

# 1 FINANCIAL STATEMENTS

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

## 1.1. Consolidated financial statements

### 1.1.1. Consolidated income statement

<i>(in millions of euros)</i>	<b>Notes</b>	<b>1st semester 2023</b>	<b>1st semester 2022</b>
<b>NET SALES (a)</b>	<b>3.4</b>	<b>4,009</b>	<b>4,342</b>
Cost of sales		(3,483)	(3,835)
<b>GROSS PROFIT</b>		<b>526</b>	<b>507</b>
Administrative and selling expenses		(243)	(245)
R&D costs		(42)	(42)
<b>OPERATING MARGIN (b)</b>	<b>3</b>	<b>240</b>	<b>220</b>
Core exposure effect (c)		6	25
Reorganization costs	14	(23)	(19)
Other operating income and expenses	5, 6 and 7	(6)	38
Share in net income of associates		(0)	(1)
<b>OPERATING INCOME (LOSS)</b>		<b>217</b>	<b>263</b>
Cost of debt (net)		(26)	(17)
Other financial income and expenses (d)	8	(12)	3
<b>INCOME BEFORE TAXES</b>		<b>179</b>	<b>250</b>
Income taxes	9	(45)	(51)
<b>NET INCOME (LOSS) FROM CONTINUING OPERATIONS</b>		<b>134</b>	<b>199</b>
Net income from discontinued operations		-	-
<b>NET INCOME (LOSS)</b>		<b>134</b>	<b>199</b>
- attributable to owners of the parent		132	197
- attributable to non-controlling interests		2	1
<b>ATTRIBUTABLE NET INCOME (LOSS) PER SHARE (in euros)</b>	<b>10</b>		
- basic earnings (loss) per share		3.02	4.53
- diluted earnings (loss) per share		2.93	4.40

(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 2. 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 financial income and expenses includes the adjustment on monetary impact of Turkey due to the application of IAS 29 "Hyperinflation" (see **Note 1** and **Note 8**).

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

## 1.1.2. Consolidated statement of comprehensive income

<i>(in millions of euros)</i>	<b>Notes</b>	<b>1st semester 2023</b>	<b>1st semester 2022</b>
<b>NET INCOME (LOSS)</b>		<b>134</b>	<b>199</b>
<b>Recyclable components of comprehensive income (loss)</b>		<b>(151)</b>	<b>(42)</b>
- currency translation differences		(57)	62
- cash flow hedges		(94)	(104)
<b>Tax impacts on recyclable components of comprehensive income (loss)</b>		<b>18</b>	<b>23</b>
<b>Non-recyclable components of comprehensive income (loss)</b>		<b>5</b>	<b>80</b>
- actuarial gains and losses on pensions and other long-term employee benefit obligations	13	5	71
- financial assets at fair value through other comprehensive income		-	9
- share of other non-recyclable comprehensive income of associates		-	-
<b>Tax impact on non-recyclable components of comprehensive income (loss)</b>		<b>(3)</b>	<b>(18)</b>
<b>TOTAL OTHER COMPREHENSIVE INCOME (LOSS)</b>		<b>(131)</b>	<b>43</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>		<b>4</b>	<b>242</b>
- attributable to owners of the parent		2	241
- attributable to non-controlling interests		2	1

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### 1.1.3. Consolidated balance sheet

<i>(in millions of euros)</i>	Notes	June 30, 2023	December 31, 2022
<b>ASSETS</b>			
Goodwill	11	313	289
Intangible assets		173	175
Property, plant and equipment		1,665	1,645
Investments in associates		18	25
Deferred tax assets		133	122
Other non-current assets		154	137
<b>NON-CURRENT ASSETS</b>		<b>2,456</b>	<b>2,393</b>
Inventories and work in progress		1,343	1,432
Contract assets		174	198
Trade receivables		1,051	935
Current derivative assets		53	52
Other current assets		252	259
Cash and cash equivalents	15	1,174	1,134
Assets and groups of assets held for sale	7	102	-
<b>CURRENT ASSETS</b>		<b>4,149</b>	<b>4,010</b>
<b>TOTAL ASSETS</b>		<b>6,605</b>	<b>6,402</b>

