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

5 FINANCIAL STATEMENTS

5.1. Consolidated financial statements 2

5.1.1. CONSOLIDATED INCOME STATEMENT 2

5.1.2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 3

5.1.3. CONSOLIDATED BALANCE SHEET 4

5.1.4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 5

5.1.5. CONSOLIDATED STATEMENT OF CASH FLOWS 6

5.1.6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 7

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

5.1. Consolidated financial statements

5.1.1. Consolidated income statement

(in millions of euros)	Notes	2022	2021
NET SALES (a)	1.E.a, 3 and 4	**8,369**	**7,374**
Cost of sales		(7,373)	(6,593)
GROSS PROFIT		**996**	**781**
Administrative and selling expenses		(490)	(401)
R&D costs		(87)	(80)
OPERATING MARGIN (b)	1.E.b and 3	**420**	**299**
Core exposure effect (c)	1.E.c	(30)	106
Reorganization costs	23.B	(39)	(58)
Other operating income and expenses (d)	6, 7 and 8	46	(9)
Share in net income of associates		(2)	(1)
OPERATING INCOME (LOSS)	1.E.d	**395**	**338**
Cost of debt (net)	1.E.e	(35)	(22)
Other financial income and expenses (e)	1.E.e and 9	(22)	(79)
INCOME BEFORE TAXES		**339**	**237**
Income taxes	1.E.f and 10	(90)	(72)
NET INCOME (LOSS) FROM CONTINUING OPERATIONS		**248**	**164**
Net income from discontinued operations		-	-
NET INCOME (LOSS)		**248**	**164**
attributable to owners of the parent		245	164
attributable to non-controlling interests		3	0
ATTRIBUTABLE NET INCOME (LOSS) PER SHARE (in euros)	11		
- basic earnings (loss) per share		5.64	3.76
- diluted earnings (loss) per share		5.47	3.66

*(a) Sales at constant metal prices calculated using reference prices are presented in the segment information provided in **Note 3** and are used in the activity report in Section 1.8. 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.*
(b) Operating margin is one of the business management indicators used to assess the Group's operating performance.
(c) Effect relating to the revaluation of Core exposure at its weighted average cost.
*(d) Other operating income and expenses are detailed in **Note 5 and 6.***
*(e) Other financial income and expenses includes the adjustment on monetary impact of Turkey due to the application of IAS 29 standard "Hyperinflation" (see **Note 1** and **Note 9**).*

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

5.1.2. Consolidated statement of comprehensive income

(in millions of euros)	Notes	2022	2021
NET INCOME (LOSS)		**248**	**164**
Recyclable components of comprehensive income (loss)		**(60)**	**57**
- currency translation differences		(3)	67
- cash flow hedges	26	(58)	(9)
Tax impacts on recyclable components of comprehensive income (loss)	10.C	**11**	**6**
Non-recyclable components of comprehensive income (loss)		**86**	**63**
- actuarial gains and losses on pensions and other long-term employee benefit obligations	22.B	78	67
- financial assets at fair value through other comprehensive income		8	(3)
Tax impact on non-recyclable components of comprehensive income (loss)	10.C	**(18)**	**(16)**
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)		**20**	**111**
TOTAL COMPREHENSIVE INCOME (LOSS)		**268**	275
- attributable to owners of the parent		*267*	*274*
- attributable to non-controlling interests		*1*	*1*

5.1.3. Consolidated balance sheet

(At December 31, in millions of euros)	Notes	2022	2021
ASSETS			
Goodwill	7 and 12	289	240
Intangible assets	13	175	110
Property, plant and equipment	14	1,645	1,442
Investments in associates	15	25	31
Deferred tax assets	10.D	122	112
Other non-current assets	16	137	118
NON-CURRENT ASSETS		**2,393**	**2,053**
Inventories and work in progress	17	1,432	1,316
Contract assets	4.B	198	42
Trade receivables	18	935	947
Current derivative assets	26	52	66
Other current assets	19	259	190
Cash and cash equivalents	24.A	1,134	972
Assets and groups of assets held for sale		(0)	0
CURRENT ASSETS		**4,010**	**3,534**
TOTAL ASSETS		**6,402**	**5,587**

(At December 31, in millions of euros)	Notes	2022	2021
EQUITY AND LIABILITIES			
Capital stock, additional paid-in capital, retained earnings and other reserves		1,664	1,426
Other components of equity		(12)	21
Equity attributable to owners of the parent		**1,652**	**1,447**
Non-controlling interests		15	17
TOTAL EQUITY	21	**1,667**	**1,465**
Pensions and other long-term employee benefit obligations	22	232	301
Non-current provisions	23	76	76
Long-term debt	24	511	736
Non-current derivative liabilities	26	10	5
Deferred tax liabilities	10.D	151	117
NON-CURRENT LIABILITIES		**981**	**1,235**
Current provisions	23	100	92
Short-term debt	24	805	311
Contract liabilities	4.B	588	395
Current derivative liabilities	26	64	47
Trade payables	25	1,735	1,622
Other current liabilities	25	461	422
Liabilities related to groups of assets held for sale		-	-
CURRENT LIABILITIES		**3,754**	**2,887**
TOTAL EQUITY AND LIABILITIES		**6,402**	**5,587**

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
December 31, 2020	**43,648,472**	**44**	**1,614**	**(3)**	**(397)**	**15**	**(56)**	**1,216**	**40**	**1,256**
2021 IFRIC Application	-	-	-	-	(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)
Changes in capital	-	-	-	-	-	-	-	-	-	-
Changes in treasury shares (a)	(11,583)	-	-	(7)	(3)	-	-	(10)	-	(10)
Employee share-based plans :										
- Service cost	-	-	-	-	8	-	-	8	-	8
- Proceeds from share issues	-	-	-	-	-	-	-	-	-	-
Transactions with owners not resulting in a change of control	-	-	-	-	(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**
IAS 29 "Hyperinflation" application for hyperinflation (b)	-	-	-	-	-	-	6	6	-	6
JANUARY 1, 2022	**43,636,889**	**44**	**1,614**	**(10)**	**(226)**	**16**	**15**	**1,453**	**17**	**1,470**
Net income for the year	-	-	-	-	245	-	-	245	3	248
Other comprehensive income (loss)	-	-	-	-	69	(46)	(1)	21	(1)	20
TOTAL COMPREHENSIVE INCOME (LOSS)	**-**	**-**	**-**	**-**	**314**	**(46)**	**(1)**	**267**	**1**	**268**
Dividends paid	-	-	-	-	(52)	-	-	(52)	(1)	(53)
Changes in capital	(2,247)	(0)	(9)	42	-	-	-	33	1	34
Changes in treasury shares (a)	(173,664)	-	-	(58)	(6)	-	-	(65)	-	(65)
Employee share-based plans :										
- Service cost	-	-	-	-	16	-		16	-	16
- Proceeds from share issues	-	-	-	-	-	-	-	-	-	-
Transactions with owners not resulting in a change of control	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	(1)	1	(0)	(0)	(4)	(4)
December 31, 2022	**43,460,978**	**44**	**1,604**	**(26)**	**46**	**(29)**	**13**	**1,652**	**15**	**1,667**

*(a)The number of shares outstanding corresponded to issued shares less shares held in treasury; acquisition, shares hold in treasury and shares negotiated in the stock market are detailed on **Note 21**.*
*(b)This line contains the application of IAS 29 hyperinflation standard detailed in **Note 1** and in **Note 9**.*

5.1.5. Consolidated statement of cash flows

(in millions of euros)	Notes	2022	2021
Net income		248	164
Depreciation, amortization and impairment of assets (including goodwill)	7, 13 and 14	180	176
Cost of debt (gross)		41	24
Core exposure effect (a)		30	(106)
Current and deferred income tax charge (benefit)	10	90	72
Net (gains) losses on asset disposals	8	(54)	(15)
Net change in provisions and non current liabilities		(41)	(9)
Fair value changes on operational derivatives		(29)	12
Charges related to the cost of share-based payments		16	8
Other restatements		25	9
CASH FLOWS FROM OPERATIONS BEFORE GROSS COST OF DEBT AND TAX (b)		**506**	**337**
Decrease (increase) in working capital	20	104	117
Impairment of current assets and accrued contract costs		48	(5)
Income taxes paid		(114)	(47)
NET CHANGE IN CURRENT ASSETS AND LIABILITIES		**38**	**65**
NET CASH GENERATED FROM OPERATING ACTIVITIES		**544**	**401**
Proceeds from disposals of property, plant and equipment and intangible assets		62	14
Capital expenditure	13, 14	(298)	(206)
Decrease (increase) in loans granted and short-term financial assets		11	5
Purchase of shares in consolidated companies, net of cash acquired		(211)	(5)
Proceeds from sale of shares in consolidated companies, net of cash transferred		7	8
NET CASH USED IN INVESTING ACTIVITIES		**(429)**	**(183)**
NET CHANGE IN CASH AND CASH EQUIVALENTS AFTER INVESTING ACTIVITIES		**115**	**219**
Proceeds from (repayments of) long-term and short-term borrowings	24	198	(305)
- of which proceeds from the European Investment Bank loan		200	-
- of which repayment of bonds 2016-2021		-	(250)
- of which proceeds from (repayment of) the government-backed loan		-	(280)
Cash capital increases (reductions) (c)	21	(32)	(10)
Interest paid		(43)	(41)
Transactions with owners not resulting in a change of control		(0)	(30)
Dividends paid		(54)	(32)
NET CASH USED IN FINANCING ACTIVITIES		**70**	**(417)**
Impact of the hyperinflation (d)		(5)	-
Net effect of currency translation differences		(19)	33
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**162**	**(165)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	24.A	**968**	**1,133**
CASH AND CASH EQUIVALENTS AT YEAR-END	24.A	**1,129**	**968**
- of which cash and cash equivalents recorded under assets		1,134	972
- of which short-term bank loans and overdrafts recorded under liabilities		(5)	(5)

(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) The Group also uses the "cash from operations" concept, which is mainly calculated after adding back cash outflows relating to reorganizations as per ***Note 23*** *and deduction of paid taxes.*
(c) This line includes also inflows and outflows on acquisitions/sales of treasury stocks.
(d) This line contains the impacts related to the application of IAS 29 hyperinflation rules detailed in ***Note 1*** *and* ***Note 9****.*

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

NOTE 1. Summary of significant accounting policies....8

NOTE 2. Significant events of the year....22

NOTE 3. Operating segments....24

NOTE 4. Revenue from contracts with customers....26

NOTE 5. Payroll costs and headcount....28

NOTE 6. Other operating income and expenses....28

NOTE 7. Net asset impairment....28

NOTE 8. Net gains (losses) on asset disposals....31

NOTE 9. Other financial income and expenses....31

NOTE 10. Income taxes....32

NOTE 11. Earnings per share....35

NOTE 12. *Goodwill*....35

NOTE 13. Intangible assets....38

NOTE 14. Property, plant and equipment....38

NOTE 15. Investments in associates – Summary of financial data....39

NOTE 16. Other non-current assets....40

NOTE 17. Inventories and work in progress....40

NOTE 18. Trade receivables....41

NOTE 19. Other current assets....41

NOTE 20. Change in working capital requirement....42

NOTE 21. Equity....42

NOTE 22. Pensions, retirement bonuses and other long-term benefits....45

NOTE 23. Provisions....49

NOTE 24. Net debt....51

NOTE 25. Trade payables and other current liabilities....54

NOTE 26. Derivative instruments....55

NOTE 27. Financial risks....56

NOTE 28. Additional disclosures concerning financial instruments....65

NOTE 29. Related party transactions....66

NOTE 30. Disputes and contingent liabilities....68

NOTE 31. Off-balance sheet commitments....71

NOTE 32. Main consolidated companies....74

NOTE 33. Statutory Auditors' fees....76

NOTE 34. Subsequent events....76

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 Nexans Group produces electrical cables and provides its customers with innovative energy transport solutions and services.

