the entity's cash management. In the consolidated balance sheet, bank overdrafts are recorded as current financial liabilities.

h. Assets and groups of assets held for sale

Presentation in the consolidated balance sheet

Non-current assets or groups of assets held for sale, as defined by IFRS 5, are presented on a separate line on the assets side of the balance sheet. Liabilities related to groups of assets held for sale are shown on the liabilities side, also on a separate line, except those for which the Group will remain liable after the related sale as a result of the applicable sale terms and conditions. Non-current assets classified as held for sale cease to be depreciated from the date on which they fulfill the classification criteria for assets held for sale.

In accordance with IFRS 5, assets and groups of assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The potential capital loss arising from this measurement is recognized in the income statement under "Other operating income and expenses" in "Net asset impairment".

Presentation in the income statement

A group of assets sold, held for sale or whose operations have been discontinued is a major component of the Group if:

- It represents a separate major line of business or geographical area of operations;
- It is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- It is a subsidiary acquired exclusively with a view to resale.

Where a group of assets sold, held for sale or whose operations have been discontinued is a major component of the Group, it is classified as a discontinued operation and its income and expenses for all periods presented are shown on a separate line of the income statement, "Net income (loss) from discontinued operations", which comprises the total of:

- The post-tax profit or loss of discontinued operations; and
- The post-tax gain or loss recognized on the measurement at fair value less costs to sell or on the disposal of assets or groups of assets held for sale constituting the discontinued operation.

When a group of assets previously presented as "held for sale" ceases to satisfy the criteria in IFRS 5, each related asset and liability component – and, where appropriate, income statement item – is reclassified to the relevant items of the consolidated financial statements.

i. Share-based payments

Stock options, performance shares and free shares may be granted to senior managers and certain other Group employees. These plans correspond to equity-settled share-based payment transactions and are based on the issue of new shares in the parent company (Nexans).

In accordance with IFRS 2, "Share-based Payment", stock options, performance shares and free shares are measured at fair value at the grant date (corresponding to the date on which the plan is announced). The Group uses different measurement models to calculate this fair value, notably the Black & Scholes and Monte-Carlo pricing models.

The fair value of vested stock options, performance shares and free shares is recorded as a payroll expense on a straight-line basis from the grant date to the end of the vesting period, with a corresponding adjustment to equity recorded under "Retained earnings and other reserves".

If stock options or share grants are subject to internal performance conditions their fair value is remeasured at the year-end. For plans that are subject to market performance conditions, changes in fair value after the grant date do not affect the amounts recognized in the financial statements.

The Group has also set up employee stock ownership plans that entitle employees to purchase new shares at a discount to the market price. These plans are accounted for in accordance with IFRS 2, taking into consideration the valuation effect of the five-year lock-up period that generally applies.

j. Pensions, statutory retirement bonuses and other employee benefits

In accordance with the laws and practices of each country where it operates, the Group provides pensions, early retirement benefits and statutory retirement bonuses.

For basic statutory plans and other defined contribution plans, expenses correspond to contributions made. No provision is recognized as the Group has no payment obligation beyond the contributions due for each accounting period.

For defined benefit plans, provisions are determined as described below and recognized under "Pensions and other long-term employee benefit obligations" in the balance sheet (except for early retirement plans which are deemed to form an integral component of a reorganization plan, see **Note 1.F.k**):

- Provisions are calculated using the projected unit credit method, which sees each service period as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. These calculations take into account assumptions with respect to mortality, staff turnover, discounting, projections of future salaries and the return on plan assets.
- Plan assets are measured at fair value at the year-end and deducted from the Group's projected benefit obligation.
- In accordance with the revised version of IAS 19, actuarial gains and losses – resulting from experience adjustments and the effects of changes in actuarial assumptions – are recognized as components of other comprehensive income that will not be reclassified to the income statement, and are included in "Changes in fair value and other" within equity.
- The Group analyzes the circumstances in which minimum funding requirements in respect of services already received may give rise to a liability at the year-end.

When the calculation of the net benefit obligation results in an asset for the Group, the recognized amount (which is recorded under "Other non-current assets" in the consolidated balance sheet) cannot exceed the present value of available refunds and reductions in future contributions to the plan, less the present value of any minimum funding requirements.

Provisions for jubilee and other long-service benefits paid during the employees' service period are valued based on actuarial calculations comparable to the calculations used for pension benefit obligations. They are recognized in the consolidated balance sheet under "Pensions and other long-term employee benefit obligations". Actuarial gains and losses on provisions for jubilee benefits are recorded in the income statement.

In the event of an amendment, curtailment or settlement of a defined benefit pension plan, the Group's obligation is remeasured at the date when the plan amendment, curtailment or settlement occurs and the gain or loss on remeasurement is included within operating margin. When a defined benefit pension plan is subject to a reduction in liquidity or an amendment as a result of a reorganization plan, the related impact is presented in "Reorganization costs" in the income statement.

The financial component of the annual expense for pensions and other employee benefits (interest expense after deducting any return on plan assets calculated based on the discount rate applied for determining the benefit obligations) is included in other financial expenses (see **Note 9**).

k. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) resulting from a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

If the effect of discounting is material, the provisions are determined by discounting expected future cash flows applying a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liabilities concerned. The effect of unwinding the discounting is recognized as a financial expense and the effects of any changes in the discount rate are recognized in the same account as that through which the provision was accrued.

A provision is set aside to fully cover reorganization costs when they relate to an obligation by the Group to another party resulting from a decision made at an appropriate managerial or supervisory level, backed by a detailed formal plan that has been announced before the year-end to the party or parties concerned. Such costs primarily correspond to severance payments, early retirement benefits (except where qualified as employee benefits, see **Note 1.F.j)**, costs for unworked notice periods, training costs of employees whose employment contracts have been terminated, and other costs directly linked to the shutdown of facilities.

Asset retirements and impairment of inventories and other assets, as well as other cash outflows directly linked to reorganization measures but which do not meet the criteria for the recognition of a provision are also recorded under reorganization costs in the income statement. In the consolidated balance sheet, this type of impairment is presented as a deduction from the related non-current or current assets. Reorganization costs also include costs directly related to the programs undertaken by the Group transformation strategy.

l. Financial liabilities

Financial liabilities are initially recognized at fair value, corresponding to their issue price less transaction costs directly attributable to the acquisition or issue of the financial liability. If the liability is issued at a premium or discount, the premium or discount is amortized over the life of the liability using the effective interest method. The effective interest method calculates the interest rate that is necessary to discount the cash flows associated with the financial liability through maturity to the net carrying amount at initial recognition.

Convertible bonds and other borrowings

Under IAS 32, "Financial Instruments: Presentation", if a financial instrument has both a liability and an equity component, the issuer must account for these components separately according to their nature.

This treatment applies, where appropriate, to OCEANE bonds which are convertible into new shares and/or exchangeable for existing shares, as the conversion option meets the definition of an equity instrument.

The liability component is measured on the issue date on the basis of contractual future cash flows discounted applying the market rate (taking into account the issuer's credit risk) for a similar instrument but which is not convertible/redeemable for shares.

The value of the conversion option is calculated as the difference between the issue price of the bonds and the value of the liability component. This amount is recognized under "Retained earnings and other reserves" in equity.

Following initial measurement of the liability and equity components, the liability component is measured at amortized cost. The interest expense relating to the liability is calculated using the effective interest method.

Put options given to minority shareholders

Put options given to minority shareholders in subsidiaries are recognized as financial liabilities at their discounted value. In accordance with the revised version of IFRS 3, the impact of changes in the exercise price of these options is recognized in equity.

m. Leases

Leases are recognized in the balance sheet at their inception for an amount corresponding to the present value of the future lease payments. The discount rates used for the present value calculations are based on the Group's incremental borrowing rate to which a spread is added to take into account the economic environments specific to each country.

This amount is recognized under "Lease liabilities" on the liabilities side and "Right-of-use assets" on the assets side. The right-of-use asset recognized for a lease is then depreciated over the term of the lease, which generally corresponds to the non-cancelable period of a lease, together with optional periods, i.e., periods where the Group is reasonably certain that it will exercise an extension option or not exercise a termination option.

In the income statement, due to the balance sheet treatment referred to above, lease payments are recognized as (i) depreciation of the right-of-use asset, included in "Operating margin", and (ii) interest on the lease liability, included in "Cost of debt (net)". The tax impact of the restatements carried out on consolidation is accounted for via the recognition of deferred taxes.

In the statement of cash flows, lease payments are presented in cash flows from financing activities under "Proceeds from (repayments of) long-term and short-term borrowings" for the portion corresponding to the repayment of lease liabilities and under "Interest paid" for the portion corresponding to the payment of interest on lease liabilities.

Payments under leases corresponding to low-value assets or short-term leases are recognized directly as expenses.

n. Derivative instruments

Only derivatives negotiated with external counterparties are deemed eligible for hedge accounting.

Foreign exchange hedges

The Group uses derivatives (mainly forward purchases and sales of foreign currencies) to hedge the risk of fluctuations in foreign currency exchange rates. These instruments are measured at fair value, calculated by reference to the forward exchange rates prevailing at the year-end for contracts with similar maturity profiles.

Foreign exchange cash flow hedges

When foreign exchange derivatives are used to hedge highly probable future transactions (forecast cash flows or firm orders) that have not yet been invoiced, and to the extent that they satisfy the conditions for cash flow hedge accounting, the change in the fair value of the derivative comprises two elements:

- The "effective" portion of the unrealized or realized gain or loss on the hedging instrument, which is recognized directly in equity under "Changes in fair value and other". Any gains or losses previously recognized in equity are reclassified to the income statement in the period in which the hedged item impacts income, for example when the forecast sale takes place. These gains or losses are included in operating margin when they relate to commercial transactions.
- The "ineffective" portion of the realized or unrealized gain or loss, which is recognized directly in the income statement as financial income or expense.

Foreign exchange derivatives that do not qualify for hedge accounting

Changes in fair value of derivatives that do not qualify for hedge accounting are recognized directly in the income statement as financial income or expense.

These derivatives notably include instruments used as economic hedges that were never or are no longer designated as hedges for accounting purposes.

Hedging of risks associated with fluctuations in non-ferrous metal prices

Forward purchases of non-ferrous metals used in the Group's operations and which require physical delivery of the metals concerned are not included within the scope of IFRS 9. The purchases are recognized on the delivery date.

The Group uses futures contracts negotiated primarily on the London Metal Exchange (LME) to hedge its exposure to non-ferrous metal price fluctuations (copper, aluminum and, to a lesser extent, lead). These contracts are settled net in cash and constitute derivative instruments falling within the scope of application of IFRS 9.

Cash flow hedges of risks associated with fluctuations in non-ferrous metal prices

Due to the sharp volatility in non-ferrous metal prices over the past several years, the Group has taken measures to enable a large portion of these derivative instruments to be classified as cash flow hedges as defined in IFRS 9. Consequently, whenever these instruments are used to hedge future transactions (mainly purchases of copper wires and cathodes) that are highly probable but not yet invoiced, and meet the requirements in IAS 39 for cash flow hedge accounting, the Group applies IFRS 9 as follows:

- The "effective" portion of the unrealized gain or loss on the hedging instrument is recognized directly in equity under "Changes in fair value and other" and the corresponding realized gain or loss is recognized within operating margin.
- The "ineffective" portion of the unrealized gain or loss is recognized in the consolidated income statement under "Other operating income and expenses" and the corresponding realized gain or loss is recognized within operating margin, which, in accordance with the Group's management model, includes all of the realized impacts relating to non-ferrous metals.

The majority of the metal derivatives used by the Group qualify as hedges.

Hedges of risks associated with fluctuations in non-ferrous metal prices that do not qualify for hedge accounting

Changes in fair value of derivatives that do not qualify for hedge accounting are recognized directly within operating income under "Changes in fair value of non-ferrous metal derivatives". Any realized gains or losses are recorded in operating margin when the derivatives expire.

These derivatives notably include instruments used as economic hedges that were never or are no longer designated as hedges for accounting purposes.

NOTE 2. Significant events of the year

A. Delivery of the *Nexans Aurora cable-laying vessel*

On September 22, 2021, Nexans, a global player in energy transition, held the naming ceremony for its new flagship cable-laying vessel "CLV Nexans Aurora", which was built at the Ulstein Verft shipyard 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, and "CLV Nexans Aurora" offers sustainable operational solutions for silent operations, fuel, power generation and use of shore power. At nearly 150m 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.

"CLV Nexans Aurora" will lay export cables for offshore wind farms and interconnectors around the world such as 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 23**). This loan is being repaid in euros over its twelve-year life.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

B. Changing situation in Lebanon

The continued deterioration of the political and economic situation in Lebanon has led the Group to review the carrying amount of its local property, plant and equipment and of the cash deposits held in Lebanese banks that are subject to exchange controls.

The consequences of the reassessment are presented in **Notes 7 and 18**.

C. Proposed acquisition of Centelsa from Xignux

On September 10, 2021, the Group entered into a share purchase agreement with Xignux SA of Mexico to acquire Centelsa, a premium cable maker in Latin America active in the production of cables for Building and Utilities applications.

Centelsa, a Colombian based, iconic world class cable maker, has a total turnover of more than 250 million US dollars and an Enterprise Value of 225 million US dollars.

Closing of the transaction is subject to regulatory approvals and is expected to take place in the first half of 2022.

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

On February 25, 2021, Nexans repaid in advance the 280 million euro French State-backed term loan. On March 10, 2021, Nexans also redeemed early the 250 million euro 3.25% fixed-rate bonds issued on May 26, 2016 and initially due on May 26, 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. The Group's liquidity position stood at 1.8 billion euros as of December 31, 2021 after repayment of these two loans.

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

E. New 200 million euro loan facility from the European Investment Bank

On October 6, 2021, the European Investment Bank (EIB) granted Nexans a 200 million euro loan facility to support its active participation in the global energy transition and its commitment to help achieve carbon neutrality by 2030.

The facility covers funding for R&D activities and new product development, investments to increase the number of 4.0 plants and improve energy efficiency, and expansion of the Halden site in Norway.

It will enable Nexans to step up its R&D projects aimed at optimizing the performance and design of its cables, improving their fire safety and developing the circular economy through the use of reclaimed materials and recycling. It will also drive innovation within the Group's Cloud Digital Plant and Design Labs divisions in the areas of digital services and connected solutions, for example INFRABIRD™ and VIGISHIELD™ which illustrate Nexans' transformation from a supplier of products to a provider of systems and solutions.