<i>(in millions of euros)</i>	Notes	June 30, 2023	December 31, 2022
<b>EQUITY AND LIABILITIES</b>			
Capital stock, additional paid-in capital, retained earnings and other reserves		1,707	1,664
Other components of equity		(144)	(12)
<b>Equity attributable to owners of the parent</b>		<b>1,563</b>	<b>1,652</b>
Non-controlling interests		16	15
<b>TOTAL EQUITY</b>	<b>12</b>	<b>1,579</b>	<b>1,667</b>
Pensions and other long-term employee benefit obligations	13	220	232
Non-current provisions	14	78	76
Long-term debt	15	798	511
Non-current derivative liabilities		62	10
Deferred tax liabilities		133	151
<b>NON-CURRENT LIABILITIES</b>		<b>1,291</b>	<b>981</b>
Current provisions	14	96	100
Short-term debt	15	604	805
Contract liabilities		662	588
Current derivative liabilities		83	64
Trade payables		1,769	1,735
Other current liabilities		479	461
Liabilities related to groups of assets held for sale	7	41	-
<b>CURRENT LIABILITIES</b>		<b>3,734</b>	<b>3,754</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,605</b>	<b>6,402</b>

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### 1.1.4. 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
<b>As of December 31, 2021</b>	<b>43,636,889</b>	<b>44</b>	<b>1,614</b>	<b>(10)</b>	<b>(226)</b>	<b>16</b>	<b>9</b>	<b>1,447</b>	<b>17</b>	<b>1,465</b>
IAS 29 Application for hyperinflation (b)	-	-	-	-	-	-	6	6	-	6
<b>JANUARY 1, 2022</b>	<b>43,636,889</b>	<b>44</b>	<b>1,614</b>	<b>(10)</b>	<b>(226)</b>	<b>16</b>	<b>15</b>	<b>1,453</b>	<b>17</b>	<b>1,470</b>
Net income for the year	-	-	-	-	197	-	-	197	1	199
Other comprehensive income (loss)	-	-	-	-	62	(81)	62	44	(0)	43
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>260</b>	<b>(81)</b>	<b>62</b>	<b>241</b>	<b>1</b>	<b>242</b>
Dividends paid	-	-	-	-	(52)	-	-	(52)	(2)	(54)
Changes in capital	-	-	-	-	-	-	-	-	-	-
Change in treasury shares	(506,106)	-	-	(36)	(6)	-	-	(42)	-	(42)
Employee share-based plans :										
- Service cost	73,230	-	-	-	9	-	-	9	-	9
- Proceeds from share issues	-	-	-	-	-	-	-	-	-	-
Transactions with owners not resulting in a change of control	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	(1)	-	0	(1)	(0)	(1)
<b>June 30, 2022</b>	<b>43,204,013</b>	<b>44</b>	<b>1,614</b>	<b>(46)</b>	<b>(17)</b>	<b>(64)</b>	<b>77</b>	<b>1,607</b>	<b>16</b>	<b>1,624</b>
<b>As of December 31, 2022</b>	<b>43,460,978</b>	<b>44</b>	<b>1,604</b>	<b>(26)</b>	<b>46</b>	<b>(29)</b>	<b>13</b>	<b>1,652</b>	<b>15</b>	<b>1,667</b>
Net income for the year	-	-	-	-	132	-	-	132	2	134
Other comprehensive income (loss)	-	-	-	-	2	(74)	(58)	(130)	(1)	(131)
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>134</b>	<b>(74)</b>	<b>(58)</b>	<b>2</b>	<b>2</b>	<b>4</b>
Dividends paid	-	-	-	-	(92)	-	-	(92)	(1)	(93)
Changes in capital	-	-	-	-	-	-	-	-	-	-
Change in treasury shares	(56,160)	-	-	18	(23)	-	-	(5)	-	(5)
Employee share-based plans :										
- Service cost	253,400	-	-	-	7	-	-	7	-	7
- Proceeds from share issues	-	-	-	-	-	-	-	-	-	-
Transactions with owners not resulting in a change of control	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	(2)	0	0	(2)	(0)	(2)
<b>June 30, 2023</b>	<b>43,658,218</b>	<b>44</b>	<b>1,604</b>	<b>(8)</b>	<b>71</b>	<b>(103)</b>	<b>(45)</b>	<b>1,563</b>	<b>16</b>	<b>1,579</b>

(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 12**.

(b) This line contains the application of IAS 29 "Hyperinflation" (see **Note 1** and **Note 8**).