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 14, 2023 and will become final after approval at the Shareholders' Meeting, which will take place on May 11, 2023 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 the International Financial Reporting Standards (IFRS), as adopted by the European Union at December 31, 2022.

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, 2022, and which were as follows:

- Amendments to IAS 16 "Proceeds Before Intended Use";
- Amendments to IAS 37 "Onerous Contracts - Contract Fulfillment Costs";
- Amendments to IFRS 3 "Reference to the Conceptual Framework".

These publications did not have a material impact on the Group's consolidated financial statements. See statement of changes in consolidated equity. Accordingly, the IFRS IC decisions did not give rise to a restatement of the comparative period.

New standards published 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 "Disclosure of Accounting Policies";
- Amendments to IAS 8 "Definition of Accounting Estimates";
- Amendments to IAS 12 "Deferred Taxes Relating to Assets and Liabilities Arising from the Same Transaction".

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.

These assessments are carried out on a regular basis by Management in order to take into account past experience and other factors deemed relevant in view of the economic conditions. In particular, the regulations applicable in the coming years and the foreseeable consequences of the commitments made in favor of carbon neutrality, the forecasts of technological and market developments (raw material costs, changes in customer expectations, etc.) are taken into account and any other change that could have a significant impact on the consolidated financial statements in accordance with IFRS.

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**). The Group included in its review of the recoverable amount assumptions related to the consequences of climate change;
- 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 22**);
- provisions and contingent liabilities (see **Note 1.F.k**, **Note 23** and **Note 30**);
- the measurement of derivative instruments and their qualification as cash flow hedges (see **Note 1.F.n** and **Note 26**);
- cancelable lease terms for real estate leases (see **Note 1.F.m**).

The estimates and underlying assumptions are based on past experience and other factors considered reasonable under the circumstances. They 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 32**.

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. This exchange rate 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. In the majority of cases, this currency corresponds to the local currency.

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

In 2022, all the conditions to consider Turkey as a hyperinflationary economy within the meaning of IFRS standards were met (the last condition required concerned the level of cumulative inflation over three years, wholesale price inflation and retail price inflation having exceeded the 100% threshold in the first half of 2022). As a result, the Group has applied IAS 29 on financial reporting in hyperinflationary economies since January 1, 2022.

This standard IAS 29 requires restatement of the non-monetary items of the assets and liabilities of a country experiencing hyperinflation as well as its income statement to reflect the change in the general purchasing power of its functional currency, resulting in a profit or loss on the net monetary position which is recognized in net income. In addition, the financial statements of this country are translated at the closing rate for the period in question.

The consequences of the application of IAS 29 for Turkey are described in **Note 9** "Other financial income and expenses".

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

In 2022 and 2021, the Lebanese economy was considered as hyperinflationary within the meaning of IAS 29. Nevertheless, the functional currency of the Group entity located in Lebanon is the US dollar, and its activities in this country are mainly carried out in this currency. As a result, no restatement is made in the Group's financial statements.

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 in 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 the latter 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 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.

The operating margin is assessed before the impact of: (i) the revaluation of the Core exposure (see **Note 1.E.c**); (ii) impairment of property, plant and equipment, intangible assets or goodwill resulting from impairment tests; (iii) the change in fair value of non-ferrous metal financial instruments; (iv) capital gains and losses on asset disposals; (v) related acquisition costs for completed acquisitions and costs and fees related to planned acquisitions; (vi) expenses and provisions for antitrust investigations; (vii) reorganization costs; (viii) the share in net income of associates; (ix) net financial income (loss); (x) taxes; and (xi) net income 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. It is calculated by dividing the operating margin by the capital employed.

c. Core exposure effect

This line of the consolidated income statement includes the following two components (see also **Note 27.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 27.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. Net financial income (loss)

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 **Notes 9 and 24**.

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 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". 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". 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 scope of entities eligible for hedge accounting covers most of the Group's metal derivatives.

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. ACQUISITION OF CENTELSA

Acquisition of Centelsa

On April 1, 2022, Nexans completed the acquisition of 100% of Centelsa, a manufacturer of high-end cables in Latin America, specializing in Building and Energy Network applications, from Xignux SA (headquartered in Mexico).

This transaction enables the Group to take a new step in its strategy to become a "pure player" in electrification, by focusing on the entire value chain, from production to transmission, including distribution and use of sustainable energy.

Its three production plants in Cali, Colombia, as well as its distribution center in Ecuador, have strengthened Nexans' presence in Latin America. The Group already has four industrial sites in the region (Colombia, Peru, Chile and Brazil) and employs 1,300 people.

The details and conditions of this transaction as well as the provisional goodwill are presented in **Note 12**.

Centelsa entities have been fully consolidated since April 1, 2022. Their activities contributed to the Group's consolidated financial statements for the year 2022 for revenue at current metal prices of 246 million euros and an Operating Margin of 16 million euros.

On a twelve-month basis, considering that the Centelsa Group was acquired on January 1, 2022, the contribution to recurring revenue and operating margin can be estimated at 328 million euros and 21 million euros respectively.

Acquisition of Reka Cables

In November 2022, Nexans has entered into an agreement with Reka Industrial Plc (NASDAQ OMX Helsinki: REKA) to acquire Reka Cables (the "Transaction"). This acquisition will enable the Group to strengthen its position in the Nordic countries, particularly in the Building & Territories businesses.

Founded in 1961, Reka Cables specializes in the manufacture of low- and medium-voltage cables for Building & Territories activities. With a workforce of 270 employees and an estimated revenue of more than 160 million euros in 2022, this company, present in four countries, is one of the leaders in the Finnish market and enjoys an excellent reputation in the Nordic countries. In November 2021, it became one of the first cable manufacturers to achieve carbon neutrality (Scopes 1 and 2).

Nexans will acquire Reka Cables for a price of 53 million euros, including a net financial debt of 6.5 million euros at the end of September 2022. Closing of the Transaction is subject to regulatory approvals and is expected to take place in the first half of 2023.

B. FINANCING

Signature of a syndicated loan agreement for 800 million euros

On October 25, 2022, Nexans signed a new multi-currency syndicated loan agreement for 800 million euros with a pool of 13 banks to replace the existing undrawn agreement signed on December 12, 2018 for an amount of 600 million euros.

This facility makes it possible to strengthen Nexans' financial liquidity for a period of five years with two extension options of one year each (see **Notes 27 and 31**).

Drawdown of the financing signed with 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.

In April 2022, the Group drew down this financing for an amount of 200 million euros. The repayment will be made in fine in April 2027 (see **Note 24** for the characteristics of this loan).

C. CAPITAL TRANSACTIONS

Employee share ownership plan

On November 8, 2021, the Board of Directors, on the basis of the authorizations granted by the Shareholders' Meeting of May 12, 2021, decided on the principle of an employee share ownership operation, to be carried out in 2022, by means of a capital increase issuing a maximum of 500,000 new shares.

This is the tenth employee share ownership operation conducted by the Group on an international scale.

Employees were offered the possibility of subscribing to a structured formula called "leveraged" similar to the formula offered during the 2010 to 2020 transactions allowing employees to subscribe, through the intermediary of a corporate mutual fund (*Fonds Communs de Placements d'Entreprise* - FCPE) or directly, at a discounted preferential price while offering a guarantee of the amount invested as well as a multiple of the share's performance. The shares or units of the corporate mutual fund will be unavailable for five years, except in limited cases of early release. In certain countries where the offer of leveraged corporate mutual fund shares raised legal or tax difficulties, an alternative formula was proposed involving the allocation of Stock Appreciation Rights. Employees outside France who took part in the offer received a matching contribution from the Group.

The reservation period ran between May 9 and 24, 2022, with a withdrawal period from June 23 to 28, 2022.

The subscription price was set on June 22, 2022 at 62.25 euros in France and 71.14 euros outside France (i.e. discounts of 30% and 20% respectively compared to the average price recorded during the 20 trading days preceding said date).

The settlement-delivery of the shares took place on July 26, 2022 (see **Note 21**).

D. CHANGES IN THE SITUATION IN UKRAINE

Nexans is present in Ukraine through its Nexans Autoelectric entity with three industrial sites located in western Ukraine and dedicated to the manufacture of harnesses for the automotive industry.

The situation is being monitored closely with a focus on employees' security, supply chain and business continuity in Ukraine.

The total of the Group's assets located in Ukraine represent less than 1% of its consolidated balance sheet. Although the sites are located in Western Ukraine, the risk on the assets held and uncertainties about future activity have led the Group to review the valuation of its Ukrainian assets and, more generally, the value of the assets of its Harness Cash Generating Unit (see **Note 7**).

In addition, in July 2022, the Group sold its minority stake in the non-consolidated Impex entity based in Russia. The disposal led the Group to book a net income of 10 million euros in other comprehensive income.

NOTE 3. Operating segments

As part of "*Winds of Change*" corresponding to the Group's 2022-2024 ambition to become a *pure player* covering the entire electrification value chain, the operational segmentation of the Group's activities within the meaning of IFRS 8 was refined in the first half of 2022 with the historical "Buildings and Territories" segment being split in two, and the other segments remaining broadly unchanged in their composition.

The comparative segment information at December 31, 2021 has been restated in order to present this information according to the new segment breakdown in force within the Group.

The Group now has the following five reportable segments within the meaning of IFRS 8 (after taking into account the aggregations authorized by the standard). These segments reflect the managerial organization of the Group and are defined on the basis of products and applications specific to different markets, all geographical areas combined:

- **"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. It has two components:
  - **"Distribution"** which covers the cables intended for the energy distribution networks managed by the electricity suppliers within the "Territories",
  - **"Usages"**, corresponding to all the equipment cables of the various "Buildings";

- **"Generation & Transmission"**, formerly "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).

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:

- at December 31, 2022, 95% of the sales at constant metal prices recorded under "Other Activities" were generated by the Group's "Electrical Wires" business (compared with 98% in 2021);
- the operating margin for "Other Activities" was a negative 57 million euros at December 31, 2022. It includes 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.

Consolidated EBITDA is defined as operating margin before depreciation and amortization.