As of December 31, 2021, the loan facility had not been drawn down (see **Note 23**).

F. New liquidity contract

During the second quarter of 2021, the Group appointed Oddo BHF SCA and Natixis to implement a liquidity contract. The contract is for a one year term and is automatically 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 being powered and meet their 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:

- In 2021, 98% of the sales at constant metal prices recorded under "Other Activities" were generated by the Group's Electrical Wires business (compared with 99% in 2020).
- Operating margin for "Other Activities" was a negative 48 million euros in 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.

Sales at constant metal prices for 2021 and 2020 have been calculated using the reference prices of 5,000 euros per tonne for copper and 1,200 euros per tonne for aluminum, and are then converted into the currencies of each unit.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

A. INFORMATION BY REPORTABLE SEGMENT

2021 (in millions of euros)	Building & Territories (a)	High Voltage & Projects (a)	Telecom & Data	Industry & Solutions	Other Activities	TOTAL GROUP
Net sales at current metal prices	3,141	804	330	1,473	1,626	**7,374**
Net sales at constant metal prices	2,491	796	320	1,366	1,081	**6,054**
EBITDA	187	143	37	119	(22)	**463**
Depreciation and amortization	(45)	(49)	(7)	(36)	(26)	**(163)**
Operating margin	142	94	30	82	(48)	**299**
Net impairment of non-current assets (including goodwill) (see Note 7)	(15)	-	-	-	-	**(15)**

(a)Buildings & Territories" and "High Voltage & Projects" segments are the development lines on which the Electrification strategy announced by the Group is based.

2020 (in millions of euros)	Building & Territories (a)	High Voltage & Projects (a)	Telecom & Data	Industry & Solutions	Other Activities	TOTAL GROUP
Net sales at current metal prices	2,578	707	395	1,222	1,078	**5,979**
Net sales at constant metal prices	2,422	699	393	1,210	989	**5,713**
Net sales at constant metal prices and 2021 exchange rates	2,403	728	394	1,210	1,010	**5,746**
EBITDA	128	105	29	84	1	**347**
Depreciation and amortization	(48)	(36)	(8)	(36)	(27)	**(154)**
Operating margin	80	69	22	48	(26)	**193**
Net impairment of non-current assets (including goodwill) (see Note 7)	(14)	(3)	-	-	(4)	**(21)**

(a)Buildings & Territories" and "High Voltage & Projects" segments are the development lines on which the Electrification strategy announced by the Group is based.

The segments presented in the segment information correspond to product families that are similar in nature, customer type, distribution methods and manufacturing processes.

B. INFORMATION BY MAJOR GEOGRAPHIC AREA

2021 (in millions of euros)	Canada	France	Norway	Germany	Other (b)	TOTAL GROUP
Net sales at current metal prices (a)	1,515	1,202	826	798	3,033	**7,374**
Net sales at constant metal prices (a)	1,045	949	804	783	2,474	**6,054**
Non-current assets IFRS 8 (at December 31) (a)	38	189	371	175	1,050	**1,824**

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

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

2020 (in millions of euros)	Canada	France	Norway	Germany	Other (b)	TOTAL GROUP
Net sales at current metal prices (a)	931	917	691	741	2,699	5,979
Net sales at constant metal prices (a)	856	874	680	740	2,562	5,713
Net sales at constant metal prices and 2021 exchange rates (a)	883	874	717	740	2,531	5,746
Non-current assets IFRS 8 (at December 31) (a)	34	199	302	164	1,025	1,725

(a) Based on the location of the assets of the Group's subsidiaries.
(b) 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 2021 or 2020.

NOTE 4. Revenue from contracts with customers

A. CONSOLIDATED SALES

Consolidated sales can be analyzed as follows:

2021 Sales (in millions of euros)	Building & Territories (a)	High Voltage & Projects (a)	Telecom & Data	Industry & Solutions	Other Activities	TOTAL GROUP
Performance obligations satisfied at a point in time	3,141	68	330	1,473	1,626	6,639
Performance obligations satisfied over time	-	735	-	-	-	735
NET SALES	**3,141**	**804**	**330**	**1,473**	**1,626**	**7,374**

2020 Sales (in millions of euros)	Building & Territories (a)	High Voltage & Projects (a)	Telecom & Data	Industry & Solutions	Other Activities	TOTAL GROUP
Performance obligations satisfied at a point in time	2,578	100	395	1,222	1,078	5,372
Performance obligations satisfied over time	-	607	-	-	-	607
NET SALES	**2,578**	**707**	**395**	**1,222**	**1,078**	**5,979**

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

B. CONTRACT ASSETS AND CONTRACT LIABILITIES

Contract assets and contract liabilities can be analyzed as follows:

(in millions of euros)	December 31, 2021		December 31, 2020	
	Sales of goods	Goods and services contracts	Sales of goods	Goods and services contracts
Contract assets	-	42	-	94
Contract liabilities	(132)	(262)	(91)	(273)
TOTAL	**(132)**	**(221)**	**(91)**	**(178)**

Sales of goods

Contract liabilities correspond to customer advance payments. The related performance obligation is satisfied within two years of receipt of the advance payment. The majority of the amounts reported at December 31, 2020 are included in 2021 sales.

Goods and services contracts

Among the contract assets and liabilities for goods and services contracts, the assets correspond mainly to revenue recognized in respect of services rendered but not yet invoiced at the period-end. Amounts recorded in “Contract assets” are transferred to “Trade receivables” when the Group obtains an enforceable right to payment.

The liabilities relate to customer advance payments yet to be recognized in sales as the related performance obligation is satisfied.

The 42 million euro negative change in contract assets and liabilities reflects:

- 180 million euro positive change corresponding to outstanding contract liabilities at December 31, 2020 that were recognized in revenue in 2021;
- 120 million euro negative effect of timing differences between 2021 billings and revenues recognized using the percentage of completion method;
- 60 million euro negative change corresponding to outstanding contract assets at December 31, 2020 that were billed in 2021;
- 40 million euro net increase in advances received.

C. UNSATISFIED PERFORMANCE OBLIGATIONS

Sales of goods

Due to the nature of the business, performance obligations related to sales of goods are satisfied within the short term. Consequently, no details are provided of unsatisfied performance obligations.

Goods and services contracts

Goods and services contracts mainly concern the Group's high-voltage cable and umbilical cable activities. Unsatisfied performance obligations for these activities amount to 1,479 million euros, of which more than 70% should be satisfied over the next two years.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

NOTE 5. Payroll costs and headcount

		2021	2020
Payroll costs (including payroll taxes)	*(in millions of euros)*	976	981
Average staff of consolidated companies	*(in number of employees)*	24,962	25,047

Payroll costs in the above table include share-based payments within the meaning of IFRS 2. These payments totaled 11 million euros in 2021 (including payroll taxes). See **Note 20** for further details.

Compensation paid to employees affected by reorganization plans in progress is not included in the above table.

NOTE 6. Other operating income and expenses

(in millions of euros)	Notes	2021	2020
Net asset impairment	7	(15)	(21)
Changes in fair value of non-ferrous metal derivatives		(6)	1
Net gains (losses) on asset disposals	8	15	142
Acquisition-related costs (completed and planned acquisitions)		(3)	(2)
Expenses and provisions for antitrust investigations		(1)	0
OTHER OPERATING INCOME AND EXPENSES		**(9)**	**120**

NOTE 7. Net asset impairment

(in millions of euros)	2021	2020
Impairment losses – non-current assets	(15)	(21)
Reversals of impairment losses – non-current assets	-	-
Impairment losses – goodwill	-	-
Impairment losses – assets and groups of assets held for sale	-	-
NET ASSET IMPAIRMENT	**(15)**	**(21)**

The Group carries out impairment tests on goodwill at least once a year, on intangible assets with an indefinite useful life 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 (see **Note 1.F.c.**).

Impairment tests are performed on goodwill at the level of the Cash Generating Units (CGUs) to which it is allocated, and an impairment loss is recognized if the carrying amounts of the underlying assets are lower than their recoverable amounts.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

A. RESULTS OF THE IMPAIRMENT TESTS PERFORMED IN 2021

As described in **Note 1**, and in accordance with IAS 36, impairment tests were first carried out on individual assets when an indication of impairment was identified.

After considering the challenges associated with the consequences of climate change and its net-zero objectives, the Group has not identified any item that would have a material impact on its impairment tests. Monitoring of this issue has been strengthened with the creation of a Sustainable Development Department, which is in the process of structuring the approach to achieve the Group's net-zero carbon objectives.

The impairment tests carried out in 2021 led to the recognition of 15 million euros of impairment losses on the property, plant and equipment of the Group's operations in Lebanon due to the crisis situation in the country.

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

The tests carried out in 2020 led to the recognition of impairment losses in the amount of 21 million euros. These impairment losses mainly concerned the property, plant and equipment of certain operations in South America; they also included asset write-downs recognized in connection with the disposal of the German metallurgy business that was in progress at the year-end.

B. GOODWILL BREAKDOWN

Goodwill balances and movements in goodwill can be analyzed as follows by CGU:

(in millions of euros)	Asia-Pacific Building & Territories CGU	South America Building & Territories CGU	Europe Industry & Solutions CGU	North America Industry & Solutions CGU	Other CGUs	Total
DECEMBER 31,2020	**66**	**60**	**31**	**26**	**49**	**232**
Business combinations	-	-	-	-	-	-
Disposals/acquisitions	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-
Exchange differences and other movements	3	1	0	2	2	8
DECEMBER 31,2021	**70**	**61**	**31**	**28**	**51**	**240**

No impairment loss on goodwill was recognized by the Group in 2021 or 2020.

C. MAIN ASSUMPTIONS

The discount rates in the Group's main monetary areas and the perpetuity growth rates applied when preparing the business plans used in connection with impairment testing are presented below by geographic area:

	Discount rates (after tax) of future flows		*Infinite growth rate*	
	2021	2020	2021	2020
Europe (Euro Zone)	6.5%	6.5%	1.5%	1.5%
Chile	8.0%	8.0%	2.5%	2.5%
United States of America	8.0%	8.0%	1.7%	1.8%
Brazil	10.0%	10.0%	2.1%	2.2%
China	9.5%	9.5%	4.9%	5.5%
Peru	10.0%	10.0%	3.2%	3.8%
Norway	7.5%	7.5%	1.4%	1.8%
Australia	8.0%	8.0%	2.6%	2.5%
Lebanon	25.0%	22.5%	2.7%	2.7%

The cash flow assumptions used for impairment calculations were based on the latest projections approved by Group Management and therefore factor in Management's most recent estimates of the Group's future business levels (as contained in the 2022 Budget and the Strategic Plan). These estimates take into account the consequences of the health crisis. Cash flows are projected over a five-year period for the purpose of these assumptions.

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:

- 50-basis point increase in the discount rate compared to the assumptions used,
- 50-basis point decrease in the perpetuity growth rate compared to the assumptions used,
  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.

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

NOTE 8. Net gains (losses) on asset disposals

(in millions of euros)	2021	2020
Net gains (losses) on disposals of fixed assets	10	9
Net gains (losses) on disposals of investments	5	133
Other	-	-
NET GAINS (LOSSES) ON ASSET DISPOSALS	**15**	**142**

In 2021, the Group recognized disposal gains of 15 million euros, corresponding mainly to the disposal of real estate at the Chester plant in the United States which was shut down in 2020.

In 2020, net disposal gains of 142 million euros were recognized, mainly resulting from the sale of Berk-Tek to Leviton. They also included the remaining costs related to the divestiture of the German metallurgy business.

Berk-Tek is located in the United States and manufactures local area network (LAN) cables. The agreement was completed on September 30, 2020. This entity was included in the operating segment "Telecom & Data".

The German metallurgy business was included in Nexans Metallurgie Deutschland GmbH, a Nexans company specialized in oxygen free copper drawing. The sale took place during the last quarter of 2020. This entity was included in the operating segment "Other activities".

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

NOTE 9. Other financial income and expenses

(in millions of euros)	2021	2020
Dividends received from non-consolidated companies	5	4
Provisions	(51)	(3)
Net foreign exchange gain (loss)	(27)	(3)
Net interest expense on pensions and other long-term employee benefit obligations (a)	(2)	(2)
Other	(4)	(6)
OTHER FINANCIAL INCOME AND EXPENSES	**(79)**	**(11)**

(a) See ***Note 21.B****.*

In 2021, other financial income and expenses include provision charges of 51 million euros:

- In order to take into account the growing risk of bankruptcy of Lebanese banks and the risk of losses on the Group's deposits due to the currency black market and the country's exchange controls, the deposits were written down by a further 34 million euros during the year. As of December 31, 2021, total impairment losses recognized on Lebanese bank deposits amounted to 39 million euros (4 million euros as of December 31, 2020). As a result of these impairment losses, in accordance with IAS 7, the net balance of 4 million euros has been classified in other receivables, net, and not in cash and cash equivalents (see **Note 18**).

- The other provisions recorded during the year for a total of 17 million euros concern investments in non-consolidated companies and result from assessments of the investees' outlook and net worth.

Foreign exchange gains and losses (net) correspond to realized or unrealized foreign exchange gains and losses on commercial transactions, recorded in the balance sheet or in the backlog. These exchange gains and losses may vary significantly from one year to the next. In 2021, they include unrealized foreign exchange losses in countries whose currencies have depreciated significantly.

NOTE 10. Income taxes

A. ANALYSIS OF THE INCOME TAX CHARGE

(in millions of euros)	2021	2020
Current income tax charge	(102)	(40)
Deferred income tax (charge) benefit, net	29	(71)
INCOME TAX CHARGE	**(72)**	**(111)**

Nexans heads up a tax group in France that comprised 11 companies in 2021. Other tax groups have been set up where possible in other countries, including in Germany, the United States, Italy and South Korea.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

B. EFFECTIVE INCOME TAX RATE

The effective income tax rate was as follows:

Tax proof *(in millions of euros)*	2021	2020
Income before taxes	237	192
- of which share in net income of associates	(1)	(2)
INCOME BEFORE TAXES AND SHARE IN NET INCOME OF ASSOCIATES	**238**	**194**
Standard tax rate applicable in France (in %) (a)	28.41%	32.02%
THEORETICAL INCOME TAX CHARGE	**(68)**	**(62)**
Effect of:		
- Difference between foreign and French tax rates	4	27
- Change in tax rates for the period	(0)	0
- Unrecognized deferred tax assets	(3)	(68)
- Taxes calculated on a basis different from "Income before taxes"	(7)	(9)
- Other permanent differences	2	0
ACTUAL INCOME TAX CHARGE	**(72)**	**(111)**
EFFECTIVE TAX RATE (IN %)	**30.42%**	**57.36%**

(a) For the purpose of simplicity, the Group has elected to only use the standard tax rate for France, i.e., including surtaxes.