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### 1.1.5. Consolidated statement of cash flows

<i>(in millions of euros)</i>	Notes	1st semester 2023	1st semester 2022
Net income		134	199
Depreciation, amortization and impairment of assets (including goodwill)		80	101
Cost of debt (gross)		35	18
Core exposure effect (a)		(6)	(25)
Current and deferred income tax charge (benefit)		45	51
Net (gains) losses on asset disposals		6	(54)
Net change in provisions and non current liabilities		(7)	(19)
Fair value changes on operational derivatives		(20)	(9)
Charges related to the cost of share-based payments		7	9
Other restatements		7	3
<b>CASH FLOWS FROM OPERATIONS BEFORE GROSS COST OF DEBT AND TAX (b)</b>		<b>282</b>	<b>274</b>
Decrease (increase) in working capital		142	(87)
Impairment of current assets and accrued contract costs		(0)	18
Income taxes paid		(69)	(35)
<b>NET CHANGE IN CURRENT ASSETS AND LIABILITIES</b>		<b>73</b>	<b>(104)</b>
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>		<b>355</b>	<b>170</b>
Proceeds from disposals of property, plant and equipment and intangible assets		0	61
Capital expenditure		(148)	(126)
Decrease (increase) in loans granted and short-term financial assets		(3)	3
Purchase of shares in consolidated companies, net of cash acquired		(56)	(208)
Proceeds from sale of shares in consolidated companies, net of cash transferred		0	(0)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(206)</b>	<b>(270)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS AFTER INVESTING ACTIVITIES</b>		<b>148</b>	<b>(100)</b>
Proceeds from (repayments of) long-term and short-term borrowings	<b>2, 15</b>	72	321
- of which proceeds of bond 2023 - 2028		398	-
- of which repayment of bond 2018 - 2023		(325)	-
- of which proceeds from the European Investment Bank loan		-	200
Cash capital increases (reductions) (c)		(5)	(42)
Interest paid		(35)	(15)
Transactions with owners not resulting in a change of control		-	(0)
Dividends paid		(92)	(54)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(61)</b>	<b>210</b>
Hyperinflation impact (d)		1	3
Net effect of currency translation differences		(51)	1
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>38</b>	<b>114</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>15.A</b>	<b>1,129</b>	<b>968</b>
<b>CASH AND CASH EQUIVALENTS AT YEAR-END</b>	<b>15.A</b>	<b>1,167</b>	<b>1,082</b>
- of which cash and cash equivalents recorded under assets		1,174	1,088
- of which short-term bank loans and overdrafts recorded under liabilities		(6)	(6)

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

(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 14** 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" detailed in **Note 1** and **Note 8**.

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

### 1.1.6. Notes to the consolidated financial statements

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## Note 1. Summary of significant accounting policies

### A. GENERAL PRINCIPLES

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

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

These condensed interim consolidated financial statements are presented in euros rounded to the nearest million. Rounding may in some cases lead to non-material differences in totals or year-on-year changes. The condensed interim consolidated financial statements were approved by Nexans' Board of Directors on July 25, 2023.

#### COMPLIANCE WITH IAS 34

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

[https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002/amending-and-supplementary-acts/acts-adopted-basis-regulatory-procedure-scrutiny-rps\\_fr](https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002/amending-and-supplementary-acts/acts-adopted-basis-regulatory-procedure-scrutiny-rps_fr)

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

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting". They do not contain all the disclosures required for annual financial statements and should therefore be read in conjunction with the Group's annual financial statements for the year ended December 31, 2022.

#### STANDARDS AND INTERPRETATIONS APPLIED

The accounting policies adopted for the financial statements at June 30, 2023 are consistent with those applied in the annual consolidated financial statements for the year ended December 31, 2022, except as explained below and where specific conditions apply relating to the preparation of interim financial statements (see **Note 1.B**).

The following standards, amendments or interpretations issued by the IASB and adopted by the European Union were applied by the Group at June 30, 2023, without any material impact on the consolidated financial statements:

- 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 has applied IAS 29 to Turkey since January 1, 2022.

The IAS 29 standard requires the restatement of the non-monetary elements of the assets and liabilities of the country in hyperinflation as well as its income statement to reflect the evolution of the general purchasing power of its functional currency, resulting in a profit or a loss on the net monetary position which is recorded 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 8** "Other financial income and expenses".

Starting in 2023, consolidated EBITDA is defined as the operating margin before (i) depreciation, amortization and impairment, (ii) share-based expenses and (iii) certain specific operating items that are not representative of the Company's performance (see **Note 3** for more details).