Sales at constant metal prices for 2022 and 2021 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

2022 (in millions of euros)	Building & Territories		Generation & Transmission	Telecom & Data	Industry & Solutions	Other Activities	TOTAL GROUP
	Usages	Distribution					
Net sales at current metal prices	2,492	1,295	933	334	1,718	1,597	**8,369**
Net sales at constant metal prices	1,837	1,081	897	321	1,559	1,049	**6,745**
EBITDA	221	89	145	35	135	(25)	**599**
Depreciation and amortization	(23)	(23)	(58)	(6)	(38)	(32)	**(180)**
Operating margin	198	66	87	30	96	(57)	**420**
Net impairment of non-current assets (including goodwill) (see Note 7)	0	0	(0)	-	(7)	7	**0**

2021 (in millions of euros)	Building & Territories		Generation & Transmission	Telecom & Data	Industry & Solutions	Other Activities	TOTAL GROUP
	Usages	Distribution					
Net sales at current metal prices	2,119	1,022	804	330	1,473	1,626	**7,374**
Net sales at constant metal prices	1,613	878	796	320	1,366	1,081	**6,054**
Net sales at constant metal prices and perimeter, and 2022 exchange rates	1,513	904	800	323	1,388	1,227	**6,156**
EBITDA	128	59	143	37	119	(22)	**463**
Depreciation and amortization	(21)	(24)	(49)	(7)	(36)	(26)	**(163)**
Operating margin	107	34	94	30	82	(48)	**299**
Net impairment of non-current assets (including goodwill) (see Note 7)	(8)	(6)	-	-	-	-	**(15)**

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

2022 (in millions of euros)	Canada	France	Norway	Germany	Other (b)	TOTAL GROUP
Net sales at current metal prices (a)	1,487	1,228	963	896	3,794	**8,369**
Net sales at constant metal prices (a)	1,058	929	922	873	2,963	**6,745**
Non-current assets IFRS 8 (at December 31) (a)	37	195	490	162	1,250	**2,133**

(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.

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
Net sales at constant metal prices and perimeter, and 2022 exchange rates (a)	1,131	949	809	783	2,484	6,156
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.

C. INFORMATION BY MAJOR CUSTOMER

The Group did not have any customers that individually accounted for over 10% of its sales in 2022 or 2021.

NOTE 4. Revenue from contracts with customers

A. CONSOLIDATED SALES

Consolidated sales can be analyzed as follows:

2022 Sales (in millions of euros)	Building & Territories Usages	Building & Territories Distribution	Generation & Transmission	Telecom & Data	Industry & Solutions	Other Activities	TOTAL GROUP
Performance obligations satisfied at a point in time	2,492	1,295	93	334	1,718	1,597	7,529
Performance obligations satisfied over time	-	-	840	-	-	-	840
NET SALES	**2,492**	**1,295**	**933**	**334**	**1,718**	**1,597**	**8,369**

2021 Sales (in millions of euros)	Building & Territories Usages	Building & Territories Distribution	Generation & Transmission	Telecom & Data	Industry & Solutions	Other Activities	TOTAL GROUP
Performance obligations satisfied at a point in time	2,119	1,022	68	330	1,473	1,626	6,639
Performance obligations satisfied over time	-	-	735	-	-	-	735
NET SALES	**2,119**	**1,022**	**804**	**330**	**1,473**	**1,626**	**7,374**

B. CONTRACT ASSETS AND CONTRACT LIABILITIES

Contract assets and contract liabilities can be analyzed as follows:

(in millions of euros)	December 31, 2022		December 31, 2021	
	Sales of goods	Goods and services contracts	Sales of goods	Goods and services contracts
Contract assets	-	198	-	42
Contract liabilities	(146)	(443)	(132)	(262)
TOTAL	**(146)**	**(245)**	**(132)**	**(221)**

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, 2021 are included in 2022 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 24 million euro negative change in contract assets and liabilities reflects:

- 80 million euro positive change corresponding to outstanding contract liabilities at December 31, 2021 that were recognized in revenue in 2022;
- 70 million euro negative effect of timing differences between 2022 billings and revenues recognized using the percentage of completion method;
- 10 million euro positive change corresponding to outstanding contract assets at December 31, 2021 that were billed in 2022;
- 50 million euro negative change for the 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 2,860 million euros, of which more than 60% should be satisfied over the next two years.

NOTE 5. Payroll costs and headcount

		2022	2021
Payroll costs (including payroll taxes)	*(in millions of euros)*	1,096	976
Average staff of consolidated companies	*(in number of employees)*	26,910	24,962

Payroll costs in the above table include share-based payments within the meaning of IFRS 2. These payments totaled 22 million euros in 2022 (including payroll taxes). See **Note 21** 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	2022	2021
Net asset impairment	7	0	(15)
Changes in fair value of non-ferrous metal derivatives		2	(6)
Net gains (losses) on asset disposals	8	54	15
Acquisition-related costs (completed and planned acquisitions)		(9)	(3)
Expenses and provisions for antitrust investigations		(1)	(1)
OTHER OPERATING INCOME AND EXPENSES		**46**	**(9)**

NOTE 7. Net asset impairment

(in millions of euros)	2022	2021
Impairment losses – non-current assets	(14)	(15)
Reversals of impairment losses – non-current assets	14	-
Impairment losses – goodwill	-	-
Impairment losses – assets and groups of assets held for sale	-	-
NET ASSET IMPAIRMENT	**0**	**(15)**

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**.).

The valuation of the Group's goodwill is carried out at the level of the Cash Generating Units (CGU) to which they are allocated. In the event of an unfavorable difference between the carrying amount and the recoverable amount, an impairment loss is recognized.

The Group integrated the challenges associated with the consequences of climate change and the commitments taken for the contribution to carbon neutrality in its approach to the review of the valuation of its assets, in particular via the following elements:

- The incremental investments related to the commitments made in terms of objectives for the contribution to carbon neutrality are insignificant and have no consequences on the review of the valuation of the Group's assets,
- The forecasts of tensions on the copper market led the Group to include in its sensitivity tests the consequences of a possible 10% reduction in volume on the Usages business from the segment Building & Territories. No such sensitivity test was performed on the other businesses: they are not affected by such a shortage, either because they are considered as a strategic activity, or because they are not very exposed to a potential reduction in the availability of copper.

A. RESULTS OF THE IMPAIRMENT TESTS PERFORMED IN 2022

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.

As indicated in **Note 2**, the Group is exposed to the conflict on Ukrainian soil through its presence in the west of the country via the three production sites for the Harness business. Due to the bombardments in the region and uncertainties about future activity due to the potential developments of the conflict and its consequences on the global economy, the Group has reviewed the valuation of the assets held in Ukraine as well as that of the Harnesses CGU.

In order to carry out the review of the valuation of Ukrainian assets, the Group has chosen to use a high discount rate of 26%, based on a risk premium in line with that of other countries in a strongly deteriorated situation such as Lebanon or Venezuela. The cash flows are based on the best available forecasts.

Following the test, impairment losses of 14 million euros were recognized on the property, plant and equipment of the Group's activities located in Ukraine.

In addition, the improved performance of the North America Industry & Solutions CGU and that of the Brazilian entity led the Group to recognize reversals of respectively 7 million euros on intangible assets (customer relations) and 7 million euros on tangible assets.

In 2021, the tests carried out had led to the recognition of impairment losses of 15 million euros on property, plant and equipment located in Lebanon, in connection with the crisis in this country.

With the exception of the North America Industry & Solutions CGU mentioned above, the review of the valuations at the level of the CGUs did not lead to the recognition of any impairment losses or reversals on the CGUs in either 2022 or 2021.

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 31,2021	**70**	**61**	**31**	**28**	**51**	**240**
Business combinations	-	-	-	-	-	**-**
Disposals/acquisitions	-	42	-	-	-	**42**
Impairment losses	-	-	-	-	-	**-**
Exchange differences and other movements	(1)	5	(0)	2	-	**7**
DECEMBER 31,2022	**69**	**108**	**31**	**29**	**52**	**289**

The goodwill of the South America Building & Territories CGU increased by 42 million euros due to the acquisition of the Centelsa group cf. **Note 12**.

No impairment loss on goodwill was recognized by the Group in 2022 or 2021.

C. KEY 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*	
	2022	2021	2022	2021
Europe (Euro Zone)	8.8%	6.5%	1.3%	1.5%
Chile	11.0%	8.0%	2.5%	2.5%
United States of America	10.0%	8.0%	1.9%	1.7%
Brazil	13.5%	10.0%	2.0%	2.1%
China	11.0%	9.5%	4.6%	4.9%
Peru	12.0%	10.0%	3.0%	3.2%
Norway	9.5%	7.5%	1.3%	1.4%
Australia	10.0%	8.0%	2.3%	2.6%
Ukraine	26.0%	25.0%	1.3%	2.7%
Lebanon	26.0%	25.0%	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 2023 Budget and the Strategic Plan). 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 the following changes in assumptions:

- 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) compared to the assumptions used;
- A 10% reduction in the volume on the Usages business from the segment Building & Territories to reflect a potential shortage of copper.

A decrease of 50 basis points in the perpetuity growth rate compared to the assumptions used would lead to the recognition of an additional impairment of 1 million euros on the individual assets of Ukraine.

A decrease of 50 basis points in the operational assumption of the EBITDA margin compared to the assumptions used would lead to the recognition of an additional impairment of 3 million euros on the individual assets in Ukraine.

The other 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)	2022	2021
Net gains (losses) on disposals of fixed assets	52	10
Net gains (losses) on disposals of investments	2	5
Other	-	-
NET GAINS (LOSSES) ON ASSET DISPOSALS	**54**	**15**

The Group recognized capital gains (losses) on disposals of 54 million euros in 2022 which mainly corresponding to the following items:

- The disposal of the industrial site in Hanover for 60 million euros, i.e. net proceeds of disposal of 55 million euros;
- The sale of the shares held in two entities in Senegal, one consolidated, the other not, for a net capital gain of 4 million euros.

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.

NOTE 9. Other financial income and expenses

(in millions of euros)	2022	2021
Dividends received from non-consolidated companies	2	5
Provisions	4	(51)
Net foreign exchange gain (loss)	(16)	(27)
Net interest expense on pensions and other long-term employee benefit obligations	(2)	(2)
Hyperinflation	(5)	-
Other	(4)	(4)
OTHER FINANCIAL INCOME AND EXPENSES	**(22)**	**(79)**

In 2022, the impairment recorded on cash deposits in Lebanon was partially reversed for 4 million euros due to the reduction in the balance of these deposits. The balance of the impairment amounted to 35 million euros at December 31, 2022, while the net balance of these deposits for 4 million euros remains classified in other net receivables, excluding cash and cash equivalents (see **Note 24**).

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, the total impairment losses recognized on Lebanese bank deposits amounted to 39 million euros. As a result, 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 19**);
- 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 included unrealized foreign exchange losses in countries whose currencies had depreciated significantly.

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

Effects of the application of IAS 29 "Hyperinflation" in Turkey

As indicated in **Note 1**, the Group applies IAS 29 for its Turkish subsidiary and used the following indices to revalue the income statement, cash flows and non-monetary assets and liabilities at December 31, 2022:

- the consumer price inflation index "TUFE" published by the Turkstat organization, from December 2004 (last local application of the standard on hyperinflation). The latter increased by 64% over the period in 2022;
- the EUR/TRY exchange rate used for the translation of the income statement was 19.96 at December 31, 2022.