The theoretical income tax charge is calculated by applying the parent company's tax rate to consolidated income before taxes and share in net income of associates.

The difference between the effective tax rate and the standard tax rate applicable in France for 2021 fiscal year mainly concerns taxes assessed on a basis other than pre-tax income.

C. TAXES RECOGNIZED DIRECTLY IN OTHER COMPREHENSIVE INCOME

Taxes recognized directly in other comprehensive income in 2021 can be analyzed as follows:

(in millions of euros)	December 31, 2020	Gains (losses) generated during the year (a)	Amounts recycled to the income statement (a)	TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	December 31, 2021
Currency translation differences	(8)	0	-	0	(8)
Cash flow hedges	(7)	(11)	17	6	(1)
TAX IMPACTS ON RECYCLABLE COMPONENTS OF COMPREHENSIVE INCOME (b)	**(16)**	**(11)**	**17**	**6**	**(10)**
Financial assets at fair value through other comprehensive income	(0)	0	N/A	0	0
Actuarial gains and losses on pensions and other long-term employee benefit obligations	58	(16)	N/A	(16)	42
TAX IMPACTS ON NON-RECYCLABLE COMPONENTS OF COMPREHENSIVE INCOME	**58**	**(16)**	**-**	**(16)**	**42**

(a) The tax effects relating to cash flow hedges as well as the gains and losses generated during the year and amounts recycled to the income statement are presented in the consolidated statement of changes in equity in the "Changes in fair value and other" column.
(b) These taxes will be recycled to the income statement in the same periods as the underlying transactions to which they relate (see ***Notes 1.C*** *and* ***1.F.n****).*

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

D. DEFERRED TAXES RECOGNIZED IN THE CONSOLIDATED BALANCE SHEET

Deferred taxes break down as follows by type:

(in millions of euros)	December 31, 2020	Impact on income	Change in consolidation scope	Impact on equity	Exchange differences and other	December 31, 2021
Fixed assets	(43)	6	0	-	1	(36)
Other assets	(100)	17	(0)	-	(4)	(87)
Employee benefit obligations	59	2	0	(16)	(0)	45
Provisions for contingencies and charges	6	(1)	-	-	0	6
Other liabilities	2	9	(0)	6	0	18
Unused tax losses	633	(4)	-	-	5	634
DEFERRED TAX ASSETS (GROSS) AND DEFERRED TAX LIABILITIES	**557**	**30**	**0**	**(10)**	**3**	**579**
Unrecognized deferred tax assets	(575)	(0)	-	0	(9)	(584)
NET DEFERRED TAXES	**(18)**	**29**	**0**	**(10)**	**(6)**	**(5)**
- of which recognized deferred tax assets	115					112
- of which deferred tax liabilities	133					117

At December 31, 2021 and 2020, deferred tax assets in the respective amounts of 584 million euros and 575 million euros were not recognized as the Group deemed that their recovery was not sufficiently probable. These mainly concern the tax losses described in **Note 10.E** below.

E. UNUSED TAX LOSSES

For countries in a net deferred tax asset position after offsetting deferred tax assets and deferred tax liabilities arising from temporary differences, the net deferred tax asset recognized in the consolidated balance sheet is determined based on updated business plans (see **Note 1.E.f**).

Unused tax losses carried forward represented potential tax benefits for the Group of 634 million euros at December 31, 2021 (633 million euros at December 31, 2020). The main entities to which these tax losses related at those dates were as follows:

- French subsidiaries, in an amount of 246 million euros (243 million euros at December 31, 2020), of which 8 million euros were recognized in deferred tax assets at December 31, 2021 (11 million euros at December 31, 2020).
- German subsidiaries, in an amount of 220 million euros (208 million euros at December 31, 2020), of which 22 million euros were recognized in deferred tax assets at December 31, 2021 (20 million euros at December 31, 2020).

Deferred tax assets recognized in France and Germany are consistent with the Group's analysis based on the latest business plans and the reorganization measures implemented in the subsidiaries concerned.

The potential tax benefits deriving from unused tax losses carried forward break down as follows by expiration date:

(At December 31, in millions of euros)	2021	2020
Year Y+1	2	6
Years Y+2 to Y+4	16	7
Year Y+5 and subsequent years (a)	616	620
TOTAL	**634**	**633**

(a)This line includes the potential tax benefits derived from unused tax losses that may be carried forward indefinitely.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

F. TAXABLE TEMPORARY DIFFERENCES RELATING TO INTERESTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

No deferred tax liabilities have been recognized in relation to temporary differences where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future, or where the reversal of the temporary difference will not give rise to a significant tax payment.

NOTE 11. Earnings per share

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

	2021	2020
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT (a)	164	78
Average number of shares outstanding	43,694,611	43,279,093
Average number of dilutive instruments (b)	1,133,302	1,090,562
Average number of diluted shares	44,827,913	44,369,655
ATTRIBUTABLE NET INCOME PER SHARE		
- Basic earnings per share (c)	3.76	1.80
- Diluted earnings per share (c)	3.66	1.76

(a) In millions of euros. In 2021 and 2020, attributable net income corresponded to adjusted net income attributable to owners of the parent.
(b) Dilutive instruments in 2021 and 2020 correspond to free share and performance share rights.
(c) In euros.

NOTE 12. Intangible assets

(in millions of euros)	Trademarks	Customer relationships	Software	Intangible assets in progress	Other	Total
Gross value	53	187	116	7	67	429
Accumulated amortization and impairment	(24)	(174)	(92)	-	(24)	(314)
NET AT JANUARY 1, 2021	**29**	**12**	**24**	**7**	**42**	**115**
Acquisitions and capitalizations	-	-	1	11	0	12
Disposals	-	-	(1)	-	-	(1)
Amortization expense for the year	-	(2)	(7)	-	(3)	(12)
Impairment losses, net of reversals (a)	-	-	-	-	-	-
Changes in Group structure	-	-	-	-	-	-
Exchange differences and other (b)	2	1	(1)	(5)	1	(3)
NET AT DECEMBER 31, 2021	**31**	**11**	**16**	**13**	**40**	**110**
Gross value	56	194	112	13	66	440
Accumulated amortization and impairment	(26)	(183)	(96)	-	(26)	(330)

*(a) See **Note 7**.*
(b) The line "Translation differences and other" includes in particular the effects of the IFRIC clarification on the treatment of upfront costs associated with cloud computing arrangements.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

NOTE 13. Property, plant and equipment

(in millions of euros)	Land and buildings	Plant, equipment and machinery	Right-of-use assets	Property, plant and equipment under construction	Other	Total
Gross value	898	2,112	136	307	167	3,620
Accumulated amortization and impairment	(546)	(1,547)	(35)	(1)	(144)	(2,273)
NET AT JANUARY 1, 2021	**351**	**565**	**101**	**306**	**23**	**1,346**
Acquisitions and capitalizations	4	33	35	154	3	230
Disposals	(2)	(14)	(2)	(0)	(0)	(18)
Amortization expense for the year	(25)	(88)	(26)	-	(11)	(150)
Impairment losses, net of reversals (a)	(6)	(9)	-	-	-	(15)
Changes in Group structure	(0)	(0)	-	-	(0)	(0)
Exchange differences and other	67	179	3	(349)	149	49
NET AT DECEMBER 31, 2021	**390**	**666**	**111**	**110**	**165**	**1,442**
Gross value	979	2,296	156	112	314	3,857
Accumulated amortization and impairment	(589)	(1,630)	(46)	(1)	(149)	(2,415)

*(a) See **Note 7**.*

Right-of-use assets primarily concern real estate leases for 98 million euros at December 31, 2021 (90 million euros at December 31, 2020).

NOTE 14. Investments in associates – Summary of financial data

A. EQUITY VALUE

(At December 31, in millions of euros)	% control	2021	2020
Qatar International Cable Company	30.33%	12	12
Cobrecon/Colada Continua	50% / 41.00%	9	9
Recycables	36.50%	3	3
IES Energy	27.80%	8	9
TOTAL		**32**	**32**

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

B. FINANCIAL DATA RELATING TO ASSOCIATES

The information below is presented in accordance with the local GAAP of each associate as full balance sheets and income statements prepared in accordance with IFRS were not available at the date on which the Group's consolidated financial statements were published.

Condensed balance sheet

(At December 31, in millions of euros)	2021	2020
Property, plant and equipment and intangible assets	103	107
Current assets	177	105
TOTAL CAPITAL EMPLOYED	**281**	**212**
Equity	100	99
Net financial debt	36	22
Other liabilities	145	91
TOTAL FINANCING	**281**	**212**

Condensed income statement

(in millions of euros)	2021	2020
Sales at current metal prices	371	237
Operating income	(1)	(5)
Net income	(4)	(8)

NOTE 15. Other non-current assets

(At December 31, in millions of euros, net of impairment)	2021	2020
Long-term loans and receivables	20	41
Shares in non-consolidated companies	22	33
Pension plan assets	53	15
Derivative instruments	10	5
Other	13	9
TOTAL	**118**	**102**

The maturity schedule for non-current assets at December 31, 2021 is presented below, excluding (i) shares in non-consolidated companies, and (ii) pension plan assets:

(At December 31, in millions of euros)	Value in the consolidated balance sheet	1 to 5 years	> 5 years
Long-term loans and receivables	20	17	3
Derivative instruments	10	10	-
Other	13	3	10
TOTAL	**44**	**30**	**13**

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

Movements in impairment losses recognized for other non-current assets carried at net realizable value were as follows:

(in millions of euros)	Long-term loans and receivables	Other
At December 31, 2020	**4**	**3**
Additions	11	-
Disposals/reversals	-	-
Other (a)	0	(3)
At December 31, 2021	**15**	**(0)**

(a)The "Other" line corresponds to reclassifications that had no income statement impact and changes in Group structure.

NOTE 16. Inventories and work in progress

(At December 31, in millions of euros)	2021	2020
Raw materials and supplies	624	402
Industrial work in progress	350	261
Finished products	385	323
GROSS VALUE	**1,359**	**986**
Impairment	(43)	(49)
NET VALUE	**1,316**	**937**

NOTE 17. Trade receivables

(At December 31, in millions of euros)	2021	2020
Gross value	973	866
Impairment	(26)	(36)
NET VALUE	**947**	**829**

Receivables securitization and factoring programs are discussed in **Note 27.A**.

Changes in provisions for impairment of trade receivables can be analyzed as follows (see **Note 26.D** for details on the Group's policy for managing customer credit risk):

(in millions of euros)	At January 1	Additions	Utilizations	Reversals	Other (currency translation differences…)	At December 31
2021	**36**	**0**	**(6)**	**(5)**	**(0)**	**26**
2020	41	4	(0)	(6)	(2)	36

Receivables more than 30 days past due at the year-end but not written down were as follows:

(in millions of euros)	*Between 30 and 90 days past due*	*More than 90 days past due*
AT DECEMBER 31, 2021	**9**	**6**
AT DECEMBER 31, 2020	11	20

At December 31, 2021 and 2020, the remaining receivables past due but not written down mainly related to leading industrial groups, major public and private electricity companies and telecommunications operators, and major resellers.

NOTE 18. Other current assets

(At December 31, in millions of euros)	2021	2020
Prepaid and recoverable income taxes	34	16
Other tax receivables	71	66
Cash deposits paid	12	8
Prepaid expenses	20	21
Other receivables, net	54	90
NET VALUE	**190**	**201**

Cash deposited to meet margin calls on copper forward purchases traded on the LME whose fair value was negative at the year-end (see **Note 26.C**) is presented under "Cash deposits paid" in the above table and amounted to 7 million euros at December 31, 2021 (4 million euros at December 31, 2020).

Since December 31, 2020, other receivables, net include cash deposits placed by the Group's entity in Lebanon with local banks due to the crisis situation in the country. These deposits amounted to 4 million euros as of December 31, 2021. Refer to **Note 9** for details of changes in impairment losses recognized in 2021.

NOTE 19. Change in working capital requirement

The change in working capital mentioned in the statement of cash flows in **5.1.4** is detailed below:

(At December 31, in millions of euros)	2021	2020
Inventories and work in progress	(265)	149
Trade receivables and other receivables	(64)	89
Trade payables and other debts	446	125
DECREASE (INCREASE) IN WORKING CAPITAL	**117**	**362**

In 2020, the Group had sold 11 million euros worth of tax receivables. These receivables continued to be recognized in the consolidated balance sheet as the Group retained substantially all of the risks and rewards of ownership.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

NOTE 20. Equity

A. COMPOSITION OF CAPITAL STOCK

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

B. DIVIDEND PAYMENT

At the Annual Shareholders' Meeting, shareholders will be invited to approve the payment of a dividend of 1,20 euro per share, representing an aggregate payout of 53 million euros based on the 43,755,627 shares making up the Company's capital stock at December 31, 2021.

If the Company holds any treasury shares at the time the dividend is paid, the amount corresponding to unpaid dividends on these shares will be allocated to retained earnings. The total amount of the dividend could be increased in order to reflect the number of additional shares that may be issued between January 1, 2022 and the date on which the Annual Shareholders' Meeting is called to approve the dividend payment.

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 43,370,407 ordinary shares making up the Company's capital stock on the May 21, 2021 dividend payment date (excluding shares held in treasury).

C. TREASURY STOCK

Movements in treasury stock in 2020 and 2021 are presented below:

	Notes	Number of treasury stock
As of December 31, 2019		**156,485**
Share buyback program (a)		350,314
Cancelation of treasury stock (a)		(350,314)
Grant to employees	20.D	(49,330)
As of December 31, 2020		**107,155**
Share buyback program (b)		90,000
Grant to employees	20.D	(106,368)
Liquidity contract (purchases) / sales		27,951
As of December 31, 2021		**118,738**

(a) Corresponding to share purchases under the buyback program approved by the Board of Directors on March 17, 2020. These shares were canceled on December 17, 2020.
(b) Corresponding to share purchases under the buyback program approved by the Board of Directors on July 27, 2021.