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

#### 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 concerning liabilities classification into current liabilities and non-current liabilities;
- Amendments to IAS 1 "Non-current Liabilities with Restrictive Covenants";
- Amendments to IFRS 16 "Lease-sale Obligations";
- Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

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

#### ACCOUNTING ESTIMATES AND JUDGMENTS

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

The main sources of the uncertainty relating to the estimates used to prepare these interim consolidated financial statements for the first half of the year were the same as those described in the full-year December 31, 2022 consolidated financial statements.

During the first six months of 2023, Management reviewed its estimates concerning:

- The recoverable amount of certain items of property, plant and equipment, goodwill and other intangible assets (see **Note 6** and **Note 11**);
- Recognition and recoverability of deferred tax assets for unused tax losses (see **Note 9**);
- Margins to completion and percentage of completion on long-term contracts;
- The measurement of pension liabilities and other employee benefits (see **Note 13**);
- Provisions and contingent liabilities (see **Note 14** and **Note 16**);

- The measurement of derivative instruments and their qualification as cash flow hedges.

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. SPECIFIC ISSUES CONCERNING THE PREPARATION OF INTERIM FINANCIAL STATEMENTS

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

- The current and deferred tax charge for the period is calculated by applying the estimated average annual tax rate for the current fiscal year to the first-half pre-tax income figure for each entity or tax group. This average annual rate includes, where appropriate, the impact of transactions affecting the legal structure of the Group during the period, such as mergers.
- The net provision recognized for pension and other long-term employee benefit obligations is calculated based on the latest valuations available at the previous period-end. The expenses recognized over the period correspond to the pro rata of the estimated expenses over the full year. Adjustments of actuarial assumptions are performed on the main contributing plans in order to take into account any significant fluctuations or one-time events that may have occurred during the six-month period. The fair value of the main plan assets is reviewed at the period end.

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## **Note 2. Significant events of the period**

### **A. CHANGE IN CONSOLIDATION SCOPE**

#### *Acquisition of REKA*

In November 2022, Nexans entered into an agreement with Reka Industrial Plc 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 successfully completed the acquisition of Reka Cables from Reka Industrial after obtaining approval from the Finnish competition authority at the end of April 2023.

The transaction details and terms and the provisional goodwill recognized on the transaction date are presented in **Note 11** to the condensed consolidated financial statements for the first half of 2023.

The Reka entities have been fully consolidated since May 1, 2023. At current metal prices, for the first half of 2023 their activities contributed 27 million euros to the Group's consolidated sales and 1 million euros to its operating margin.

On a six-month basis, if Reka had been acquired on January 1, 2023, its contribution to current sales and operating margin would have been an estimated 82 million euros and 3 million euros, respectively.

### **B. FINANCING**

#### *Issuance of sustainable development bonds*

Nexans carried out its first sustainable development bond issue in April 2023, for a total nominal amount of 400 million euros, with a five-year maturity and an annual interest rate of 5.50%.

This first sustainable development bond is part of the "Sustainable Financing Framework" of Nexans, which is a central pillar of its refinancing strategy and a concrete step in anchoring sustainable development among the Group's fundamental values.

The bonds issued are linked to the climate objectives that Nexans has set for December 31, 2026 to reduce its absolute Scope 1 and 2 GHG emissions, as well as its Scope 3 "cradle-to-shelf" GHG emissions related to the CO<sub>2</sub> content of products.

#### *Repayment of the bond maturing in 2023*

On May 10, 2023, Nexans redeemed early the 325 million euros bond issue, whose initial maturity was scheduled for August 8, 2023.

### **C. CONTRACTUAL SUCCESS**

#### *Signing of one of its largest contract in its history with TenneT*

In May 2023, Nexans won a framework agreement with TenneT, the operator of electricity transmission networks in the Netherlands and a large part of Germany, for high voltage direct current (HVDC) turnkey projects for offshore wind farms.

Nexans will be responsible for three projects to connect future offshore wind farms to the continent - BalWin 3, LanWin 4, LanWin 2 - located in the German North Sea, for an initial amount of 1.7 billion euros, in accordance with the terms of the framework agreement. Significant subcontracting services will be added after the signature of specific orders for each project.

The Group will execute a full turnkey Engineering, Procurement, Construction & Installation (EPCI) contract, including civil engineering work involving more than 2,160 km of submarine and land cables.