The first-time application of IAS 29 in 2022 resulted in an appreciation of 6 million euros in consolidated equity at the beginning of the year and was also reflected in the income statement for the period by:

- an increase in consolidated revenue for the period of around 6 million euros;
- an increase in the operating margin of around 1 million euros;
- other financial income and expenses include an expense of 5 million euros reflecting the consequence of hyperinflation on the net monetary position (see table at the beginning of the note).

NOTE 10. Income taxes

A. ANALYSIS OF THE INCOME TAX CHARGE

(in millions of euros)	2022	2021
Current income tax charge	(104)	(102)
Deferred income tax (charge) benefit, net	14	29
INCOME TAX CHARGE	**(90)**	**(72)**

Nexans heads up a tax group in France that comprised 12 companies in 2022. Other tax groups have been set up where possible in other countries, including Germany, the United States, Italy and South Korea.

B. EFFECTIVE INCOME TAX RATE

The effective income tax rate was as follows:

Tax proof *(in millions of euros)*	2022	2021
Income before taxes	339	237
- of which share in net income of associates	(2)	(1)
INCOME BEFORE TAXES AND SHARE IN NET INCOME OF ASSOCIATES	**340**	**238**
Standard tax rate applicable in France (in %) (a)	25.83%	28.41%
THEORETICAL INCOME TAX CHARGE	**(88)**	**(68)**
Effect of:		
- Difference between foreign and French tax rates	1	4
- Change in tax rates for the period	0	(0)
- Unrecognized deferred tax assets	5	(3)
- Taxes calculated on a basis different from "Income before taxes"	(8)	(7)
- Other permanent differences	(2)	2
ACTUAL INCOME TAX CHARGE	**(90)**	**(72)**
EFFECTIVE TAX RATE (IN %)	**26.48%**	**30.42%**

(c) 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 the 2022 fiscal year is limited as the taxes assessed on a basis other than pre-tax income are compensated by a higher recognition of deferred tax assets.

C. TAXES RECOGNIZED DIRECTLY IN OTHER COMPREHENSIVE INCOME

The taxes recognized directly in other comprehensive income at December 31, 2022 can be analyzed as follows:

(in millions of euros)	December 31, 2021	Gains (losses) generated during the year (a)	Amounts recycled to the income statement (a)	TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	December 31, 2022
Currency translation differences	(8)	(0)	-	(0)	(8)
Cash flow hedges	(1)	11	1	12	11
TAX IMPACTS ON RECYCLABLE COMPONENTS OF COMPREHENSIVE INCOME (b)	**(10)**	**11**	**1**	**11**	**2**
Financial assets at fair value through other comprehensive income	0	-	N/A	-	0
Actuarial gains and losses on pensions and other long-term employee benefit obligations	42	(18)	N/A	(18)	24
TAX IMPACTS ON NON-RECYCLABLE COMPONENTS OF COMPREHENSIVE INCOME	**42**	**(18)**	**-**	**(18)**	**24**

(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**).*

D. DEFERRED TAXES RECOGNIZED IN THE CONSOLIDATED BALANCE SHEET

Deferred taxes break down as follows by type:

(in millions of euros)	December 31, 2021	Impact on income	Change in consolidation scope	Impact on equity	Exchange differences and other	December 31, 2022
Fixed assets	(36)	(1)	(35)	-	14	(58)
Other assets	(87)	16	1	-	2	(68)
Employee benefit obligations	45	7	0	(18)	(0)	34
Provisions for contingencies and charges	6	8	0	-	1	14
Other liabilities	19	13	(0)	0	0	32
Derivatives (metal & exchange)	(1)	(6)		12	(0)	4
Unused tax losses	634	(38)	1	-	(10)	587
DEFERRED TAX ASSETS (GROSS) AND DEFERRED TAX LIABILITIES	**579**	**(2)**	**(34)**	**(6)**	**6**	**544**
Unrecognized deferred tax assets	(584)	16	-	0	(5)	(573)
NET DEFERRED TAXES	**(5)**	**14**	**(34)**	**(6)**	**1**	**(30)**
- of which recognized deferred tax assets	112					122
- of which deferred tax liabilities	(117)					(151)

At December 31, 2022, deferred tax assets in amount of 573 million euros were not recognized as the Group deemed that their recovery was not sufficiently probable (584 million euros at December 31, 2021). 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 587 million euros at December 31, 2022 (634 million euros at December 31, 2021). The main entities to which these tax losses related at those dates were as follows:

- French subsidiaries, in an amount of 257 million euros (246 million euros at December 31, 2021), of which 8 million euros were recognized in deferred tax assets at December 31, 2022 (8 million euros at December 31, 2021);
- German subsidiaries, in an amount of 165 million euros (220 million euros at December 31, 2021), of which 26 million euros were recognized in deferred tax assets at December 31, 2021 (22 million euros at December 31, 2021).

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)	2022	2021
Year Y+1	2	2
Years Y+2 to Y+4	15	16
Year Y+5 and subsequent years (a)	570	616
TOTAL	**587**	**634**

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

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:

	2022	2021
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT (a)	245	164
Average number of shares outstanding	43,528,978	43,694,611
Average number of dilutive instruments (b)	1,349,278	1,133,302
Average number of diluted shares	44,878,256	44,827,913
ATTRIBUTABLE NET INCOME PER SHARE		
- Basic earnings per share (c)	5.64	3.76
- Diluted earnings per share (c)	5.47	3.66

(a)In millions of euros. In 2022 and 2021, attributable net income corresponded to adjusted net income attributable to owners of the parent.
(b)Dilutive instruments in 2022 and 2021 corresponded to free share and performance share rights.
(c)In euros.

NOTE 12. *Goodwill*

The evolution of goodwill in 2022 (289 million euros as at December 31, 2022 versus 240 million euros as at December 31, 2021) is mainly related to the acquisition of Centelsa and to a lesser extent to changes in exchange rates over the period as the main goodwill items are expressed in foreign currencies as they relate to the Australian (Olex), South American (Madeco) and North American (AmerCable) acquisitions.

All goodwill are tested for impairment as soon as there is an indication of impairment and at least once a year, according to the methods and assumptions described in **Note 1**. No impairment was recognized on goodwill as of December 31, 2022 and December 31, 2021.

Goodwill associated with the acquisition of the Centelsa Group

The acquisition was paid in full in cash for an acquisition cost of the shares of 122 million euros accompanied by the immediate repayment by the Group of all the financial debt to the previous shareholder of Centelsa at the date of the acquisition, i.e. 90 million euros.

The price paid does not include any earn-out clause.

The amount paid net of cash acquired for 7 million euros therefore ultimately amounts to 205 million euros at December 31, 2022.

The acquisition price used to calculate the goodwill also includes the fair value of the Cobrecon entity, formerly accounted for using the equity method, for 13 million euros. This item has no impact on cash.

The goodwill recognized before allocation to identifiable assets and liabilities amounted to 75 million euros on the date of entry into the scope of consolidation.

The table below shows the main elements used to determine the goodwill before allocation:

(in millions of euros)	Centelsa 2022 acquisition
Purchase price (a)	122
- of which portion paid in cash and cash equivalents	122
Purchase price of shares (1)	**122**
Repayment of previous shareholder's debt	90
Repayment of debt (2)	**90**
Fair value of Cobrecon	13
Fair value of entities previously held as equity investments (3)	**13**
Assets	
Non-current assets (including financial assets)	84
Inventories	80
Receivables	91
Cash and cash equivalents	7
Deferred taxes assets	0
Other assets	13
Liabilities	
Provisions	0
Deferred taxes liabilities	14
Borrowings and debt (b)	51
Other liabilities	60
Net attributable assets acquired (4)	**150**
Goodwill (1)+(2)+(3)-(4)	**75**

a) The entire acquisition price was paid in cash and cash equivalents.
b) All of Centelsa's external financial debt was retained and was not repaid by the Group at the time of the acquisition.

The corresponding acquisition costs amounted to 3 million euros in 2022 and were recognized in the income statement in accordance with IFRS 3. In accordance with the Group's accounting principles (see **Note 1.D**), they are presented on the specific line "Related costs on acquisitions and proposed acquisitions" within "Other operating income and expenses" (see **Note 5**).

Provisional allocation on acquisition of Centelsa

In accordance with the provisions of IFRS 3, the allocation of the acquisition cost to the fair value of the assets, liabilities and contingent liabilities acquired was carried out during the second half of 2022.

The change between the initial goodwill of Centelsa of 75 million euros in the financial statements as of December 31, 2022 and the goodwill after allocation of 42 million euros can be broken down as follows:

(in millions of euros)	*References*	Centelsa 2022 acquisition
Goodwill before purchase price allocation as of April 1, 2022		**75**
Allocation to property, plant and equipment	(1)	(3)
Allocation to trademarks	(2)	14
Allocation to customer relationships	(2)	48
Allocation to inventories	(3)	1
Provisions	(4)	(8)
Net deferred tax liabilities	(5)	(20)
Goodwill after purchase price allocation as of April 1, 2022		**42**

(1) During the 2022 fiscal year, the Group assessed the fair value of all of the Centelsa Group's tangible assets: lands, buildings and industrial equipments in the various countries in which it operates. This assessment was carried out with the assistance of consulting firms specializing in the real estate sector.

(2) Over the same period, Nexans also measured the Centelsa Group's intangible assets. Two significant categories of intangible assets have been identified and valued with the assistance of specialized consulting firms:

- Brands, which were considered to have an indefinite useful life and are therefore not amortized.
- Customer relationships, considered as having a definite lifespan.

(3) Valuation of inventories at their fair value on the acquisition date.

(4) The Group has identified the fair value of the liabilities and contingent liabilities at the acquisition date, taking into account the sharing of risks between the buyer and the seller, in particular according to the liability guarantee clauses.

(5) Deferred taxes recognized as part of the acquisition price allocation: they cover the deferred taxes recognized on the allocations of the goodwill to the tangible and intangible assets acquired as well as to the liabilities and contingent liabilities identified at the acquisition date.

Given the appreciation of the US dollar against the euro between April 1 and December 31, 2022, the final goodwill amounted to 44 million euros as of December 31, 2022.

It should be noted that this provisional goodwill will become definitive at the end of a period of 12 months following the acquisition, i.e. on April 1, 2023.

NOTE 13. Intangible assets

(in millions of euros)	Trademarks	Customer relationships	Software	Intangible assets in progress	Other	Total
Gross value	56	194	112	13	66	440
Accumulated amortization and impairment	(26)	(183)	(96)	-	(26)	(330)
NET AT JANUARY 1, 2022	**31**	**11**	**16**	**13**	**40**	**110**
Acquisitions and capitalizations	5	-	1	10	-	16
Disposals	-	-	(0)	(0)	(9)	(9)
Amortization expense for the year	-	(5)	(7)	-	(3)	(15)
Impairment losses, net of reversals (a)	-	7	-	-	-	7
Changes in Group structure	14	48	0	-	(0)	62
Exchange differences and other	2	2	6	(8)	1	3
NET AT DECEMBER 31, 2022	**51**	**63**	**16**	**15**	**30**	**175**
Gross value	77	249	118	15	58	516
Accumulated amortization and impairment	(26)	(185)	(102)	(0)	(28)	(342)

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

NOTE 14. 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	979	2,296	156	112	314	3,857
Accumulated amortization and impairment	(589)	(1,630)	(46)	(1)	(149)	(2,415)
NET AT JANUARY 1, 2022	**390**	**666**	**111**	**110**	**165**	**1,442**
Acquisitions and capitalizations	5	36	28	240	6	316
Disposals	(9)	1	-	(0)	(1)	(9)
Amortization expense for the year	(27)	(94)	(29)	-	(14)	(163)
Impairment losses, net of reversals (a)	(5)	(2)	-	-	-	(7)
Changes in Group structure	41	33	-	2	1	77
Exchange differences and other	36	31	(6)	(73)	1	(11)
NET AT DECEMBER 31, 2022	**432**	**671**	**104**	**279**	**158**	**1,645**
Gross value	1,014	2,362	169	281	304	4,129
Accumulated amortization and impairment	(581)	(1,691)	(64)	(1)	(146)	(2,484)

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

Right-of-use assets primarily concern real estate leases for 94 million euros at December 31, 2022 (98 million euros at December 31, 2021).