During the first quarter of 2021, the Company entered into a liquidity contract for its ordinary shares. Between May 3 and December 31, 2021, a total of 215,403 shares were bought back under this contract for 17 million euros and a total of 187,452 shares were resold for 15 million euros, representing a net decrease in equity of 2 million euros.

D. FREE SHARES AND PERFORMANCE SHARES

The Group allocated an aggregate 435,895 free shares and performance shares in 2021 and 340,650 in 2020.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

At December 31, 2021, there were 1,227,765 free shares and performance shares outstanding, each entitling their owner to one share on vesting, representing a total of 2.8% of the Company's capital stock (995,298 shares at December 31, 2020 representing 2.3% of the Company's capital stock).

The free shares and performance shares outstanding at December 31, 2021 can be analyzed as follows:

a. Plan characteristics

Grant date	Number of shares originally granted	Number of shares outstanding at the year-end	End of vesting period
March 14, 2017	225,300	0	March 14, 2021
March 13, 2018	211,100	155,900	March 13, 2022
July 27, 2018	39,717	0	July 27, 2021
July 27, 2018	14,500	14,500	July 27, 2022
March 19, 2019	319,700	291,200	March 19, 2023
March 17, 2020	340,650	331,650	March 17, 2024
March 18, 2021	333,145	331,765	March 18, 2025
September 30, 2021	100,000	100,000	March 17, 2023
November 8, 2021	2,750	2,750	November 8, 2025
TOTAL	**1,586,862**	**1,227,765**	

b. Movements in outstanding free shares and performance shares

	Number of shares
SHARES OUTSTANDING AT BEGINNING OF YEAR	**995,298**
Shares granted during the year	435,895
Shares canceled during the year	(97,060)
Shares vested during the year (a)	(106,368)
SHARES OUTSTANDING AT THE YEAR-END	**1,227,765**

(a) Including 106,368 shares allocated from treasury stock.

c. Valuation of free shares and performance shares

The assumptions applied to value the shares impacting income for 2021 and 2020 were as follows:

Grant date	March 14, 2017	March 13, 2018	July 27, 2018	March 19, 2019	March 17, 2020	March 18, 2021	September 30, 2021	November 8, 2021
Share price at grant date (in euros)	48.31	44.64	29.28	28.22	24.77	70.85	79.6	87.2
Vesting period	4 years	4 years	3-4 years	4 years	4 years	4 years	3-4 years	4 years
Volatility (%) (a)	38%	35%	42%	35%	38%	44%	41%	41%
Risk-free interest rate (%)	0.06%	0.02%	0.00%	-0.22%	-0.32%	-0.55%	-0.58%	-0.58%
Dividend rate (%)	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Fair value of each share (in euros)	23,48 - 44,59	21,14 - 41,21	12,53 - 28,70	10,90 - 26,05	7,11 - 22,87	42,40 - 65,40	45,46 - 74,28	51,70 - 80,50

(a) Only for shares subject to a stock market performance condition.

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. The cost recorded in the income statement totaled 8 million euros in 2021 (3 million euros in 2020).

E. PUT OPTIONS GRANTED TO NON-CONTROLLING INTERESTS

At December 31, 2021, there were no longer any outstanding put options on non-controlling interests.

NOTE 21. Pensions, retirement bonuses and other long-term benefits

There are a large number of retirement and other long-term employee benefit plans in place within the Group:

- In France, each Group employee is eligible for state pension plans and is entitled to statutory retirement indemnities paid by the employer. Senior executive vice president members of the Executive Committee and corporate executive officers are members of a defined contributions supplementary pension plan that has been set up by the Company.
- In other countries, pension plans are subject to local legislation, and to the business and historical practices of the subsidiary concerned. Nexans takes care to ensure that its main defined benefit plans are funded in such a way as to ensure that they have plan assets that approximate the value of the underlying obligations. The majority of unfunded defined benefit plans have been closed.

Provisions for jubilee and other long-term benefits paid during the employees' service period are valued based on actuarial calculations comparable to the calculations used for pension benefit obligations, but actuarial gains and losses are not recognized in other comprehensive income but in benefit expense.

The Group also has certain guaranteed-yield plans that are not included in pension benefit obligations as defined in IAS 19 because they are not material.

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 used for the main countries concerned are listed below (together, these countries represented some 97% of the Group's pension obligations at December 31, 2021).

	Discount rate 2021	Estimated future salary increases 2021	Discount rate 2020	Estimated future salary increases 2020
France	0.90%	1,80 % - 2,30 %	0.60%	1,80% - 2,30%
Germany	0,90% - 1,00%	3.00%	0.60%	3.00%
Norway	2.05%	N/A	1.55%	N/A
Switzerland	0.25%	1.00%	0.10%	1.00%
Canada	2.90%	3.50%	2.35%	3.50%
United States	2.85%	N/A	2.40%	N/A
South Korea	3.10%	3.00%	2.55%	3.00%
Australia	1.65%	2.00%	1.30%	2.00%

The discount rates applied were determined as follows:

- By reference to market yields on high-quality corporate bonds (rated AA or above) in countries or currency zones where there is a deep market for such bonds. This approach was notably used to determine the discount rates in the Eurozone, Canada, the United States, Switzerland, Japan, South Korea, Australia and Norway.
- By reference to market yields on government bonds with similar maturities to those of the benefit payments under the pension plans concerned in countries or currency zones where there is no deep market for high-quality corporate bonds (including for bonds with short maturities).

B. PRINCIPAL MOVEMENTS

RETIREMENT COSTS FOR THE YEAR (in millions of euros)	2021	2020
Service cost	(12)	(13)
Net interest expense	(2)	(2)
Actuarial gains (losses) (on jubilee benefits)	(0)	(0)
Past service cost	1	1
Effect of curtailments and settlements	-	0
Impact of asset ceiling	-	-
NET COST FOR THE YEAR	**(13)**	**(15)**
- of which operating cost	(11)	(13)
- of which finance cost	(2)	(2)

VALUATION OF DEFINED BENEFIT OBLIGATION (in millions of euros)	2021	2020
PRESENT VALUE OF DEFINED BENEFIT OBLIGATION AT JANUARY 1	**794**	**825**
Service cost	12	13
Interest expense	7	8
Employee contributions	2	2
Plan amendments	0	(1)
Business acquisitions and disposals	-	(3)
Plan curtailments and settlements	(0)	(3)
Benefits paid	(56)	(47)
Actuarial (gains) losses	(42)	15
Exchange differences and other	22	(15)
PRESENT VALUE OF DEFINED BENEFIT OBLIGATION AT DECEMBER 31	**739**	**794**

PLAN ASSETS (in millions of euros)	2021	2020
FAIR VALUE OF PLAN ASSETS AT JANUARY 1	**459**	**459**
Interest income	5	5
Actuarial gains (losses)	25	21
Employer contributions	11	12
Employee contributions	2	2
Business acquisitions and disposals	-	-
Plan curtailments and settlements	-	(3)
Benefits paid	(37)	(27)
Exchange differences and other	26	(11)
FAIR VALUE OF PLAN ASSETS AT DECEMBER 31	**490**	**459**

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

FUNDED STATUS (in millions of euros)	2021	2020
Present value of wholly or partially funded benefit obligations	(498)	(522)
Fair value of plan assets	490	459
FUNDED STATUS OF BENEFIT OBLIGATION	**(8)**	**(63)**
Present value of unfunded benefit obligation	(240)	(272)
BENEFIT OBLIGATION NET OF PLAN ASSETS	**(249)**	**(335)**
Unrecognized surplus (due to asset ceiling)	-	-
NET PROVISION RECOGNIZED AT DECEMBER 31	**(249)**	**(335)**
- of which pension assets	53	15

CHANGE IN NET PROVISION (in millions of euros)	2021	2020
NET PROVISION RECOGNIZED AT JANUARY 1	**335**	**365**
Expense (income) recognized in the income statement	13	15
Expense (income) recognized in other comprehensive income	(67)	(6)
Utilization	(30)	(32)
Other impacts (exchange differences, acquisitions/disposals, etc.)	(2)	(7)
NET PROVISION RECOGNIZED AT DECEMBER 31	**249**	**335**
- of which pension assets	53	15

C. SIGNIFICANT EVENTS OF THE YEAR

Actuarial gains recognized in 2021 were mainly due to (i) the higher discount rates applied, and (ii) the return on plan assets (excluding amounts included in net interest for the year on the net defined benefit obligation).

The Group's employer contributions relating to defined benefit plans are estimated at 6 million euros for 2022.

Other retirement benefits for which the Group's employees are eligible correspond to defined contribution plans under which the Group pays a fixed contribution and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay benefits. Contributions under these plans are recognized immediately as an expense. The amount of contributions paid in relation to defined contribution plans amounted to 91 million euros in 2021 (92 million euros in 2020).

Actuarial gains recognized in 2020 were mainly due to (i) the return on plan assets (excluding amounts included in interest on the net defined benefit obligation), and (ii) the use of an updated mortality table for the Swiss plan, partially offset by the effect of lower discount rates.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

D. ANALYSIS OF ACTUARIAL GAINS AND LOSSES

Actuarial gains and losses arising on the Group's defined benefit obligation (DBO) can be analyzed as follows:

	2021		2020	
	in millions of euros	% of DBO	in millions of euros	% of DBO
Discount rate	(30)	-4%	23	3%
Salary increases	-	0%	-	0%
Mortality	(3)	0%	(11)	1%
Staff turnover	1	0%	-	0%
Other changes in assumptions	(3)	0%	-	0%
(GAINS) / LOSSES FROM CHANGES IN ASSUMPTIONS	**(35)**	**-5%**	**12**	**2%**
(GAINS) / LOSSES FROM PLAN AMENDMENTS	**-**	**0%**	**-**	**0%**
(GAINS) / LOSSES FROM EXPERIENCE ADJUSTMENTS	**(7)**	**-1%**	**3**	**0%**
OTHER	**-**	**0%**	**-**	**0%**
TOTAL (GAINS) / LOSSES ARISING DURING THE YEAR	**(42)**	**-6%**	**15**	**2%**

E. BREAKDOWN OF PLAN ASSETS BY CATEGORY

The Group's portfolio of plan assets breaks down as follows:

(At December 31)	2021		2020	
	in millions of euros	% of DBO	in millions of euros	% of DBO
Equities (a)	165	34%	147	32%
Bonds and other fixed income products (a)	187	38%	169	37%
Real estate	93	19%	87	19%
Cash and cash equivalents	8	2%	7	2%
Other	38	8%	49	11%
FAIR VALUE OF PLAN ASSETS	**490**	**100%**	**459**	**100%**

(a) All of the instruments recognized under "Equities" and "Bonds and other fixed income products" are listed.

F. SENSITIVITY ANALYSES

The present value of the Group's obligation for pensions and other retirement benefits is sensitive to changes in discount rates. A 50 basis-point decrease in the discount rates applied would have had the following impacts on the present value of the Group's defined benefit obligation:

(At December 31)	2021		
	Actual DBO in millions of euros	Adjusted DBO in millions of euros	% change
Europe	524	556	6.13%
North America	183	194	6.23%
Asia	19	20	4.26%
Other countries	13	14	4.37%
TOTAL	**739**	**784**	**6.08%**

The present value of the Group's obligation for pensions and other retirement benefits is also sensitive to changes in inflation rates. Depending on the type of plan concerned, changes in inflation rates can affect both the level of future salary increases and the amounts of annuity payments. A 50 basis-point increase in the inflation rates used would have had the following impacts on the present value of the Group's defined benefit obligation (assuming that the discount rates applied remain constant):

(At December 31)	2021		
	Actual DBO in millions of euros	Adjusted DBO in millions of euros	% change
Europe	524	539	2.88%
North America	183	183	0.00%
Asia	19	19	0.00%
Other countries	13	13	1.68%
TOTAL	**739**	**754**	**2.07%**

G. CHARACTERISTICS OF THE MAIN DEFINED BENEFIT PLANS AND ASSOCIATED RISKS

The Group's main defined benefit plans are in Switzerland (33% of total benefit obligations as of December 31, 2021) and Germany (26% of total benefit obligations as of December 31, 2021).

Switzerland

The pension plan of Nexans Suisse S.A. is a contribution-based plan with a guaranteed minimum rate of return and a fixed conversion rate on retirement. It offers benefits that comply with the Swiss Federal Law on compulsory occupational benefits (the "LPP/BVG" law).

As specified in the LPP/BVG law, the plan has to be fully funded. Therefore, if there is a funding shortfall, measures must be taken to restore the plan to a fully funded position, such as by the employer and/or employees contributing additional financing and/or by reducing the benefits payable under the plan.

The pension fund for Nexans Suisse S.A. is set up as a separate legal entity (a Foundation), which is responsible for the governance of the plan and is composed of an equal number of employer and employee representatives. The strategic allocation of plan assets must comply with the investment guidelines put in place by the Foundation, which are aimed at limiting investment risks.

Nexans Suisse S.A. is also exposed to longevity risks concerning the plan as three-quarters of the defined benefit obligation relates to employees who have already retired.

The weighted average life of the plan is approximately 12 years.

Germany

Nexans Deutschland GmbH's most significant plan is a defined benefit plan that has been closed to new entrants since January 1, 2005. For former employees currently receiving benefits under the plan (and plan members who have not yet retired), pension benefits are calculated based on their vested rights as of the date the plan was closed. This plan – which is unfunded – also provides for disability benefits. In general, any disability payments due will be made on top of the amount of future pension benefits. In addition, the plan provides for reversionary benefits.

Nexans Deutschland GmbH is also exposed to longevity risks and benefit indexation clauses concerning the plan as more than 80% of the defined benefit obligation concerns employees who have already retired.