### Note 3. Operating segments

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

- **Building & Territories:** This segment provides reliable cabling systems and smart energy solutions enabling buildings and territories to be more efficient, sustainable and people-friendly. It covers the following markets: building, smart cities/grids, e-mobility, local infrastructure, decentralized energy systems and rural electrification. 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".
- **Power Generation & Transmission :** This segment supports 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 includes the following markets: offshore wind farms, subsea interconnections, land high-voltage, subsea data transmissions (closely related to subsea high-voltage projects, and previously included in the former "Telecom & Data" segment), as well as the remaining projects for smart solutions for the oil and gas sector.
- **Industry & Solutions:** This segment provides support to OEMs and industrial infrastructure project managers in personalizing their cabling and connection solutions to enable them to meet their electrification, digitization and automation requirements. It covers the following markets: transport (aeronautics, rail, shipbuilding, automotive), automatic devices, renewable energy (solar and wind power), resources (oil and gas, mining) and other sectors (nuclear, medical, handling).

The column entitled "**Other Activities**" includes, in addition to certain specific or centralized activities carried out for the Group as a whole and entailing expenses that are not allocated between the various segments, the Electrical Wires business which comprises wire rods and electrical wires.

It also includes the residual portion of the former "Telecom & Data" segment, in particular the Telecom Systems sub-segment, which is currently being divested (see **Note 7**).

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

- As June 30, 2023, 77% of this segment's sales at constant metal prices corresponded to sales generated by the Group's Electrical Wires business (compared with 79% at June 30, 2022). The remaining sales are mostly made by the business "Telecom & Data".
- The operating margin of this segment was a negative 30 million euros at June 30, 2023. 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.

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

The Group changed the definition of its EBITDA in 2023:

- In view of the clarifications provided by the ANC to the calculation of employee share ownership plans, and to align with the treatment within the cable sector, the Group has decided to exclude share expenses from its EBITDA as of 2023.
- In addition, in 2023, the Group recognized additional costs on long-term projects impacted by past reorganizations to exit the oil and gas business. These costs resulted in subsequent losses on completion which are not representative of the actual performance of the business. These losses on completion are therefore excluded from EBITDA.

As a result, starting in 2023, consolidated EBITDA is defined as the operating margin before (i) depreciation, amortization and impairment, (ii) share-based expenses and (iii) certain other specific operating items that are not representative of the Company's performance (see **Note 3** for more details).

Sales at constant metal prices for first-half 2023 and 2022 have been calculated using the reference prices of 5,000 euros per tonne for copper and 1,200 euros per tonne for aluminum.

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

## A. INFORMATION BY REPORTABLE SEGMENT

1st semester 2023 (in millions of euros)	Building & Territories		Generation & Transmission	Industry & Solutions	Other Activities	Group total
	Distribution	Usages				
Net sales at current metal prices	695	1,177	396	980	761	<b>4,009</b>
Net sales at constant metal prices	599	890	384	908	541	<b>3,322</b>
EBITDA	82	137	30	109	(5)	<b>354</b>
Specific operating items (a)	-	-	(20)	-	(7)	<b>(27)</b>
Depreciation and amortization	(13)	(12)	(25)	(19)	(18)	<b>(87)</b>
Operating margin	70	126	(15)	90	(30)	<b>240</b>
Net impairment of non-current assets (including goodwill) (see Note 6)	-	-	(0)	7	0	<b>7</b>

(a) The specific operating items included 7 millions euros related to the share-based payment tagged as "Other", and 20 million euros in Generation and Transmission in relation with additional costs on long term projects impacted by past reorganizations. These additional costs led to subsequent losses at completion which are not representative of the actual business performance.

1st semester 2022 (in millions of euros)	Building & Territories		Generation & Transmission	Industry & Solutions	Other Activities	Group total
	Distribution	Usages				
Net sales at current metal prices	672	1,292	495	847	1,037	<b>4,342</b>
Net sales at constant metal prices	551	924	478	762	686	<b>3,401</b>
Net sales at constant metal prices and 2023 exchange rates	540	875	429	757	663	<b>3,264</b>
EBITDA (a)	47	104	89	65	3	<b>308</b>
Depreciation and amortization	(11)	(11)	(30)	(19)	(17)	<b>(88)</b>
Operating margin	36	93	59	46	(14)	<b>220</b>
Net impairment of non-current assets (including goodwill) (see Note 6)	-	-	-	(12)	(0)	<b>(13)</b>

(a) In the first half of 2022, the EBITDA included 9 million euros of charges related to share-based payments tagged as « Other ».