NOTE 15. Investments in associates – Summary of financial data

A. EQUITY VALUE

(At December 31, in millions of euros)	% control	2022	2021
Qatar International Cable Company	30.33%	11	12
Cobrecon		N/A	5
Colada Continua	41.00%	4	4
Recycables	36.50%	4	3
IES Energy	27.80%	6	8
TOTAL		**25**	**32**

Cobrecon was 50% owned before the acquisition of the remaining capital through the integration of Centelsa within the Group.

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)	2022	2021
Property, plant and equipment and intangible assets	91	103
Current assets	125	177
TOTAL CAPITAL EMPLOYED	**216**	**281**
Equity	85	100
Net financial debt	7	36
Other liabilities	124	145
TOTAL FINANCING	**216**	**281**

Condensed income statement

(in millions of euros)	2022	2021
Sales at current metal prices	416	371
Operating income	(4)	(1)
Net income	(8)	(4)

NOTE 16. Other non-current assets

(At December 31, in millions of euros, net of impairment)	2022	2021
Long-term loans and receivables	20	20
Shares in non-consolidated companies	19	22
Pension plan assets	72	53
Derivative instruments	11	10
Other	16	13
TOTAL	**137**	**118**

The maturity schedule for non-current assets at December 31, 2022 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	18	2
Derivative instruments	11	11	-
Other	16	3	12
TOTAL	**47**	**32**	**14**

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, 2021	**15**	**(0)**
Additions	1	-
Disposals/reversals	(1)	-
Other (a)	0	0
At December 31, 2022	**15**	**(0)**

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

NOTE 17. Inventories and work in progress

(At December 31, in millions of euros)	2022	2021
Raw materials and supplies	698	624
Industrial work in progress	362	350
Finished products	438	385
GROSS VALUE	**1,498**	**1,359**
Impairment	(66)	(43)
NET VALUE	**1,432**	**1,316**

NOTE 18. Trade receivables

(At December 31, in millions of euros)	2022	2021
Gross value	958	973
Impairment	(23)	(26)
NET VALUE	**935**	**947**

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 27.D** for details on the Group's policy for managing customer credit risk):

(in millions of euros)	At January 1	Additions	Utilizations	Reversals	Changes in Group structure	Other (currency translation differences…)	At December 31
2022	**26**	**3**	**(0)**	**(4)**	**(1)**	**(1)**	**23**
2021	36	0	(6)	(5)		(0)	26

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, 2022	**18**	**9**
AT DECEMBER 31, 2021	9	6

At December 31, 2022 and 2021, 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 19. Other current assets

(At December 31, in millions of euros)	2022	2021
Prepaid and recoverable income taxes	28	34
Other tax receivables	109	71
Cash deposits paid	9	12
Prepaid expenses	23	20
Other receivables, net	89	54
NET VALUE	**259**	**190**

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 27.C**) is presented under "Cash deposits paid" in the above table and amounted to 6 million euros at December 31, 2022 (7 million euros at December 31, 2021).

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 2022.

NOTE 20. Change in working capital requirement

The change in working capital mentioned in the statement of cash flows in **5.1.5** is detailed below:

(At December 31, in millions of euros)	2022	2021
Inventories and work in progress	(99)	(265)
Trade receivables and other receivables	(129)	(64)
Trade payables and other debts	331	446
DECREASE (INCREASE) IN WORKING CAPITAL	**104**	**117**

NOTE 21. Equity

A. COMPOSITION OF CAPITAL STOCK

At December 31, 2022, Nexans S.A.'s capital stock comprised 43,753,380 fully paid-up shares, each with a par value of 1 euro and a single voting right (43,755,627 shares at December 31, 2021).

B. DIVIDEND PAYMENT

At the Shareholders' Meeting, shareholders will be invited to approve the payment of a dividend of 2.10 euros per share, representing an aggregate payout of 92 million euros based on the 43,753,380 shares making up the Company's capital stock at December 31, 2022.

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, 2023 and the date on which the Shareholders' Meeting is called to approve the dividend payment.

At the Combined Shareholders' Meeting held on May 11, 2022 to approve the financial statements for the year ended on December 31, 2021, the Company's shareholders authorized the payment of a dividend of 1.20 euros per share, representing an aggregate 52 million euros based on the 43,337,074 ordinary shares (excluding treasury shares) making up the Company's capital stock on the May 18, 2022 dividend payment date.

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

C. TREASURY STOCK

Movements in treasury stock in 2021 and 2022 are presented below:

	Notes	Number of treasury stock
As of December 31, 2020		**107,155**
Share buyback program (a)		90,000
Grant to employees		(106,368)
Liquidity contract (purchases) / sales	21.D	27,951
As of December 31, 2021		**118,738**
Share buyback program (b)		254,144
Grant to employees	21.D	(80,480)
Liquidity contract (purchases) / sales		0
As of December 31, 2022		**292,402**

(a)Corresponding to share purchases under the buyback program approved by the Board of Directors on July 27, 2021.
(b)Corresponding to share purchases under the buyback program approved by the Board of Directors on May 11, 2022.

Between January 1, 2022 and December 31, 2022, 848,277 shares were bought back under this contract for 75 million euros and 848,277 shares were resold for 75 million euros, representing a net decrease in equity of 0 million euros.

D. FREE SHARES AND PERFORMANCE SHARES

The Group allocated an aggregate 358,865 free shares and performance shares in 2022, and 435,895 in 2021.

At December 31, 2022, there were 1,331,425 free shares and performance shares outstanding, each entitling their owner to one share on vesting, representing a total of 3.04% of the Company's capital stock (1,227,765 shares at December 31, 2021 representing 2.8% of the Company's capital stock).

The free shares and performance shares outstanding at December 31, 2022 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 13, 2018	211,100	0	March 13, 2022
July 27, 2018	39,717	0	July 27, 2021
July 27, 2018	14,500	0	July 27, 2022
March 19, 2019	319,700	278,100	March 19, 2023
March 17, 2020	340,650	305,950	March 17, 2024
March 18, 2021	333,145	304,190	March 18, 2025
September 30, 2021	100,000	93,200	March 17, 2023
November 8, 2021	2,750	2,750	November 8, 2025
March 17, 2022	348,765	337,135	March 17, 2026
October 25, 2022	10,100	10,100	March 17, 2026
TOTAL	**1,720,427**	**1,331,425**	

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

b. Movements in outstanding free shares and performance shares

	Number of shares
SHARES OUTSTANDING AT BEGINNING OF YEAR	**1,227,765**
Shares granted during the year	358,865
Shares canceled during the year	(174,725)
Shares vested during the year (a)	(80,480)
SHARES OUTSTANDING AT THE YEAR-END	**1,331,425**

(a)Including 80,480 shares allocated from treasury stock.

c. Valuation of free shares and performance shares

The assumptions applied to value the shares impacting income for 2022 and 2021 were as follows:

Grant date	March 13, 2018	July 27, 2018	March 19, 2019	March 17, 2020	March 18, 2021	September 30, 2021	November 8, 2021	March 17, 2022	October 25, 2022
Share price at grant date (in euros)	44.64	29.28	28.22	24.77	70.85	79.6	87.2	84.5	98.8
Vesting period	4 years	3-4 years	4 years	4 years	4 years	3-4 years	4 years	4 years	3-4 years
Volatility (%) (a)	35%	42%	35%	38%	44%	41%	41%	41%	41%
Risk-free interest rate (%)	0.02%	0.00%	-0.22%	-0.32%	-0.55%	-0.58%	-0.58%	0.03%	2.30%
Dividend rate (%)	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Fair value of each share (in euros)	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	48,87 - 78,00	70,44 - 92,32

(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 14 million euros in 2022 (8 million euros in 2021).

E. EMPLOYEE SHARE OWNERSHIP PLAN

As part of the employee share ownership transaction described in **Note 2**, 497,753 new shares were created, including 490,473 shares subscribed by Group employees through the corporate mutual fund or by Société Générale as part of the structuring of the alternative formula. The balance, i.e. 7,280 shares, corresponds to the free shares issued as part of the matching contribution.

The expense relating to this plan was recognized in the first half of 2022 for an amount of 3 million euros including the contribution, and takes into account a cost of non-transferability for employees in the countries in which the implementation of a corporate mutual fund was possible.

As the subscription price is 62.25 euros per share in France, and 71.14 euros outside France, the total increase in shareholders' equity amounts to 33.6 million euros, premium included, for a capital increase of 0.5 million euros.

In order to limit the dilutive effect, and in accordance with the decision of the Board of Directors of July 26, 2022, a capital reduction was also carried out by canceling 500,000 treasury shares, i.e. a capital decrease of 0.5 million euros.

F. PUT OPTIONS GRANTED TO NON-CONTROLLING INTERESTS

At December 31, 2022, there were no longer any outstanding put options on non-controlling interests.

NOTE 22. 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. KEY 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 (equivalent average) rates used for the main countries concerned are listed below (together, these countries represented some 95% of the Group's pension obligations at December 31, 2022).

	Discount rate 2022	Estimated future salary increases 2022	Discount rate 2021	Estimated future salary increases 2021
France	3,15% - 3,80%	1,90 % - 2,40 %	0.90%	1,80 % - 2,30 %
Germany	3,15% - 3,80%	3.00%	0,90% - 1,00%	3.00%
Norway	3.60%	N/A	2.05%	N/A
Switzerland	2.15%	1.10%	0.25%	1.00%
Canada	4.95%	3.60%	2.90%	3.50%
United States	5.25%	N/A	2.85%	N/A
South Korea	4.85%	3.00%	3.10%	3.00%
Australia	4.85%	2.50%	1.65%	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)	2022	2021
Service cost	(11)	(12)
Net interest expense	(2)	(2)
Actuarial gains (losses) (on jubilee benefits)	3	(0)
Past service cost	(1)	1
Effect of curtailments and settlements	0	-
Other	(4)	-
NET COST FOR THE YEAR	**(15)**	**(13)**
- of which operating cost	(14)	(11)
- of which finance cost	(2)	(2)

VALUATION OF DEFINED BENEFIT OBLIGATION (in millions of euros)	2022	2021
PRESENT VALUE OF DEFINED BENEFIT OBLIGATION AT JANUARY 1	**739**	**794**
Service cost	11	12
Interest expense	9	7
Employee contributions	2	2
Plan amendments	1	0
Business acquisitions and disposals	-	-
Plan curtailments and settlements	(0)	(0)
Benefits paid	(48)	(56)
Actuarial (gains) losses	(144)	(42)
Exchange differences and other	19	22
PRESENT VALUE OF DEFINED BENEFIT OBLIGATION AT DECEMBER 31	**588**	**739**

PLAN ASSETS (in millions of euros) (a)	2022	2021
FAIR VALUE OF PLAN ASSETS AT JANUARY 1	**490**	**459**
Interest income	7	5
Actuarial gains (losses)	(55)	25
Employer contributions	6	11
Employee contributions	2	2
Business acquisitions and disposals	-	-
Plan curtailments and settlements	-	-
Benefits paid	(30)	(37)
Exchange differences and other	16	26
FAIR VALUE OF PLAN ASSETS AT DECEMBER 31	**436**	**490**

(a)The plan assets do not include unrecognized surplus (due to asset ceiling), presented in table Funded Status below.