The weighted average life of the plan is approximately 11 years.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

NOTE 22. Provisions

A. ANALYSIS BY NATURE

(At December 31, in millions of euros)	2021	2020
Accrued contract costs	45	38
Provisions for reorganization costs	44	87
Other provisions	79	75
TOTAL	**168**	**200**

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

(in millions of euros)	TOTAL	Accrued contract costs	Provisions for reorganization	Other provisions
AT DECEMBER 31, 2019	**297**	**38**	**159**	**101**
Additions	73	16	55	2
Reversals (utilized provisions)	(118)	(7)	(105)	(6)
Reversals (surplus provisions)	(33)	(8)	(24)	(1)
Business combinations	-	-	-	-
Exchange differences and other	(19)	(1)	3	(21)
AT DECEMBER 31, 2020	**200**	**38**	**87**	**75**
Additions	43	23	12	8
Reversals (utilized provisions)	(57)	(8)	(46)	(3)
Reversals (surplus provisions)	(21)	(10)	(9)	(2)
Business combinations	-	-	-	-
Exchange differences and other	3	3	(0)	1
AT DECEMBER 31, 2021	**168**	**45**	**44**	**79**

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 (see **Note 29**). They include provisions for construction contracts in progress, where applicable, in accordance with the method described in **Note 1.E.a**.

The "Other provisions" column mainly includes provisions set aside for antitrust investigations, which amounted to 67 million euros at December 31, 2021 and 70 million euros at December 31, 2020 (see **Note 29**).

Surplus provisions are reversed when the related contingency no longer exists or has been settled for a lower amount than the estimate made based on information available at the previous period-end (including provisions for expired customer warranties).

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

B. ANALYSIS OF REORGANIZATION COSTS

Reorganization costs amounted to 58 million euros in 2021, breaking down as follows:

(in millions of euros)	Redundancy costs	Asset impairment and retirements (a)	Other monetary costs	TOTAL
Charges to provisions, net of reversals of surplus provisions	2	7	1	10
Other costs for the year	16	-	32	48
TOTAL REORGANIZATION COSTS	**18**	**7**	**33**	**58**

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

Costs in 2021 also include costs related to:

- plans launched in 2021 for 7 million euros;
- plans launched in 2020, notably in North America and Norway, for 11 million euros, and corresponding mainly to asset write-downs at the Chester (New York) plant which the Group has decided to close in order to reorganize its North American structure;
- the project to reorganize the Group's operations in Europe announced on January 24, 2019, for 9 million euros. This amount mainly corresponded to costs for which no provisions could be recorded in accordance with IFRS (notably in Germany, France and Belgium). In 2020, costs for this project amounted to 31 million euros.

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

In 2021, the other costs also included:

- costs directly related to the transformation program announced by the Group on November 9, 2018 and February 17, 2021 (19 million euros in 2021 versus 24 million euros in 2020);
- costs of 5 million euros related to the simplification of the operating model and the plan to become an electrification pure player, as announced by the Group in February 2021.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

NOTE 23. Net debt

At December 31, 2021, the Group's long-term debt was rated BB by Standard & Poor's. In February 2021, the rating outlook was upgraded from negative to positive.

A. ANALYSIS BY NATURE

(At December 31, in millions of euros)	Notes	2021	2020
Long-term – ordinary bonds (a)	23.C	524	523
Other long-term borrowings (a)	23.D	121	80
TOTAL LONG-TERM DEBT (b)		**645**	**603**
Short-term – ordinary bonds (a)	23.C	-	250
Short-term borrowings and short-term accrued interest not yet due (b)	23.D	281	353
Short-term bank loans and overdrafts		5	9
TOTAL SHORT-TERM DEBT (b)		**285**	**611**
GROSS DEBT (b)		**930**	**1,215**
Cash		(917)	(1,120)
Cash equivalents		(56)	(21)
NET DEBT (CASH) EXCLUDING LEASE LIABILITIES		**(42)**	**73**
Lease liabilities (c)		116	105
NET DEBT		**74**	**179**

(a) Excluding short-term accrued interest not yet due and lease liabilities.
(b) Excluding lease liabilities.
(c) Out of the total lease liabilities recognized, 90 million euros corresponded to non-current liabilities and the balance to current liabilities. The related interest expense amounted to 4 million euros in 2021. This line includes the potential tax benefits derived from unused tax losses that may be carried forward indefinitely.

As of December 31, 2021, the consequences of the situation in Lebanon were taken into account by the Group, leading to the reclassification of bank deposits in Lebanese banks out of cash and cash equivalents (see **Note 18**).

B. CHANGE IN GROSS DEBT

(in millions of euros)	December 31, 2020	New borrowings/ repayments	Change in consolidation scope	Change in accrued interest	Transfers from long-term to short-term	Other (a)	December 31, 2021
Long-term – ordinary bonds	523	-	-	-	-	1	524
Other long-term borrowings	80	44	-	-	(7)	4	121
Short-term – ordinary bonds	250	(250)	-	-	-	0	-
Other short-term borrowings	336	(74)	-	-	7	1	271
Lease liabilities	105	(25)	-	(0)	-	36	116
Short-term accrued interest not yet due	17	N/A	-	(4)	-	(3)	10
GROSS DEBT EXCLUDING SHORT-TERM BANK LOANS AND OVERDRAFTS	**1,311**	(304)	-	(4)	(0)	39	**1,042**

(a) Including the non-cash impacts of new leases signed during the year.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

C. BONDS

(in millions of euros)	Carrying amount at end-2021	Face value at issue date	Maturity date	Nominal interest rate
Ordinary bonds redeemable in 2023	329	325	August 8, 2023	3.75%
Ordinary bonds redeemable in 2024	204	200	April 5, 2024	2.75%
TOTAL ORDINARY BONDS (a)	**533**	**525**		

(a)Including 9 million euros in short-term accrued interest.

On August 8, 2018, Nexans issued 325 million euros worth of bonds maturing on August 8, 2023. The bonds were issued at par.

On April 5, 2017, Nexans carried out a 200 million euro bond issue 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.

D. OTHER BORROWINGS

On February 25, 2021, Nexans redeemed in advance the 280 million euro French State-backed bank loan. The loan was taken out 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 covers 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 December 31, 2021 includes the 99 million euros drawn down 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. In early June 2021, the repayment currency was 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.

The portion due beyond one year, in the amount of 90 million euros, is reported under "Other long-term borrowings" and the balance due within one year is reported under "Short-term borrowings and short-term accrued interest not yet due". See **Note 23.E** below for further details.

Short-term debt also includes 209 million euros in commercial paper with an average maturity of three months and a low interest rate.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

E. ANALYSIS OF GROSS DEBT BY CURRENCY AND INTEREST RATE

Long-term debt

(At December 31, excluding short-term accrued interest not yet due)	Weighted average EIR (a) (%)		in millions of euros	
	2021	2020	2021	2020
Ordinary bonds redeemable in 2023	3.89%	3.89%	324	324
Ordinary bonds redeemable in 2024	2.87%	2.87%	199	199
Other	2.85%	3.70%	121	80
TOTAL LONG-TERM DEBT (b)	**3.38%**	**3.53%**	**645**	**603**

(a) Effective interest rate.
(b) Excluding lease liabilities.

The majority of Nexans' medium-and long-term debt is at fixed rates.

Long-term debt in euros consists of the loan taken out by Nexans Norway to finance the construction of the Aurora cable-laying vessel (see **Note 23.D**), and a lease liability in France relating to a sale and leaseback project that did not meet the criteria for classification as a disposal under IFRS 15.

Long-term debt denominated in currencies other than the euro includes, notably, loans granted to Nexans Côte d'Ivoire.

Short-term debt

(At December 31)	Weighted average EIR (a) (%)		in millions of euros	
	2021	2020	2021	2020
Ordinary bonds redeemable in 2021	N/A	3.40%	N/A	250
Government-backed loan	N/A	0.75%	N/A	280
Euro (excluding ordinary bonds)	0.58%	2.19%	238	15
US dollar	4.16%	4.34%	7	3
Other	4.94%	3.08%	30	47
TOTAL SHORT-TERM DEBT EXCLUDING ACCRUED INTEREST (b)	**1.15%**	**2.10%**	**275**	**595**
Accrued interest (including short-term accrued interest on long-term debt)	N/A	N/A	10	17
TOTAL SHORT-TERM DEBT (b)	**1.15%**	**2.10%**	**285**	**611**

(a) Effective interest rate.
(b) Excluding lease liabilities.

At December 31, 2021, short-term debt in euros consists mainly of the outstanding commercial paper mentioned in **Note 23.D**, whose average interest rate is close to zero.

US dollar-denominated debt primarily concerns the Brazilian subsidiary.

Debt denominated in currencies other than euros and US dollars corresponds mainly to borrowings taken out locally by certain Group subsidiaries in Asia (China), in Africa (Morocco and Côte d'Ivoire), and South America (primarily Brazil). In some cases, such local borrowing is required as the countries concerned do not have access to the Group's centralized financing facilities. However, it may also be set up in order to benefit from a particularly attractive interest rate or to avoid the risk of potentially significant foreign exchange risk depending on the geographic region in question.

Excluding bonds, the vast majority of the Group’s short-term debt is at fixed rates.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

F. ANALYSIS BY MATURITY (INCLUDING ACCRUED INTEREST)

Nexans Financial and Trading Services, a wholly-owned Nexans subsidiary, is responsible for the Group's centralized cash management. However, in its capacity as parent company, Nexans S.A. still carries out the Group's long-term bond issues.

Nexans Financial and Trading Services monitors changes in the liquidity facilities of the holding companies, as well as the Group's overall financing structure on a weekly basis (see **Note 26.A**).

In view of Nexans' available short-term liquidity facilities and long-term debt structure, the Group's debt maturity schedule set out below is presented on a medium- and long-term basis.

Maturity schedule at December 31, 2021

(in millions of euros)	Due within 1 year		Due in 1 to 5 years		Due beyond 5 years		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Ordinary bonds redeemable in 2023	-	12	325	7	-	-	325	20
Ordinary bonds redeemable in 2024	-	6	200	7	-	-	200	12
Other long-term borrowings	-	3	53	8	68	5	121	15
Government-backed loan	-	-	-	-	-	-	-	-
Short-term bank loans and overdrafts	275	2	-	-	-	-	275	2
Lease liabilities	25	3	64	8	27	3	116	14
Total	**300**	**26**	**643**	**30**	**95**	**7**	**1,037**	**63**

Notes concerning the preparation of the maturity schedule:

- Foreign exchange and interest rate derivatives used to hedge the Group's external debt are not material for the Group as a whole.
- The euro equivalent amount for borrowings in foreign currencies has been calculated using the year-end exchange rate at December 31, 2021.
- It has been assumed that the nominal amounts of short-term borrowings including short-term bank loans and overdrafts will be fully repaid at regular intervals throughout 2022.
- The interest cost has been calculated based on contractual interest rates for fixed-rate borrowings and on weighted average interest rates at December 31, 2021 for variable-rate borrowings (see **Note 23.D** above).

NOTE 24. Trade payables and other current liabilities

(At December 31, in millions of euros)	2021	2020
TRADE PAYABLES	**1,622**	**1,213**
Social liabilities	215	207
Current income tax payables	102	40
Other tax payables	33	37
Deferred income	1	0
Other payables	72	64
OTHER CURRENT LIABILITIES	**422**	**349**

At December 31, 2021, trade payables included approximately 370 million euros (154 million euros at December 31, 2020) related to copper purchases whose payment periods can be longer than usual for such supplies.

Amounts due to suppliers of fixed assets totaled 1 million euros at December 31, 2021 (1 million euros at December 31, 2020).

NOTE 25. Derivative instruments

(in millions of euros)	December 31, 2021							December 31, 2020		
	Notional amounts					Market value		Notional amounts	Market value	
FOREIGN EXCHANGE DERIVATIVES	USD	NOK	EUR	Other	**Total**	**Assets**	**Liabilities**		**Assets**	**Liabilities**
Foreign exchange derivatives - Cash flow hedges						**33**	**24**		**40**	**29**
Forward sales	602	940	904	184	**2,630**			1,789		
Forward purchases	495	1,339	632	173	**2,639**			1,802		
Foreign exchange derivatives - economic hedges						**16**	**16**		**12**	**10**
Forward sales	355	60	176	624	**1,216**			608		
Forward purchases	391	42	377	395	**1,205**			607		
METAL DERIVATIVES	Copper	Aluminum	Lead	Other	**Total**	**Assets**	**Liabilities**	**Notional amounts**	**Assets**	**Liabilities**
Metal derivatives - cash flow hedges						**27**	**12**		**39**	**6**
Forward sales	251	17	3	-	**270**			176		
Forward purchases	502	47	36	-	**584**			372		
Metal derivatives - economic hedges						**-**	**-**		**-**	**-**
Forward sales	-	-	-	-	**-**			-		
Forward purchases	-	-	-	-	**-**			-		
TOTAL FOREIGN EXCHANGE AND METAL DERIVATIVES						**75**	**52**		**90**	**46**

Foreign exchange derivatives

In 2021, the loss relating to the ineffective portion of the Group's foreign exchange derivatives was not material. In the consolidated income statement this loss is included in "Other financial income and expenses" for the operations component of the hedge and in "Cost of debt (net)" for the financial component.

In 2021, a 9 million euro net gain on cash flow hedges was recognized in the consolidated statement of comprehensive income and a net loss of 1 million euros was recycled to the income statement.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

Metal derivatives

In 2021, the ineffective portion of gains or losses arising on the fair value remeasurement of metal derivatives designated as cash flow hedges represented a non-material amount that was recognized in the consolidated income statement on the line "Changes in fair value of non-ferrous metal derivatives" in "Other operating income and expenses".

An aggregate 49 million euro net gain was recognized in the consolidated statement of comprehensive income for metal derivatives designated as cash flow hedges and a 66 million euro loss was recycled to the income statement.

NOTE 26. Financial risks

The Treasury, Financing and Metals Department defines the financial risk management policy, covering:

- Liquidity, foreign exchange, interest rate, credit and banking counterparty risks.
- Risks relating to changes in non-ferrous metal prices, as well as the credit and financial counterparty risks of entities that trade in non-ferrous metals markets.

The department is part of the legal entity Nexans Financial and Trading Services.

Where permitted by local regulations, Group subsidiaries' foreign exchange and interest rate risks are managed on a centralized basis and their access to liquidity is managed through a cash pooling system.

Nexans Financial and Trading Services is the counterparty for all hedges of commodities risks, except for those set up by subsidiaries in Brazil, South Korea and China.

The main subsidiaries that did not have access to the centralized cash management system at December 31, 2021 are located in Morocco, Lebanon, China, South Korea, Peru, Brazil, Chile and Colombia. These subsidiaries, which have their own banking partners, are nevertheless subject to Group procedures regarding their choice of banks and foreign exchange and interest rate risk management.

Non-ferrous metal risk management policy is also defined and controlled centrally for the entire Group by the Treasury, Financing and Metals Department, which takes centralized positions on the market based on requests from subsidiaries. At December 31, 2021, only subsidiaries in Australia, New Zealand and China had direct access to such markets.

A. LIQUIDITY RISKS

Group financing

Monitoring and controlling liquidity risks

The Treasury, Financing and Metals Department monitors changes in the treasury and liquidity positions of the Group on a weekly basis (encompassing both holding companies and operating entities). As such, subsidiaries are required to provide cash forecasts for the four weeks of the current month. These forecasts are then compared to actual cash figures.

Bank borrowings taken out by subsidiaries that are not part of the Nexans Financial and Trading Services centralized cash management system must be approved in advance by the "Financing Committee" and may not have maturity dates exceeding 12 months, unless express authorization is obtained.

The key liquidity indicators that are monitored are (i) the unused amounts of credit facilities granted to the Group, and (ii) available cash and cash equivalents.

The Group also monitors its net debt position on a monthly basis (see **Note 23** for the definition of net debt).

Management of cash surpluses

The Group's policy for investing cash surpluses is guided by the overriding principles of ensuring sufficient availability and using safe investment vehicles. The banks considered by the Group as acceptable counterparties must be rated at least A2 by Standard & Poor's and P2 by Moody's, or must be majority-owned by the government of their home country (which must be either an EU member, Canada or the United States).

At December 31, 2021, the Group's cash surpluses were recognized under "Cash and cash equivalents" in the consolidated balance sheet and were invested in:

- Current accounts with banks considered by the Group as acceptable counterparties;
- Money-market mutual funds (OPCVM) which are not exposed to changes in interest rates and whose underlying assets are investment-grade issues by both corporations and financial institutions; or
- Term deposits and certificates of deposit issued by banks, with an initial investment period of less than one year.

As an exception to the above and due to the crisis in Lebanon, bank deposits in Lebanese banks have been excluded from cash and cash equivalents (see **Note 18**).

Main sources of financing

Over the past several years the Group has implemented a strategy of diversifying its sources of financing, through:

- Issues of ordinary bonds maturing in 2023 and 2024 (see **Note 23**);
- A medium-term syndicated credit facility representing an amount of 600 million euros, including a very short-term drawing facility representing an amount of 200 million euros;
- A loan facility granted by the European Investment Bank (EIB) for an amount of 200 million euros.
- As of December 31, 2021, Nexans France SAS had sold 25 million euros worth of receivables under a new securitization program set up in the second half of the year (as in 2020).
  The other main receivables securitization and factoring programs in 2021 concern Norway and Sweden.
  In Norway, receivables sold under the factoring program totaled 26 million euros at December 31, 2021 (28 million euros at December 31, 2020).
  In Sweden, receivables sold under the factoring program totaled 27 million euros at December 31, 2021 (18 million euros at December 31, 2020).
  An analysis of the terms of the contracts and programs 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 (Off Balance Sheet programs).
- Local credit facilities.

Covenants and acceleration clauses

On December 12, 2018 an amendment to the 600 million euro syndicated credit facility was signed, extending the expiration date until December 12, 2023 and including in the facility's 600 million euro total amount a 200 million euro very short-term drawing facility utilizable as backing for a commercial paper program. This program was signed on December 21, 2018 for a maximum amount of 400 million euros, and was increased to 600 million euros on November 15, 2021. Commercial paper outstanding under the program amounted to 209 million euros as of December 31, 2021. No commercial paper had been issued as of December 31, 2020.

On October 6, 2021, Nexans obtained a 200 million euro loan facility from the European Investment Bank (EIB). The facility can be drawn down during the next 18 months and borrowings are repayable within 10 years from the drawdown date.

The amended syndicated credit facility and the EIB loan facility are subject to the following two hard covenants:

- The consolidated net debt to equity ratio (including non-controlling interests) must not exceed 1.20; and
- Consolidated debt is capped at 3.2x consolidated EBITDA, as defined in **Note 1.E.b**.

These ratios were well within the specified limits at both December 31, 2021 and at the date the Board of Directors approved the financial statements.

If any of the covenants were breached, the syndicated credit facility or the EIB loan facility would become unavailable and any drawdowns would be repayable, either immediately or after a contractual cure period depending on the nature of the breach.

In addition, in order to finance the construction of Nexans' new cable-laying vessel, a Group subsidiary took out a loan of 1,050 million Norwegian krones in May 2019. This financing, which was drawn down in full in May 2021, will be repaid in euros on a straight-line basis over the next twelve years. The loan also includes (i) the same financial covenants as those set out in the Group's amended syndicated credit facility described above and (ii) the following covenants specific to the Group's subsidiary, based on its statutory accounts at the year-end:

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

The subsidiary's statutory financial statements had not yet been issued as of the date the Board of Directors approved the consolidated financial statements for the year ended December 31, 2021.

The Group's ratios as of June 30, 2021 were well within the covenant limits applicable to the financing for the cable-laying vessel.

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

This syndicated loan agreement contains standard covenants (negative pledge, cross default, *pari passu* and change of control clauses), which, if breached, could accelerate repayment of the syndicated loan or the bond debt.

B. INTEREST RATE RISKS

The Group structures its financing in such a way as to avoid exposure to the risk of rises in interest rates:

- The vast majority of Nexans' medium- and long-term debt is at fixed rates. At December 31, 2021, the bulk of this debt corresponded to the ordinary bonds redeemable in 2023 and 2024.
- The Group's short-term debt includes commercial paper at fixed rates of interest that is due within twelve months at the reporting date. All of the Group's other short-term debt is at variable rates based on money market indices (EONIA, EURIBOR, LIBOR or their replacements). Fixed-rate debt with original maturities of less than one year is considered as variable-rate debt. The Group's short-term cash surpluses are invested in instruments which have maturities of less than one year and are therefore at adjustable rates (fixed rate renegotiated when the instrument is rolled over) or at variable rates (based on EONIA, LIBOR or their replacements, for a shorter maturity than that of the investment). Consequently, the Group's net exposure to short-term changes in interest rates is limited and concerned its variable rate net cash position of 812 million euros as of December 31, 2021 and 1,076 million euros as of December 31, 2020.

The first phases of the LIBOR reform do not have a material impact on the Group, which will monitor the next changes planned in 2022 and 2023 until the USD LIBOR is withdrawn in 2023.

The Group did not have any interest rate hedges in place at either December 31, 2021 or December 31, 2020.

Consolidated net debt breaks down as follows between variable and fixed interest rates:

(At December 31, in millions of euros)	2021			2020		
	Current	Non-current	Total	Current	Non-current	Total
VARIABLE RATE						
Financial liabilities (a)	67	94	161	65	0	66
Cash and cash equivalents	(972)	-	(972)	(1,142)	-	(1,142)
NET VARIABLE RATE POSITION	**(906)**	**94**	**(812)**	**(1,076)**	**0**	**(1,076)**
FIXED RATE						
Financial liabilities (a)	244	641	885	570	684	1,254
Cash and cash equivalents	-	-	-	-	-	-
NET FIXED RATE POSITION	**244**	**641**	**885**	**570**	**684**	**1,254**
NET DEBT	**(662)**	**735**	**74**	**(506)**	**684**	**179**

(a)Including the short-term portion of accrued interest not yet due on long-term debt.

C. FOREIGN EXCHANGE AND METAL PRICE RISKS

The Group's foreign exchange risk exposure primarily relates to operations-based transactions (purchases and sales).

Due to its international presence, the Group is exposed to foreign currency translation risk on the net assets of subsidiaries whose functional currency is not the euro. It is Group policy not to hedge these risks.

The Group’s sensitivity to foreign exchange risk on operating cash flows is considered to be moderate due to its operational structure, whereby the majority of Nexans’ operating subsidiaries have a very strong local presence, except in the high-voltage business. The Group's policy is to hedge its foreign exchange and non-ferrous metal price risks on cash flows relating to (i) foreseeable significant contractual commercial transactions, and (ii) certain forecast transactions. The operations arising from this hedging activity may result in certain positions being kept open. Where this happens, the positions are limited in terms of amount and term, and they are overseen by the Treasury, Financing and Metals Department.

The Group’s policy for managing non-ferrous metal risks is defined by the Finance Department and implemented by the subsidiaries that purchase copper, aluminum and, to a lesser extent, lead. The Group's main exposure to metal price risk arises from fluctuations in copper prices.

Methods used to manage and hedge exposure to foreign exchange risk

The Group verifies that its procedures for managing foreign exchange risk are properly applied by means of quarterly reports provided to the Treasury, Financing and Metals Department by all subsidiaries exposed to this type of risk, irrespective of whether or not they are members of the cash pool. The reports contain details on the subsidiaries' estimated future cash flows in each currency and the related hedges that have been set up, as well as a reconciliation between actual figures and previous forecasts.

The Treasury, Financing and Metals Department has developed training materials for the Group’s operations teams and carries out ad hoc audits to ensure that the relevant procedures have been properly understood and applied. Lastly, the Internal Audit Department systematically verifies that the procedures for identifying and hedging foreign exchange risks have been properly applied during its audit engagements carried out at the Group's subsidiaries.

In addition, some bids are made in a currency other than that in which the entity concerned operates. Foreign exchange risks arising on these bids are not systematically hedged, which could generate a gain or loss for the Group if there is a significant fluctuation in the exchange rate between the date when the bid is presented and the date it is accepted by the customer. However, in such cases, the Group takes steps to reduce its potential risk by applying expiration dates to its bids and by incorporating the foreign exchange risk into the price proposal.

Foreign exchange risk is identified at the level of the Group's subsidiaries, whose treasurers execute hedges centrally or locally using forward currency transactions. For subsidiaries that are members of the cash pool, these transactions are carried out with the Treasury, Financing and Metals Department. Other subsidiaries enter into forward currency transactions with their local banks. The objective is to reduce flows in the subsidiary's functional currency and/or to avoid open positions in a given currency for a given maturity.

Methods used to manage and hedge exposure to metal risks

The exposure of a certain number of subsidiaries to the risk of changes in non-ferrous metal prices is hedged at Group level. To this end, each Group company reports its exposures to the Treasury, Financing and Metals Department.

The Group verifies that its procedures for managing and hedging metal risks are correctly applied by means of each operating subsidiary reporting monthly on its exposure to copper, aluminum and lead risk in both tonnage and value terms. The related reports are analyzed and consolidated at Group level by the Treasury, Financing and Metals Department.

In addition, the Treasury, Financing and Metals Department regularly provides training sessions and performs controls within the subsidiaries to ensure that the procedures are properly understood and applied. It has also created training modules on the Group intranet for operations teams, including salespeople, buyers, finance staff and "hedging operators", who are in charge of daily hedging activities concerning metal risks. Lastly, the Internal Audit Department systematically checks that the procedures for identifying and hedging metal risks have been properly applied during its audit engagements carried out at the Group's operating subsidiaries.

In order to offset the consequences of the volatility of non-ferrous metal prices (copper and, to a lesser extent, aluminum and lead), Nexans' policy is to pass on metal prices in its own selling prices, and hedge the related risk either by setting up a physical hedge or by entering into futures contracts on the London, New York and, to a lesser degree, Shanghai, metal exchanges. Nexans does not generate any income from speculative trading of metals.

The Group's production units require access at all times to a minimum level of metal inventories for their routine operations, which is referred to as "Core exposure". Core exposure represents the minimum amounts that are necessary for the production units to operate appropriately. Consequently, the quantities of metal corresponding to Core exposure are not hedged and are recorded within operating margin based on initial purchase cost. However, as described in **Note 1.E.c**, at the level of operating income, Core exposure is measured at its weighted average cost and therefore the difference between historical cost and weighted average cost is recognized under "Core exposure effect" in the income statement.

As a result, any reduction (via sales) in the volume of Core exposure due to (i) structural changes in the needed tonnages for the operations of an entity in the event of structural reorganizations within the Group or (ii) a lasting significant change in the business levels of certain operations, can impact the Group's operating margin.

In addition, the Group's operating margin is still partially exposed to fluctuations in non-ferrous metal prices for certain product lines, such as copper cables for cabling systems and building sector products. In these markets, any changes in non-ferrous metal prices are generally passed on in the selling price, but with a time lag that can impact margins. The fierce competition in these markets also affects the timescale within which price increases are passed on.

In accordance with its risk management policy described above, the Group enters into physical contracts only for operational purposes (for the copper component of customer or supplier orders) and uses futures contracts only for hedging purposes (LME, COMEX or SHFE traded contracts, see **Note 26.D**, "Metals derivatives"). The Group's main subsidiaries document their hedging relationships in compliance with the requirements of IFRS 9 relating to cash flow hedges.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

D. CREDIT AND COUNTERPARTY RISK

In addition to customer credit risk, counterparty risk arises primarily on foreign exchange and non-ferrous metal derivatives as well as on the Group's investments and deposits placed with banks.

Customer credit risk

The Group's diverse business and customer base and wide geographic reach are natural mitigating factors for customer credit risk. At December 31, 2021, no single customer in any country represented more than 5% of the Group's total outstanding receivables.

The Group also applies a proactive policy for managing and reducing its customer credit risk by means of a Group-wide credit management policy which has been rolled out to Nexans' international subsidiaries. A portion of trade receivables is not covered by this Group insurance program. The difficult market environment created by recent economic and political crises around the world, was made worse by the Covid-19 pandemic. In 2020, the Group focused on optimizing credit and collection procedures, to limit the incidence of late payments and disputes. As a result, and in view of the current relatively favorable situation of the policy, the credit insurer has confirmed its support and its willingness to support Nexans' future growth strategy.

Foreign exchange derivatives

In accordance with Group policy, to keep counterparty risk as low as possible, entities wishing to hedge the foreign exchange risk on their medium- or long-term commercial commitments may only purchase long-term derivatives (expiring in more than one year) from banks that have been assigned medium- and long-term ratings of at least A- by Standard & Poor's and A3 by Moody's. For short-term derivatives (expiring in less than one year), the banks must have been assigned short-term ratings of at least A2 by Standard & Poor's and P2 by Moody's. Where this requirement cannot be fulfilled due to local banking conditions, the entities in the countries concerned limit their counterparty risk by keeping their exposure to a minimum and spreading it between at least three banks.