FUNDED STATUS (in millions of euros)	2022	2021
Present value of wholly or partially funded benefit obligations	(392)	(498)
Fair value of plan assets	436	490
FUNDED STATUS OF BENEFIT OBLIGATION	**44**	**(8)**
Present value of unfunded benefit obligation	(196)	(240)
BENEFIT OBLIGATION NET OF PLAN ASSETS	**(152)**	**(249)**
Unrecognized surplus (due to asset ceiling)	(8)	-
NET PROVISION RECOGNIZED AT DECEMBER 31	**(160)**	**(249)**
- of which pension assets	72	53

CHANGE IN NET PROVISION (in millions of euros)	2022	2021
NET PROVISION RECOGNIZED AT JANUARY 1	**249**	**335**
Expense (income) recognized in the income statement	15	13
Expense (income) recognized in other comprehensive income	(78)	(67)
Utilization	(25)	(30)
Other impacts (exchange differences, acquisitions/disposals, etc.)	(2)	(2)
NET PROVISION RECOGNIZED AT DECEMBER 31	**160**	**249**
- of which pension assets	72	53

C. SIGNIFICANT EVENTS OF THE YEAR

Actuarial gains recognized in 2022 were mainly due to the higher discount rates applied, partially compensated by the lower return on plan assets.

The Group's employer contributions relating to defined benefit plans are estimated at 4 million euros for 2023.

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 95 million euros in 2022 (91 million euros in 2021).

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 interest on the net defined benefit obligation).

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:

	2022		2021	
	in millions of euros	% of DBO	in millions of euros	% of DBO
Discount rate	(146)	-25%	(30)	-4%
Salary increases	1	0%	-	0%
Mortality	(2)	0%	(3)	0%
Staff turnover	-	0%	1	0%
Inflation rate	4	1%	(3)	0%
Other changes in assumptions	2	0%	(3)	0%
(GAINS) / LOSSES FROM CHANGES IN ASSUMPTIONS	**(142)**	**-24%**	**(35)**	**-5%**
(GAINS) / LOSSES FROM PLAN AMENDMENTS	**-**	**0%**	**-**	**0%**
(GAINS) / LOSSES FROM EXPERIENCE ADJUSTMENTS	**(2)**	**0%**	**(7)**	**-1%**
OTHER	**-**	**0%**	**-**	**0%**
TOTAL (GAINS) / LOSSES ARISING DURING THE YEAR	**(144)**	**-24%**	**(42)**	**-6%**

E. BREAKDOWN OF PLAN ASSETS BY CATEGORY

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

(At December 31)	2022		2021	
	in millions of euros	% of DBO	in millions of euros	% of DBO
Equities (a)	145	33%	165	34%
Bonds and other fixed income products (a)	166	38%	187	38%
Real estate	83	19%	93	19%
Cash and cash equivalents	7	2%	8	2%
Other	36	8%	38	8%
FAIR VALUE OF PLAN ASSETS	**436**	**100%**	**490**	**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)	2022		
	Actual DBO in millions of euros	Adjusted DBO in millions of euros	% change
Europe	410	428	4.60%
North America	144	151	5.00%
Asia	16	16	3.80%
Other countries	19	20	2.90%
TOTAL	**588**	**616**	**4.62%**

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)	2022		
	Actual DBO in millions of euros	Adjusted DBO in millions of euros	% change
Europe	410	419	2.38%
North America	144	144	0.00%
Asia	16	16	0.00%
Other countries	19	20	3.25%
TOTAL	**588**	**599**	**1.76%**

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

The Group's main defined benefit plans are in Switzerland (34% of total benefit obligations as of December 31, 2022) and Germany (24% of total benefit obligations as of December 31, 2022).

Switzerland

The pension plan of Nexans Suisse SA 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 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.

In addition, Nexans Suisse SA is exposed to a lifetime risk concerning the commitment. Indeed, three-quarters of commitments relate to retirees.

The weighted average life of the plan is approximately 10 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 is not funded.

Members are also covered against the risk of disability. 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.

In addition, Nexans Deutschland GmbH is exposed to a lifetime risk and pension indexation risk concerning the commitment. In fact, more than 80% of commitments relate to retirees.

The weighted average life of the plan is approximately 9 years.

NOTE 23. Provisions

A. ANALYSIS BY NATURE

(At December 31, in millions of euros)	2022	2021
Accrued contract costs	70	45
Provisions for reorganization costs	25	44
Other provisions	82	79
TOTAL	**177**	**168**

Movements in these provisions were as follows during 2022 and 2021:

(in millions of euros)	TOTAL	Accrued contract costs	Provisions for reorganization	Other provisions
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**
Additions	53	41	8	5
Reversals (utilized provisions)	(29)	(7)	(21)	(1)
Reversals (surplus provisions)	(19)	(9)	(6)	(4)
Business combinations	-	-	-	-
Exchange differences and other	3	(0)	0	3
AT DECEMBER 31, 2022	**177**	**70**	**25**	**82**

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 30**). 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 66 million euros at December 31, 2022 and 67 million euros at December 31, 2021 (see **Note 30**).

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).

B. ANALYSIS OF REORGANIZATION COSTS

Reorganization costs amounted to 39 million euros in 2022, 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	4	(0)	(3)	1
Other costs for the year	12	-	26	38
TOTAL REORGANIZATION COSTS	**16**	**(0)**	**23**	**39**

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

As was the case in previous years, wherever possible the reorganization plans implemented by the Group in 2022 included assistance measures negotiated with employee representative bodies as well as measures aimed at limiting lay-offs and facilitating redeployment.

The costs also included costs directly related to the transformation program announced by the Group on November 9, 2018 and February 17, 2021 (20 million euros in 2022 versus 19 million euros in 2021); and costs 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 (3 million euros in 2022 versus 5 million euros in 2021).

NOTE 24. Net debt

On February 16, 2022, Standard & Poor's upgraded its long-term rating for the Group from BB to BB+ with a stable outlook. The rating did not change as of December 31, 2022.

As of December 31, 2021, the Group's long-term debt was rated BB by Standard & Poor's with a positive outlook.

A. ANALYSIS BY NATURE

(At December 31, in millions of euros)	Notes	2022	2021
Long-term – ordinary bonds (a)	24.C	200	524
Other long-term borrowings (a)	24.D	229	121
TOTAL LONG-TERM DEBT (b)		**429**	**645**
Short-term – ordinary bonds (a)	24.C	325	-
Short-term borrowings and short-term accrued interest not yet due (b)	24.D	449	281
Short-term bank loans and overdrafts		4	5
TOTAL SHORT-TERM DEBT (b)		**778**	**285**
GROSS DEBT (b)		**1,207**	**930**
Cash		(1,084)	(917)
Cash equivalents		(50)	(56)
NET DEBT (CASH) EXCLUDING LEASE LIABILITIES		**73**	**(42)**
Lease liabilities (c)		110	116
NET DEBT		**182**	**74**

(a) Excluding short-term accrued interest not yet due and lease liabilities.
(b) Excluding lease liabilities.
(c) Out of the total lease liabilities recognized, 82 million euros corresponded to non-current liabilities and the balance to current liabilities. The related interest expense amounted to 4 million euros in 2022.

As of December 31, 2022, as for 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 19**).

B. CHANGE IN GROSS DEBT

(in millions of euros)	December 31, 2021	New borrowings/ repayments	Change in consolidation scope	Change in accrued interest	Transfers from long-term to short-term	Other (a)	December 31, 2022
Long-term – ordinary bonds	524	-	-	-	(324)	0	200
Other long-term borrowings	121	200	42	-	(136)	2	229
Short-term – ordinary bonds	-	-	-	-	324	0	325
Other short-term borrowings	271	25	8	-	136	(3)	436
Lease liabilities	116	(27)	-	(0)	-	21	110
Short-term accrued interest not yet due	10	N/A	-	1	-	2	13
GROSS DEBT EXCLUDING SHORT-TERM BANK LOANS AND OVERDRAFTS	**1,042**	198	50	0	(0)	22	**1,312**

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

C. BONDS

(in millions of euros)	Carrying amount at end-2022	Face value at issue date	Maturity date	Nominal interest rate
Ordinary bonds redeemable in 2023	330	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. This five-year fixed-rate issue (maturing on August 8, 2023) carried an annual coupon of 3.75%. 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 and an annual coupon of 2.75%. The bonds were issued at par.

D. OTHER BORROWINGS

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.

On April 5, 2022, Nexans drew down the entire financing line, i.e. an amount of 200 million euros. The loan, repayable at maturity, has a maturity of five years (maturing on April 5, 2027) and carries a fixed-rate annual coupon of 1.93%.

Accrued interest not yet due amounted to 3 million euros at December 31, 2022.

The amount recognized under "Other long-term borrowings" at December 31, 2022 includes the 90 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. Since June 2021, the redemption currency has been the euro and the variable interest rate is indexed to the three-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.

This debt is subject to covenants described in **Note 27.A**.

Short-term debt also includes 273 million euros in commercial paper with an average maturity of three months.

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	
	2022	2021	2022	2021
Ordinary bonds redeemable in 2023	N/A	3.89%	-	324
Ordinary bonds redeemable in 2024	2.87%	2.87%	200	199
European Investment Bank (EIB) loan	1.93%	N/A	200	N/A
Other	3.85%	2.85%	29	121
TOTAL LONG-TERM DEBT (b)	**2.50%**	**3.38%**	**429**	**645**

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

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

Long-term debt mainly consists of 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. It also includes long-term debts denominated in currencies other than the euro for loans granted in Côte d'Ivoire, in Colombia or in Brazil.

Short-term debt

(At December 31)	Weighted average EIR (a) (%)		in millions of euros	
	2022	2021	2022	2021
Euro - Ordinary bonds redeemable in 2023	3.89%	N/A	325	N/A
Euro - Others	0.66%	0.58%	368	238
US dollar	6.57%	4.16%	24	7
Other	8.53%	4.94%	49	30
TOTAL SHORT-TERM DEBT EXCLUDING ACCRUED INTEREST (b)	**2.72%**	**1.15%**	**766**	**275**
Accrued interest (including short-term accrued interest on long-term debt)	N/A	N/A	12	10
TOTAL SHORT-TERM DEBT (b)	**2.72%**	**1.15%**	**778**	**285**

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

At December 31, 2022, short-term debt in euros consists mainly of the outstanding commercial paper mentioned in **Note 27.A**, and the loan taken out by Nexans Norway to finance the construction of the Aurora cable-laying vessel (see **Note 27.A**).