For subsidiaries that are not members of the cash pool, the same criteria apply but exceptions may be made, notably for subsidiaries located in countries with sovereign ratings that are below the specified thresholds. In this case, subsidiaries are asked to set up derivatives involving counterparty risk only with branches or subsidiaries of banking groups whose parent company satisfies the above risk criteria.

Based on a breakdown by maturity of notional amounts at December 31, 2021 (the sum of the absolute values of notional amounts of buyer and seller positions), the Group's main exposure for all subsidiaries (both members and non-members of the cash pool) is to short-term maturities:

(At December 31, in millions of euros)	2021		2020	
	Notional amounts Buyer positions	Notional amounts Seller positions	Notional amounts Buyer positions	Notional amounts Seller positions
Within 1 year	3,359	3,348	2,178	2,171
Between 1 and 2 years	353	352	229	224
Between 2 and 3 years	23	22	2	2
Between 3 and 4 years	120	111	-	-
Beyond 4 years	-	-	-	-
TOTAL	**3,857**	**3,833**	**2,409**	**2,397**

Metal derivatives

The Nexans Group hedges its exposure to copper, aluminum and, to a lesser extent, lead, by entering into derivatives transactions in three organized markets: the LME in London, the COMEX in New York and, in certain limited cases, the SHFE in Shanghai. Substantially all of the derivatives transactions conducted by the Group are standard buy and sell trades. The Group does not generally use metal options.

The Treasury, Financing and Metals Department performs metal derivatives transactions on behalf of substantially all of the Group's subsidiaries apart from – at December 31, 2021 – its Australian, New Zealand and Chinese entities. Non-ferrous metal hedging transactions carried out on commodity exchanges may give rise to two different types of counterparty risk:

- The risk of not recovering cash deposits made (margin calls); and
- The replacement risk for contracts on which the counterparty defaults (mark-to-market exposure, i.e., the risk that the terms of a replacement contract will be different from those in the initial contract).

The Treasury, Financing and Metals Department manages counterparty risk on the Group's derivative instruments by applying a procedure that sets ceilings by counterparty and by type of transaction. The level of these ceilings depends notably on the counterparties' ratings. In addition, the transactions carried out are governed by master netting agreements developed by major international Futures and Options Associations that allow for the netting of credit and debit balances on each contract.

The Group's counterparties for these transactions are usually its existing financial partners, provided they have a long-term rating of at least A-/A3. Counterparties rated between BBB-/Baa3 and BBB+/Baa1 can also be approved provided the Group's aggregate exposure to these counterparties does not exceed 20 million US dollars for counterparties rated BBB+, BBB or BBB-.

In Australia and New Zealand, because of the countries' time zone, the Group's subsidiaries carry out metal derivatives transactions with an Australian broker, which is not rated. However, the Group only has a low level of exposure to this broker. Subsidiaries in China hedge their metal risks on the Shanghai Futures Exchange (SHFE), which can only be used by local brokers.

The Group's metal derivatives transactions are governed for the most part by master netting agreements developed by major international futures and options associations that, in the event of a default, allow for the netting of a Group subsidiary's assets and liabilities related to the defaulting counterparty.

The Group's maximum theoretical counterparty risk on its metal derivatives transactions can be measured as the sum of credit balances (including positive mark-to-market adjustments) and cash deposits, after contractually permitted asset and liability netting. This maximum theoretical risk amounted to 29 million euros at December 31, 2021 (49 million euros at December 31, 2020).

The notional amounts of metal derivatives (sum of the absolute values of buy and sell positions) at December 31, 2021 are analyzed by maturity in the table below:

(At December 31, in millions of euros)	2021		2020	
	Notional amounts Buyer positions	Notional amounts Seller positions	Notional amounts Buyer positions	Notional amounts Seller positions
Within 1 year	519	267	353	176
Between 1 and 2 years	61	3	19	-
Between 2 and 3 years	5	-	0	-
Between 3 and 4 years	-	-	-	-
Beyond 4 years	-	-	-	-
TOTAL	**584**	**270**	**372**	**176**

Cash deposited to meet margin calls on copper forward purchases whose fair value was negative at the year-end (see **Note 18**) amounted to 7 million euros at December 31, 2021 (4 million euros at December 31, 2020).

In conclusion, the Group has limited exposure to credit risk. The Group considers that its management of counterparty risk is in line with market practices but it cannot totally rule out a significant impact on its consolidated financial statements should it be faced with the occurrence of systemic risk.

Risk on deposits and investments

Deposits and investments with banks of Nexans Financial Trading Services' and Nexans Canada's surplus cash amounted to 662 million euros as of December 31, 2021, representing approximately 68% of the Group's total cash and cash equivalents. All of these deposits and investments are with counterparties rated as investment grade by Standard & Poor's, with ratings of between A and AA-.

For the Group's other subsidiaries, counterparty risk on deposits and investments is managed in accordance with the principles and procedures described in **Note 26.A**

E. MARKET RISK SENSITIVITY ANALYSIS

A sensitivity analysis is provided below on the impact that a theoretical change in the above-mentioned main market risks would have on consolidated income and equity.

Sensitivity to changes in copper prices

Fluctuations in copper prices can impact both consolidated income and equity, as well as the Group's financing needs. Sensitivity calculations are based on an assumed increase in copper prices. A fall in copper prices would have the inverse effect.

A rise in copper prices would result in:

- A rise in the fair value of the Group's portfolio of cash-settled copper derivatives (the Group is a net buyer);
- An upward remeasurement of the Group's Core exposure;
- A limited increase in working capital and therefore a limited increase in financing needs (any short-term positive impact of margin calls is not taken into account in the sensitivity analysis).

At Group level, the impact on working capital is limited and mainly relates to the timing of derivatives settlement. Potential significant variations could occur at local level due to pricing conditions.

An increase in the fair value of cash-settled copper derivatives would positively affect either consolidated operating income or equity, based on the accounting treatment used for these derivative instruments (the derivatives of the Group's main subsidiaries are designated as cash flow hedges within the meaning of IFRS 9).

The simulation below is based on the following assumptions (with all other assumptions remaining constant, notably exchange rates):

- A 10% increase in copper prices at December 31, 2021 and 2020 and translation of this impact evenly across the entire price curve without any distortion of forward point spreads.
- All working capital components (inventories, and the copper component of trade receivables and payables) would be impacted by the increase in copper prices.
- 38,000 tonnes and 25,000 tonnes of copper included in working capital at December 31, 2021 and December 31, 2020 respectively.
- Short-term interest rate (3-month Euribor) of -0.57% in 2021 and -0.55% in 2020. A worst-case scenario, in which the increase in working capital would be constant throughout the year, leading to an annualized increase in financial expenses (not taking into account the temporary positive impact of margin calls or the effect of changes in exchange rates).
- 47,375 tonnes of copper classified as Core Exposure as of December 31, 2021 (47,275 tonnes as of December 31, 2020).
- A theoretical income tax rate of 28.41% for 2021 and 32.02% for 2020.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

Any impact of changes in copper prices on both impairment in value of the Group's non-current assets (in accordance with IAS 36) and the provision for impairment of inventories has not been taken into account in this simulation, as it is impossible to identify a direct linear effect.

(At December 31, in millions of euros)	2021	2020
Impact on operating income	38	28
Impact on net financial expense	0	0
NET IMPACT ON INCOME (AFTER TAX)	**27**	**19**
IMPACT ON EQUITY(a) (AFTER TAX)	**19**	**12**

(a)Excluding net income (loss) for the period.

Sensitivity to the US dollar (USD) and Norwegian krone (NOK) exchange rates

The main impacts on the consolidated financial statements stem from the revaluation of the Group's portfolio of derivative instruments. The impact on equity related to designated cash flow hedges and the impact on income have been separated out. The impact on income is offset by the revaluation of underlying US dollar positions included in (i) the Group's trade receivables and trade payables portfolios, and (ii) net debt.

The Group's other financial assets and liabilities are rarely subject to foreign exchange risk and have therefore not been included in this simulation.

The US dollar is the main foreign currency to which the Group is exposed.

The simulation below is based on a 10% decrease in the US dollar spot rate against the world's other major currencies compared with the rates prevailing at December 31, 2021 and December 31, 2020, e.g., using US dollar/euro exchange rates of 1.25 and 1.35 respectively, without any changes in the forward points curve.

The Norwegian krone is an essential counterparty currency used in contracts for submarine high-voltage cables.

The simulation below is based on similar assumptions to those used for the US dollar (i.e., a 10% decrease in the Norwegian krone spot rate against the world's other major currencies), e.g., using closing NOK/euro exchange rates of 11.0 and 11.5 at December 31, 2021 and 2020 respectively, without any changes in the forward points curve.

Foreign currency translation impacts have likewise not been taken into account in the following calculations.

SENSITIVITY -10% *NET IMPACT ON THE GROUP*	2021		2020	
	Net impact on income (after tax) (a)	Impact on equity (after tax) (b)	Net impact on income (after tax) (a)	Impact on equity (after tax) (b)
NET POSITION – UNDERLYINGS (c)	(8)	-	(10)	-
NET POSITION – DERIVATIVES	(3)	(8)	0	8
USD - NET IMPACT ON THE GROUP	**(11)**	**(8)**	**(10)**	**8**
NET POSITION – UNDERLYINGS (d)	22	-	7	-
NET POSITION – DERIVATIVES	(0)	(16)	(3)	(22)
NOK - NET IMPACT ON THE GROUP	**21**	**(16)**	**4**	**(22)**

(a)Using a theoretical income tax rate of 28.41% in 2021 (32.02% in 2020).
(b)Excluding net income for the period, the theoretical income tax rate is 28.41% in 2021 (32.02% in 2020).
(c)Impact primarily due to net open positions in countries whose currencies are very closely correlated to the US dollar.
(d)Impact primarily due to net open positions in countries whose currencies are very closely correlated to the Norwegian krone.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

NOTE 27. Additional disclosures concerning financial instruments

The main types of financial assets and liabilities are divided into the following categories:

(At December 31, in millions of euros)	IFRS 9 category	Fair value hierarchy level	2021		2020	
			Carrying amount	Fair value	Carrying amount	Fair value
ASSETS						
Shares in non-consolidated companies	Financial assets at fair value through profit or loss		19	19	26	26
	Financial assets at fair value through other comprehensive income		3	3	7	7
Other non-current financial assets	Loans and receivables		34	34	50	50
Commercial receivables						
- Contract assets	Loans and receivables		42	42	94	94
- Trade receivables	Loans and receivables		947	947	829	829
Derivative instruments (a)	Financial assets at fair value through profit or loss	Foreign exchange: 2	50	50	52	52
		Metal: 1	27	27	39	39
Other current financial assets	Loans and receivables		136	136	163	163
Cash and cash equivalents	Financial assets at fair value through profit or loss	Term deposits: 2	56	972	21	1,142
		Other: 1	917		1,120	
LIABILITIES						
Gross debt						
- Ordinary bonds (b)	Financial liabilities at amortized cost		533	557	787	822
- Other financial liabilities	Financial liabilities at amortized cost		398	398	428	428
Commercial payables						
- Contract liabilities	Financial liabilities at amortized cost		395	395	364	364
- Trade payables	Financial liabilities at amortized cost		1,622	1,622	1,213	1,213
Derivative instruments (a)	Financial liabilities at fair value through profit or loss	Foreign exchange: 2	40	40	39	39
		Metal: 1	12	12	6	6
Other current financial liabilities	Financial liabilities at amortized cost		319	319	308	308

(a) Derivatives designated as cash flow hedges are carried at fair value through other comprehensive income. Any gains or losses previously recognized in equity are reclassified to the income statement in the period in which the hedged item impacts income.
*(b) Including short-term accrued interest (see **Note 23.C**).*

The Group's fixed rate debt mainly comprised its ordinary bonds redeemable in 2023 and 2024, whose fair values may differ from their carrying amounts in view of the fact that the bonds are carried at amortized cost.

The fair value of the 2023 and 2024 ordinary bonds was calculated based on a bank valuation provided at December 31, 2021 and included interest accrued at the year-end. The same method was used at December 31, 2020.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

NOTE 28. Related party transactions

Related party transactions primarily concern commercial and financial transactions carried out with the Quiñenco group – Nexans' principal shareholder – as well as with associates, non-consolidated companies, and directors and key management personnel (whose total compensation is presented in the table set out in **Note 28.C** below).

A. RELATED PARTY TRANSACTIONS WITH ASSOCIATES AND NON-CONSOLIDATED COMPANIES

Income statement

(in millions of euros)	2021	2020
REVENUE		
- Non-consolidated companies	61	44
- Associates	2	3
COST OF SALES		
- Non-consolidated companies	(16)	(10)
- Associates	(6)	(6)

Consolidated balance sheet

The main items in the balance sheet affected by related party transactions in 2021 and 2020 were as follows:

(At December 31, in millions of euros)	2021	2020
ASSETS		
- Non-consolidated companies	12	7
- Associates	1	1
FINANCIAL LIABILITIES/(RECEIVABLES)		
- Non-consolidated companies	(6)	(17)
- Associates	-	-
OTHER LIABILITIES		
- Non-consolidated companies	2	1
- Associates	1	1

B. RELATIONS WITH THE QUIÑENCO GROUP

At December 31, 2021, the Quiñenco group held approximately 29% of the Company's capital stock through two subsidiaries, Invexans Limited (UK) and Tech Pack (Chile). The Quiñenco group has given the Company a long-term undertaking that it would not request representation on the Board in excess of three non-independent members in a Board of 14 members, or if the Board were to be enlarged, in excess of a number of directors proportionate to its shareholding.

At December 31, 2021, the main contractual relations between Nexans and the Quiñenco group concerned agreements related to the contract dated February 21, 2008 for the acquisition of the Quiñenco group's cables business, as amended by an addendum signed on September 30, 2008.

The impact of the commercial agreements with the Quiñenco group on the income statement and balance sheet is included in the tables set out in **Note 28.A** above, on the line "Associates".

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

C. COMPENSATION OF KEY MANAGEMENT PERSONNEL

In 2021 as in 2020, Key Management Personnel correspond to corporate officers and members of the Executive Committee.

Total compensation

Total compensation paid to the Group's Key Management Personnel can be analyzed as follows:

(in millions of euros)	2021	2020
Compensation for corporate officer positions (a)	1.9	1.6
Compensation under employment contracts and benefits in kind (a)	8.7	9.4
Performance shares (b)	2.4	1.8
Termination benefits (a)	0.6	-
Long-term incentive plan (b)	0.1	0.0
Accruals for pensions and other retirement benefit obligations (c)	1.0	2.3
TOTAL COMPENSATION	**14.8**	**15.2**

(a) Amounts paid during the year, including payroll taxes.
(b) Amounts expensed in the income statement during the year.
(c) For defined benefit plans, this item includes the service cost and interest expense for the year.

Commitments given to the Chief Executive Officer

All of the commitments given to Christopher Guérin in his capacity as Chief Executive Officer are described in detail each year in the Universal Registration Document (section entitled "Commitments given to the Chief Executive Officer").

As Chief Executive Officer, Christopher Guérin has received the following commitments from the Company, which were authorized at the Board Meeting of July 3, 2018 and approved at the Annual Shareholders' Meeting held on May 15, 2019:

- If Christopher Guérin is removed from his position as Chief Executive Officer, he will be entitled to payment of a termination indemnity representing two years' worth of his total fixed and variable compensation. This indemnity will be subject to actual performance in relation to the objectives applicable to his target annual variable compensation being at least equal to 60% of said objectives on average over the three years preceding his removal. This indemnity will be payable only in the event of a forced departure due to a change of control or strategy, which will be deemed to be the case unless specifically decided otherwise by the Board of Directors, notably in the event of serious misconduct. If Christopher Guérin's forced departure takes place before the end of three full years as from the date he took up his position as Chief Executive Officer, the indemnity will be equal one year's worth of his total fixed and variable compensation and the performance conditions will be assessed based on the number of full years completed (either one or two years).
- As compensation for an undertaking not to exercise any business that would compete either directly or indirectly with any of the Company's businesses for a period of two years from the end of his term of office as Chief Executive Officer, Christopher Guérin will receive a non-compete indemnity, regardless of the cause of termination of his duties. Said indemnity will be paid in 24 equal and successive monthly installments and will equal one year of his fixed and variable compensation, i.e., 12 times the amount of his most recent monthly compensation (fixed portion) plus the corresponding percentage of his bonus.

In accordance with Article 23.3 of the AFEP-MEDEF Code (June 2018 version), in the event of Christopher Guérin's departure, the Board of Directors will decide whether or not the non-compete agreement entered into with him will apply and will be entitled to cancel it (in which case no non-compete indemnity will be payable).

In addition, in accordance with Article 23.4 of the AFEP-MEDEF Code, no non-compete indemnity will be due if Christopher Guérin takes retirement upon leaving the Group.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

Lastly, in accordance with the Group's 2021 compensation policy for key management personnel, as described in section **2.5.4**, Christopher Guérin's total termination payments – i.e., termination and non-compete indemnities – may not exceed two years' worth of his actual compensation (fixed plus variable) received prior to his departure.

If Christopher Guérin retired, he would be entitled to benefits under the supplementary defined contribution pension plan set up by the Group in 2019 for certain employees and corporate officers. Annual contributions to the plan paid by the Company correspond to 20% of the Chief Executive Officer's total actual annual compensation (fixed plus variable), i.e., 300,000 euros in 2021.

NOTE 29. 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 United-Kingdom, 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 Scottish and Southern Energy 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 United-KingdomK 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 the non-Dutch subsidiaries of 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 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 2022.

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.

On January 20, 2022 the German Federal Cartel Office (FCO) carried out searches at two of Nexans' sites in Germany. The searches are part of an investigation on cable manufacturers concerning alleged coordination of industry-standard metal surcharges in Germany. (The FCO also conducted inspections at the premises of other companies in Germany.) The investigation is ongoing.

As of 31 December 2021, the Group has a recorded contingency provision of 67,5 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 December 31, 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 December 31, 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 30. Off-balance sheet commitments

The Group's off-balance sheet commitments that were considered material at December 31, 2021 and December 31, 2020 are set out below.

A. COMMITMENTS RELATED TO THE GROUP'S SCOPE OF CONSOLIDATION

Risks relating to mergers and acquisitions and divestments

Group companies may grant sellers' warranties to purchasers of divested businesses, generally without taking out bank guarantees or bonds. When it is probable that the Group will be required to make payments under a warranty, a provision is recorded for the estimated risk (where such an estimate can be made). When such a payment is merely potential rather than probable, it is disclosed as a contingent liability if the amount concerned is sufficiently material (see **Note 22** and **Note 29**).

Conversely, when acquiring other entities, Group companies are sometimes given sellers' warranties.

In 2020, the Group sold Berk-Tek, based in the United States. In the sale contract, sellers' warranties have been granted through an American subsidiary and a Canadian subsidiary, for a maximum amount of 20 million US dollars. The warranties cover a period of six years ending in September 2026.

In late 2017, Nexans acquired 27.8% of the capital of IES, the leading manufacturer of electric vehicle fast-charging solutions.

IES is accounted for by the equity method. The agreement also includes a put option for the seller.

Acquisition of the Quiñenco group's cable business

When Nexans acquired the cables business of the Chile-based group Quiñenco on September 30, 2008, it took over a number of pending or potential disputes. The most significant of these, subject to certain deductibles, are covered by the seller's warranty granted by Invexans SA (formerly Madeco, Chile) under the purchase agreement. A provision was recorded for this business's liabilities and contingent liabilities when the Group completed the initial accounting for the acquisition in accordance with IFRS 3.

A settlement agreement was entered into on November 26, 2012 between the Company, Nexans Brasil and the Quiñenco group concerning the amounts payable by the Quiñenco group to Nexans Brasil in relation to the outcome of civil, employment law and tax proceedings in Brazil.

Under the terms of this agreement, Quiñenco undertook to pay Nexans Brasil a lump sum of around 23.6 million Brazilian reals (approximately 9.4 million euros). In return, the Quiñenco group was released from any obligation to pay compensation with respect to the civil and employment law proceedings in progress that were specified in the settlement agreement, except if the total amount of related losses incurred by the Company exceeds a certain limit. Some of the tax proceedings in Brazil relating to the period prior to the acquisition, or in progress at the time of the acquisition and still ongoing at the date of the settlement agreement, remain governed by the terms of previous agreements entered into between the parties. Settlement agreements were signed between 2014 and 2017 covering part of the amounts involved, in order to enable Nexans to benefit from a tax amnesty in Brazil.

B. COMMITMENTS RELATED TO THE GROUP'S FINANCING

The main off-balance sheet commitments related to the Group's financing are summarized below:

(At December 31, in millions of euros)	Notes	2021	2020
COMMITMENTS GIVEN			
Syndicated credit facility (a)	26.A	660	660
COMMITMENTS RECEIVED			
Syndicated credit facility – Unused line expiring on December 12, 2023	26.A	600	600
European Investment Bank financing line – Unused line expiring on April 6, 2023	26.A	200	-

(a) When the Group's syndicated credit facility was set up, Nexans undertook to guarantee the commitments given by Nexans Financial & Trading Services to the banking pool concerned.

At December 31, the Group had a financing line granted by the European Investment Bank for 200 million euros. This line is not used at end of December 2021.

C. COMMITMENTS RELATED TO THE GROUP'S OPERATING ACTIVITIES

The main off-balance sheet commitments related to the Group's operations are summarized below:

(At December 31, in millions of euros)	Notes	2021	2020
COMMITMENTS GIVEN			
Derivatives - Purchases of foreign currencies (a)	26	3,857	2,409
Forward purchases of metals	26	584	372
Firm commitments to purchase property, plant and equipment		75	65
Commitments for third-party indemnities	*See (1)*	4,290	3,684
Take-or-pay copper purchase contracts (in tonnes)	*See (2)*	124,368	119,619
Other commitments given		-	-
COMMITMENTS RECEIVED			
Forward sales of foreign currencies (a)	26	3,833	2,397
Forward sales of metals	26	270	176
Take-or-pay copper sale contracts (in tonnes)	*See (2)*	102,219	98,366
Other commitments received		384	341

(a)Including derivatives used to hedge the Group's net debt.

(1) Commitments for third-party indemnities

- Group companies generally give customers warranties on the quality of the products sold without taking out bank guarantees or bonds. They have, however, also given commitments to banks and other third parties, in particular financial institutions, which have issued guarantees or performance bonds to customers, and guarantees to secure advances received from customers (778 million euros and 663 million euros at December 31, 2021 and 2020 respectively).
  When it is probable that the Group will be required to make payments under a warranty due to factors such as delivery delays or disputes over contract performance, a provision is recorded for the estimated risk (where such an estimate can be made). When such a payment is merely potential rather than probable, it is disclosed as a contingent liability if the amount concerned is sufficiently material (see **Note 22** and **Note 29**).

- At December 31, 2021 the Group had granted parent company guarantees in an amount of 3,502 million euros (3,024 million euros at December 31, 2020). These mainly correspond to performance bonds given to customers.

(2) Take-or-pay contracts (physically-settled contracts)

The volumes stated in the table above correspond to quantities negotiated as part of copper take-or-pay contracts whose price was set at the year-end, including quantities presented in inventories (see **Note 26.D** for further details).

More generally, the Group enters into firm commitments with certain customers and suppliers under take-or-pay contracts, the largest of which concern copper supplies.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

NOTE 31. Main consolidated companies

The table below lists the main entities included in the Group's scope of consolidation at December 31, 2021.

Companies by geographic area	% control	% interest	Consolidation method (a)
FRANCE			
Nexans S.A.(b)	100%	100%	Parent company
Nexans Participations	100%	100%	
Lixis	100%	100%	
Nexans France	100%	100%	
Nexans Interface	100%	100%	
Nexans Wires	100%	100%	
Tréfileries and Laminoirs de la Méditerranée S.A.	100%	100%	
Recycables	36.50%	36.50%	Equity method
Nexans Power Accessories France	100%	100%	
IES Energy	27.80%	27.80%	Equity method
Nexans Financial & Trading Services (c)	100%	100%	
BELGIUM			
Nexans Benelux S.A.	100%	100%	
Nexans Network Solutions NV	100%	100%	
Nexans Services	100%	100%	
Opticable S.A. NV	100%	100%	
GERMANY			
Nexans Deutschland GmbH	100%	100%	
Metrofunkkabel Union GmbH	100%	100%	
Nexans Auto Electric GmbH (d)	100%	100%	
Nexans Power Accessories Deutschland GmbH	100%	100%	
NORTHERN EUROPE			
Nexans Nederland BV	100%	100%	
Nexans Norway A/S	100%	100%	
Nexans Subsea Operations	100%	100%	
Nexans Skagerrak	100%	100%	
Nexans Suisse S.A.	100%	100%	
Nexans Re (e)	100%	100%	
Nexans Logistics Ltd	100%	100%	
Nexans Sweden AB	100%	100%	
Nexans Industry Solutions (f)	100%	100%	
SOUTHERN AND EASTERN EUROPE			
Nexans Iberia SL	100%	100%	
Nexans Italia SpA	100%	100%	
Nexans Partecipazioni Italia Srl	100%	100%	
Nexans Italia SpA	100%	100%	
Nexans Hellas S.A.	100%	100%	
Nexans Power Accessories Czech Republic, spol. s r.o	100%	100%	
Nexans Turkiye Endustri Ve Ticaret AS	100%	100%	

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

Companies by geographic area	% control	% interest	Consolidation method (a)
NORTH AMERICA			
Nexans Canada Inc	100%	100%	
Nexans USA Inc	100%	100%	
AmerCable Inc	100%	100%	
Nexans Magnet Wire USA Inc	100%	100%	
Nexans Specialty Holdings USA Inc	100%	100%	
Nexans Energy USA Inc	100%	100%	
Nexans High Voltage USA Inc	100%	100%	
SOUTH AMERICA			
Invercable	100%	100%	
Nexans Chile S.A.	100%	100%	
Colada Continua S.A.	41%	41%	Equity method
Nexans Colombie	100%	100%	
Indeco Peru (b)	96.73%	96.73%	
Cobrecon	50%	48.36%	Equity method
Nexans Brasil S.A.	100%	100%	
AFRICA AND MIDDLE EAST			
Liban Câbles s.a.l	91.15%	91.15%	
Nexans Maroc (g)	97.47%	97.47%	
Qatar International Cable Company	30.33%	30.33%	Equity method
Nexans Kabelmetal Ghana Ltd	59.13%	59.13%	
Nexans Côte d'Ivoire	60%	58.96%	
ASIA-PACIFIC			
Nexans Hong Kong Ltd	100%	100%	
Nexans Communications (Shanghai) Cable Co. Ltd	100%	100%	
Nexans Singapore	100%	100%	
Nexans China Wire & Cables Co. Ltd	100%	100%	
Nexans (Yanggu) New Rihui Cables Co. Ltd	100%	100%	
Nexans (Suzhou) Cables Solutions Co. Ltd	100%	100%	
Nexans Korea Ltd	99.51%	99.51%	
Kukdong Electric Wire Co. Ltd	97.90%	97.90%	
Nippon High Voltage Cable Corporation	100%	100%	
OLEX Australia Pty Ltd	100%	100%	
OLEX New Zealand Ltd	100%	100%	

(a) The companies in this list are fully consolidated, unless otherwise specified.
(b) Listed companies.
(c) The entity responsible for the Group's cash management.
(d) Nexans Auto Electric GmbH – a company based in Germany – itself consolidates various sub-subsidiaries, located in the United States, Germany, Romania, Ukraine, the Czech Republic, Slovakia, Tunisia, China, Bulgaria and Mexico.
(e) Nexans Re is the Group's captive reinsurer.
(f) Nexans Industry Solutions prepares consolidated financial statements that include various subsidiaries located mainly in China and Poland.
(g) Nexans Maroc prepares consolidated financial statements that include various subsidiaries located mainly in Morocco and Senegal.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

NOTE 32. Statutory Auditors' fees

The total fees paid to the Statutory Auditors for all controlled entities in France and recorded in the income statement for 2021 break down as follows:

(in thousands of euros)	Audit of the consolidated financial statements	Audit of the corporate financial statements	Other non audit-related services (a)	Total
Mazars	215	137	80	431
PwC	206	167	140	512
TOTAL	**420**	**304**	**220**	**944**

(a)Other services mainly consist of all the procedures that a reasonable buyer or investor would perform before entering into a transaction.

NOTE 33. Subsequent events

No significant event for which disclosure is required has occurred since December 31, 2021.