US dollar-denominated debt primarily concerns Colombia.

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 (Brazil and Colombia). 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.

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 27.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	325	12	-	-	-	-	325	12
Ordinary bonds redeemable in 2024	-	6	200	6	-	-	200	11
European Investment Bank (EIB) loan	-	4	200	15	-	-	200	19
Othe borrowings and overdrafts	441	5	21	2	8	0	471	7
Lease liabilities	27	3	59	7	24	2	110	13
Total	**793**	**30**	**480**	**30**	**32**	**2**	**1,306**	**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, 2022;
- 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, 2022 for variable-rate borrowings (see **Note 24.D** above).

NOTE 25. Trade payables and other current liabilities

(At December 31, in millions of euros)	2022	2021
TRADE PAYABLES	**1,735**	**1,622**
Social liabilities	231	215
Current income tax payables	86	102
Other tax payables	20	33
Deferred income	0	1
Other payables	125	72
OTHER CURRENT LIABILITIES	**461**	**422**

At December 31, 2022, trade payables included approximately 405 million euros (370 million euros at December 31, 2021) 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, 2022 (1 million euros at December 31, 2021).

NOTE 26. Derivative instruments

(in millions of euros)	December 31, 2022							December 31, 2021		
	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						**36**	**38**		**33**	**24**
Forward sales	645	1,568	1,642	184	**4,039**			2,630		
Forward purchases	646	2,029	1,068	292	**4,036**			2,639		
Foreign exchange derivatives - economic hedges						**7**	**21**		**16**	**16**
Forward sales	353	648	633	646	**2,280**			1,216		
Forward purchases	628	330	1,014	290	**2,263**			1,205		
METAL DERIVATIVES	Copper	Aluminum	Lead	Other	**Total**	**Assets**	**Liabilities**	**Notional amounts**	**Assets**	**Liabilities**
Metal derivatives - cash flow hedges						**19**	**15**		**27**	**12**
Forward sales	206	24	3	-	**232**			270		
Forward purchases	539	64	57	-	**660**			584		
Metal derivatives - economic hedges						**-**	**-**		**-**	**-**
Forward sales	-	-	-	-	**-**			-		
Forward purchases	-	-	-	-	**-**			-		
TOTAL FOREIGN EXCHANGE AND METAL DERIVATIVES						**62**	**74**		**75**	**52**

Foreign exchange derivatives

In 2022, the loss relating to the ineffective portion of the Group's foreign exchange derivatives amounted to 2 million euros. 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 28 million euro net loss on cash flow hedges was recognized in the consolidated statement of comprehensive income and a net loss of 17 million euros was recycled to the income statement.

Metal derivatives

In 2022, 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 36 million euro net loss was recognized in the consolidated statement of comprehensive income for metal derivatives designated as cash flow hedges and a 24 million euro gain was recycled to the income statement.

NOTE 27. 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, 2022 are located in Morocco, Lebanon, China, South Korea, Peru, Brazil, Chile, Ghana 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, 2022, only subsidiaries in Australia, New Zealand and China had direct access to such markets.

A. LIQUIDITY RISK

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 24** 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, 2022, 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 19**).

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 24**);
- a medium-term syndicated credit facility renewed on October 25, 2022 and now representing an amount of 800 million euros, lasting five years with two extension options of one year each;
- a loan facility granted by the European Investment Bank (EIB) for an amount of 200 million euros, fully drawn in April 2022;
- a negotiable debt securities program signed on December 21, 2018 for a maximum amount of 400 million euros, and increased to 600 million euros on November 15, 2021. Outstanding amounted to 273 million euros at December 31, 2022 (209 million euros at December 31, 2021);
- as of December 31, 2022, Nexans France SAS had sold 45 million euros worth of receivables under a securitization program set up in the second half of 2021 (25 million euros in 2021);
- the other main receivables securitization and factoring programs in 2022 concern Norway and Sweden.
  In Norway, receivables sold under the factoring program totaled 16 million euros at December 31, 2022 (26 million euros at December 31, 2021);
  In Sweden, receivables sold under the factoring program totaled 29 million euros at December 31, 2022 (27 million euros at December 31, 2021);
  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 October 25, 2022, the Group signed a new syndicated credit agreement for an amount of 800 million euros, replacing the syndicated credit agreement signed in 2018. The maturity date is October 25, 2027. It includes two extension options of one year each, possibly extending its final maturity to October 25, 2029.

On October 6, 2021, the European Investment Bank (EIB) granted Nexans a loan facility in the amount of 200 million euros, intended to promote its active participation in the global energy transition and its commitment to contribute to achieving carbon neutrality by 2030.

In April 2022, the Group drew down this financing for an amount of 200 million euros. The repayment will take place in April 2027.

The 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, 2022 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.

On December 31, 2022, and following the collection of significant prepayments from customers which impacted the balance sheet at year-end, the equity to asset ratio was below the contractual threshold. As a consequence, the loan is fully presented in the short-term debt for the 90 million euro balance. Beginning of January 2023, a capital increase was made and a amendment was signed in February 2023, retroactive for 2022, thus enabling to sustainably remediate to the breach of the ratio.

The Group's ratios as of June 30, 2022 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 RISK

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

- the Group's medium- and long-term debt is predominantly at fixed rates and at 31 December 2022 mainly consisted of the 2024 bond issue and the loan from the European Investment Bank (EIB);
- the Group's short-term debt includes the ordinary bonds redeemable in 2023 and the 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 (ESTER, 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 ESTER, 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 684 million euros as of December 31, 2022 (812 million euros as of December 31, 2021).

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

The Group did not have any interest rate hedges in place at either 2022 or 2021.

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

(At December 31, in millions of euros)	2022			2021		
	Current	Non-current	Total	Current	Non-current	Total
VARIABLE RATE						
Financial liabilities (a)	441	9	451	67	94	161
Cash and cash equivalents	(1,134)	-	(1,134)	(972)	-	(972)
NET VARIABLE RATE POSITION	**(693)**	**9**	**(684)**	**(906)**	**94**	**(812)**
FIXED RATE						
Financial liabilities (a)	368	502	869	244	641	885
Cash and cash equivalents	-	-	-	-	-	-
NET FIXED RATE POSITION	**368**	**502**	**869**	**244**	**641**	**885**
NET DEBT	**(326)**	**511**	**186**	**(662)**	**735**	**74**

(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. Indeed, 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. The subsidiaries' 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 27.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.

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, 2022, no single customer in any country represented more than 5% of the Group's total outstanding receivables, except for Sonepar (7%).

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 recent economic and political crises around the world have made the market environment difficult. In particular, in 2020, the Group has 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, 2022 (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)	2022		2021	
	Notional amounts Buyer positions	Notional amounts Seller positions	Notional amounts Buyer positions	Notional amounts Seller positions
Within 1 year	3,896	3,918	3,359	3,348
Between 1 and 2 years	850	853	353	352
Between 2 and 3 years	918	915	23	22
Between 3 and 4 years	513	511	120	111
Beyond 4 years	122	121	-	-
TOTAL	**6,299**	**6,319**	**3,857**	**3,833**

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, 2022 – 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. At December 31, 2022 this maximum theoretical risk is limited to 16 million euros. It amounted to 29 million euros as of December 31, 2021.

The notional amounts of metal derivatives (sum of the absolute values of buy and sell positions) at December 31, 2022 are analyzed by maturity in the table below:

(At December 31, in millions of euros)	2022		2021	
	Notional amounts Buyer positions	Notional amounts Seller positions	Notional amounts Buyer positions	Notional amounts Seller positions
Within 1 year	537	231	519	267
Between 1 and 2 years	51	1	61	3
Between 2 and 3 years	60	-	5	-
Between 3 and 4 years	12	-	-	-
Beyond 4 years	-	-	-	-
TOTAL	**660**	**232**	**584**	**270**

Cash deposited to meet margin calls on copper forward purchases whose fair value was negative at the year-end (see **Note 19**) amounted to 6 million euros at December 31, 2022 (7 million euros at December 31, 2021).

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 763 million euros as of December 31, 2022, representing approximately 67% 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-.

Nexans Financial Trading Services has as no *SICAV*'s shares of December 31, 2022.

For the Group's other subsidiaries, counterparty risk on deposits and investments is managed in accordance with the principles and procedures described in **Note 27.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, 2022 and 2021 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.
- 41,000 tonnes and 38,000 tonnes of copper included in working capital at December 31, 2022 and December 31, 2021 respectively.
- Short-term interest rate (3-month Euribor) of +2.13% in 2022 and -0.57% in 2021. 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).
- 44,875 tonnes of copper classified as Core Exposure as of December 31, 2022 (47,375 tonnes as of December 31, 2021).
- A theoretical income tax rate of 25.83% for 2022 and 28.41% for 2021.

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)	2022	2021
Impact on operating income	35	38
Impact on net financial expense	(1)	0
NET IMPACT ON INCOME (AFTER TAX)	**26**	**27**
IMPACT ON EQUITY(a) (AFTER TAX)	**25**	**19**

(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 the Group's trade receivables and trade payables portfolios, and net debt.

The Group's other financial assets and liabilities are only exceptionally subject to foreign exchange risk. They were not taken into account 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, 2022 and December 31, 2021, e.g. using US dollar/euro exchange rates of 1.17 and 1.25 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 11.5 and 11.0 at December 31, 2022 and 2021 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*	2022		2021	
	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)	(11)	-	(8)	-
NET POSITION – DERIVATIVES	(14)	10	(3)	(8)
USD - NET IMPACT ON THE GROUP	**(25)**	**10**	**(11)**	**(8)**
NET POSITION – UNDERLYINGS (d)	12	-	22	-
NET POSITION – DERIVATIVES	12	(45)	(0)	(16)
NOK - NET IMPACT ON THE GROUP	**24**	**(45)**	**21**	**(16)**

(a)Using a theoretical income tax rate of 25.83% in 2022 (28.41% in 2021).
(b)Excluding net income for the period, the theoretical income tax rate is 25.83% in 2022 (28.41% in 2021).
(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.

NOTE 28. 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	2022		2021	
			Carrying amount	Fair value	Carrying amount	Fair value
ASSETS						
Shares in non-consolidated companies	Financial assets at fair value through profit or loss		16	16	19	19
	Financial assets at fair value through other comprehensive income		3	3	3	3
Other non-current financial assets	Loans and receivables		36	36	34	34
Commercial receivables						
- Contract assets	Loans and receivables		198	198	42	42
- Trade receivables	Loans and receivables		935	935	947	947
Derivative instruments (a)	Financial assets at fair value through profit or loss	Foreign exchange: 2	43	43	50	50
		Metal: 1	19	19	27	27
Other current financial assets	Loans and receivables		208	208	136	136
Cash and cash equivalents	Financial assets at fair value through profit or loss	Term deposits: 2	50	1,134	56	972
		Other: 1	1,084		917	
LIABILITIES						
Gross debt						
- Ordinary bonds (b)	Financial liabilities at amortized cost		533	529	533	557
- European Investment Bank loan (b)	Financial liabilities at amortized cost		200	200	-	-
- Other financial liabilities	Financial liabilities at amortized cost		474	474	398	398
Commercial payables						
- Contract liabilities	Financial liabilities at amortized cost		588	588	395	395
- Trade payables	Financial liabilities at amortized cost		1,735	1,735	1,622	1,622
Derivative instruments (a)	Financial liabilities at fair value through profit or loss	Foreign exchange: 2	59	59	40	40
		Metal: 1	15	15	12	12
Other current financial liabilities	Financial liabilities at amortized cost		376	376	319	319

(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 24.C**).*

The Group's fixed rate debt mainly comprised its ordinary bonds redeemable in 2023 and 2024 and the loan taken out with the European Investment Bank, whose fair values may differ from their carrying amounts in view of the fact that they 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, 2022 and included interest accrued at the year-end. The same method was used at December 31, 2021.

NOTE 29. 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 29.C** below).

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

Income statement

(in millions of euros)	2022	2021
REVENUE		
- Non-consolidated companies	58	61
- Associates	1	2
COST OF SALES		
- Non-consolidated companies	(10)	(16)
- Associates	(3)	(6)

Consolidated balance sheet

The main items in the balance sheet affected by related party transactions in 2022 and 2021 were as follows:

(At December 31, in millions of euros)	2022	2021
ASSETS		
- Non-consolidated companies	5	12
- Associates	0	1
FINANCIAL LIABILITIES/(RECEIVABLES)		
- Non-consolidated companies	(4)	(6)
- Associates	-	-
OTHER LIABILITIES		
- Non-consolidated companies	1	2
- Associates	1	1

B. RELATIONS WITH THE QUIÑENCO GROUP

At December 31, 2022, 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, 2022, 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 29.A** above, on the line "Associates".

C. COMPENSATION OF KEY MANAGEMENT PERSONNEL

In 2022 as in 2021, 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)	2022	2021
Compensation for corporate officer positions (a)	3.0	2.5
Compensation under employment contracts and benefits in kind (a)	8.3	8.7
Performance shares (b)	3.7	2.4
Termination benefits (a)	-	0.6
Long-term incentive plan (b)	0.2	0.1
Accruals for pensions and other retirement benefit obligations (c)	1.4	1.0
TOTAL COMPENSATION	**16.6**	**15.4**

(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 yearly at the Shareholders' Meeting:

- 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 80% 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;
- 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. The Board could decide to impose a non-competition obligation on the Chief Executive Officer for a period shorter than two years. In such a case, the non-competition indemnity would be reduced pro rata temporis.

In accordance with Article 25.3 of the AFEP-MEDEF Code (December 2022 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 25.4 of the AFEP-MEDEF Code, no non-compete indemnity will be due if Christopher Guérin takes retirement upon leaving the Group. In any event, no indemnity shall be paid beyond the age of 65.

Lastly, in accordance with the Group's 2023 compensation policy for key management personnel, as described in **section 4** of the present document, 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 2022.

NOTE 30. 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.

Prysmian is one of the main defendants in certain antitrust damages claims initiated in the United Kingdom 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. Both cases were transferred from the High Court to the Competition Appeal Tribunal. NKT has entered into an agreement with Vattenfall. Vattenfall's action against Prysmian and Prysmian's action for contribution against Nexans are ongoing.

In May 2022, a request for certification of a class action was filed with the Competition Appeal Tribunal (CAT), requesting authorization to sue the Nexans, Prysmian and NKT groups for damages in favor of British plaintiffs. The action is based on the 2014 European Commission decision in the high-voltage cable sector. The CAT will have to decide whether to certify this appeal, an essential preliminary step for the continuation of the action. The plaintiffs obtained financing for the proceedings from a professional lender specializing in litigation financing. As part of its analysis, the CAT will examine the said financing agreement in order to determine, inter alia, whether the budget provisioned by the plaintiffs will be sufficient to cover their costs in the event of defeat.

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 June 2023.

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 the other defendants filed a petition challenging the jurisdiction of the court seized. 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. Nexans has paid the 1 million euro (BRL equivalent) fine and has appealed the decision.

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 fifteen 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 approximately 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 2023.

On July 27, 2020, and although the procedure before the CNMC is not final, 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.

During the first half of 2022, four additional complaints were notified to Nexans Iberia, based on the CNMC's decision in the low- and medium-voltage sector. Nexans Iberia's potential sales to the plaintiffs have been greatly reduced and Nexans is filing its arguments in litigation pending the appeal judgment against the CNMC's decision.

On January 20 and May 10, 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 December 31, 2022, the Group has a recorded contingency provision of 66 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 relating to practices that do not comply with the applicable rules of ethics and business conduct will be fully 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, 2022 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, 2022 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 31. Off-balance sheet commitments

The Group's off-balance sheet commitments that were considered material at December 31, 2022 and December 31, 2021 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 events make it probable or potential for a risk to materialize in respect of the guarantees given, it is either provisioned (if it can be estimated), or mentioned as a contingent liability if it is sufficiently significant. See **Note 23** and **Note 30**.

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.

Acquisition of Centelsa

When the Group acquired the cable manufacturer Centelsa on April 1, 2022, it took over a number of pending or potential disputes.

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.

It should be noted that the Group has the possibility, in the event that certain conditions are met and beyond an excess amount, to activate a liability guarantee mechanism granted by the Xignux Group under the acquisition. The liability warranty has a duration that can range from 24 months to 5 years (example on environmental issues) depending on the nature of the claims that the Group could possibly be required to notify the Xignux Group.

For some complaints, the duration will be that provided by local law (example in the event that the complaint relates to tax matters or fraud). The duration of the liability guarantee runs from the closing of the acquisition (i.e. from April 1, 2022). Regarding the liability cap, the liability guarantee is capped between 15% and 100% of the purchase price of Centelsa. The cap of 100% of the purchase price of Centelsa applies in particular to the fundamental guarantees.

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	2022	2021
COMMITMENTS GIVEN			
Syndicated credit facility (a)	27.A	880	660
COMMITMENTS RECEIVED			
Syndicated credit facility – Unused line expiring on October 25, 2027	27.A	800	600
European Investment Bank financing line (b)	27.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.
(b) This financing line was fully draw in April 2022 cf. ***Note 24.D****.*

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	2022	2021
COMMITMENTS GIVEN			
Derivatives - Purchases of foreign currencies (a)	27	6,299	3,857
Forward purchases of metals	27	660	584
Firm commitments to purchase property, plant and equipment		36	75
Commitments for third-party indemnities	*See (1)*	6,296	4,290
Take-or-pay copper purchase contracts (in tonnes)	*See (2)*	121,586	124,368
Other commitments given		-	-
COMMITMENTS RECEIVED			
Forward sales of foreign currencies (a)	27	6,319	3,833
Forward sales of metals	27	232	270
Take-or-pay copper sale contracts (in tonnes)	*See (2)*	110,993	102,219
Other commitments received		375	384

(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 (1,177 million euros and 778 million euros at December 31, 2022 and 2021 respectively).
  When events, such as delivery delays or disputes over contract performance, make it probable or potential for a risk to materialize in respect of the guarantees given, it is either provisioned (if it can be estimated), or mentioned as a contingent liability if it is sufficiently significant. See **Note 23** and **Note 30**.
- At December 31, 2022 the Group had granted parent company guarantees in an amount of 5,120 million euros (3,502 million euros at December 31, 2021). These mainly correspond to performance bonds given to customers.

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

The volumes stated in the table 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 27.D**.

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.

NOTE 32. Main consolidated companies

The table below lists the main entities included in the Group's scope of consolidation at December 31, 2022:

Companies by geographic area	% control	% interest	Consolidation method (a)
FRANCE			
Nexans S.A.(b)	100%	100%	Parent company
Nexans Participations	100%	100%	
LIX Lixis Holding	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%	
Nexans Telecom Systems	100%	100%	
Nexans Industrial Solutions	100%	100%	
Nexans Aerospace 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 Cabling Solutions NV	99.94%	99.94%	
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%	
Nexans Industrial Solutions GmbH	100%	100%	
Nexans Advanced Networking Solutions 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 UK Ltd	100%	100%	
Nexans Sweden AB	100%	100%	
Nexans Industry Solutions (f)	100%	100%	
SOUTHERN AND EASTERN EUROPE			
Nexans Iberia SL	100%	100%	
Nexans Industrial Solutions Iberia	100%	100%	
Takami	100%	100%	
Nexans Italia SpA	100%	100%	
Nexans Partecipazioni Italia Srl	100%	100%	
Nexans Intercablo 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%	

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.	41.00%	41.00%	Equity method
Nexans Colombie	100%	100%	
Indeco Peru (b)	96.73%	96.73%	
Cobrecon	100%	98.37%	
Nexans Brasil S.A.	100%	100%	
Alcatek	100%	100%	
Centelsa	100%	100%	
Cobres de Columbia	100%	100%	
Cedetec	100%	100%	
AFRICA AND MIDDLE EAST			
Liban Câbles s.a.l	91.15%	91.15%	
Nexans Maroc (g)	97.52%	97.52%	
Qatar International Cable Company	30.33%	30.33%	Equity method
Nexans Kabelmetal Ghana Ltd	59.13%	59.13%	
Nexans Côte d'Ivoire	60.00%	58.98%	
ASIA-PACIFIC			
Nexans Hong Kong Ltd	100%	100%	
Nexans Communications (Shanghai) Cable Co. Ltd	100%	100%	
Nexans Singapore	100%	100%	
Nexans Telecom Systems	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.

NOTE 33. Statutory Auditors' fees

The total fees paid to the Statutory Auditors for all controlled entities in France and recorded in the income statement for 2022 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	305	206	64	575
PwC	285	373	88	746
TOTAL	**590**	**579**	**152**	**1,321**

(a)Other services include the review of CSR data made as an independent third party.

NOTE 34. Subsequent events

Signature of a credit line

A back-up financing line of credit was signed by the Group on February 7, 2023 to secure its liquidity and ensure the refinancing of the two bond issues maturing in 2023 and 2024. This facility line will allow the Group to draw up to 325 million euros in 2023, amount reduced to 200 million euros in 2024, during two separate availability periods. If drawn, the maximum maturity will be August 7, 2025.

Exclusive negotiations for the sale of its Telecom Systems Business Unit

On February 6, 2023, the Group announced entering into exclusive negotiations for the potential sale of its Telecom Systems Business Unit to Syntagma Capital, an investment fund based in Brussels, Belgium.

The activities of the Telecom Systems BU are operated worldwide by approximately 680 employees in several locations in Europe, Middle-East, Africa, and Asia and represent about 200 million euros in sales. The BU is a recognized leader in advanced solutions for Telecom, LAN Networks and Datacentres and delivering a solid financial performance.

As of December 31, 2022, the criteria of IFRS 5 were not met to reclassify the assets and liabilities as assets held for Sale.

No impairment is to be recognized in 2022 or expected in 2023 due to the expected capital gain.

No other significant event has occurred since December 31, 2022.