## B. INFORMATION BY MAJOR GEOGRAPHIC AREA

1st semester 2023 (a) (in millions of euros)	Canada	France	Germany	Norway	Other (b)	Group total
Net sales at current metal prices	646	553	522	406	1,882	<b>4,009</b>
Net sales at constant metal prices	466	440	510	390	1,516	<b>3,322</b>

(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.

1st semester 2022 (a) (in millions of euros)	Canada	France	Germany	Norway	Other (b)	Group total
Net sales at current metal prices	867	674	440	487	1,874	<b>4,342</b>
Net sales at constant metal prices	584	495	428	466	1,428	<b>3,401</b>
Net sales at constant metal prices and 2023 exchange rates	557	495	428	410	1,374	<b>3,264</b>

(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 the first half of 2023 or 2022.

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

## Note 4. Revenue from contracts with customers

### A. CONSOLIDATED SALES

Consolidated net sales can be analyzed as follows:

1st semester 2023 Sales (in millions of euros)	Building & Territories		Generation & Transmission	Industry & Solutions	Other Activities	Group total
	Distribution	Usages				
Performance obligations satisfied at a point in time	695	1,177	60	980	761	3,673
Performance obligations satisfied over time	-	-	336	-	-	336
<b>NET SALES</b>	<b>695</b>	<b>1,177</b>	<b>396</b>	<b>980</b>	<b>761</b>	<b>4,009</b>

1st semester 2022 Sales (in millions of euros)	Building & Territories		Generation & Transmission	Industry & Solutions	Other Activities	Group total
	Distribution	Usages				
Performance obligations satisfied at a point in time	672	1,292	93	847	1,037	3,941
Performance obligations satisfied over time	-	-	401	-	-	401
<b>NET SALES</b>	<b>672</b>	<b>1,292</b>	<b>495</b>	<b>847</b>	<b>1,037</b>	<b>4,342</b>

## Note 5. Other operating income and expenses

(in millions of euros)	Notes	1st semester 2023	1st semester 2022
Net asset impairment	6	7	(13)
Changes in fair value of non-ferrous metal derivatives		(1)	4
Net gains (losses) on asset disposals		(6)	54
Acquisition-related costs (completed and planned acquisitions)		(6)	(6)
Expenses and provisions for antitrust investigations	16	(1)	(1)
Other non-current operating expenses		(0)	(0)
<b>OTHER OPERATING INCOME AND EXPENSES</b>		<b>(6)</b>	<b>38</b>

In the first half of 2023, capital gains and losses on asset disposals included an expense of 5 million euros on the sale of IES, previously consolidated using the equity method.

The first half of 2022 included a 55 million euros net gain on the sale of Hanover Group's plant.

Net assets impairments are detailed in **Note 6** below.

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

## Note 6. Net asset impairment

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

For the closing of the financial statements at June 30, 2023, the Group carried out a review of the main impairment issues to identify any indications of impairment that appeared during the period, both on individual assets and on cash generating units (CGU).

This review did not lead to the identification of any new impairment indicators in the first half of 2023.

In the absence of impairment testing, no sensitivity analysis was performed.

The monitoring of the impairments recognized in the past led to the reversal of an impairment of 7 million euros on the Industry & Solutions activities in the United States due to the continued improvement in performance.

During the first half of 2022, impairment losses of 12 million euros were recognized on the Group's property, plant and equipment located in Ukraine. These impairment losses were revalued at 13 million euros at the closing of the 2022 annual financial statements.

As a reminder, by the end of 2022, the Group had included the challenges associated with the consequences of climate change (see **Note 7** of the 2022 annual consolidated financial statements).

## Note 7. Assets held for sale

The Group is in exclusive negotiations with Syntagma Capital for the sale of most of the "Telecom & Data" business, which should be completed within the next 12 months.

The "Telecom & Data" business is presented under "Other" in the segment information.

This program meets the criteria of activities held for sale within the meaning of IFRS 5, and is presented under "Assets and groups of assets held for sale" at June 30, 2023.

In accordance with IFRS 5, the Group has measured these groups of assets at the lower of their carrying amount and fair value less costs to sell, without this resulting in the recognition of an impairment loss on the disposal in progress.

Statement of financial position (in millions of euros)	Assets and groups of assets held for sale at first-half 2023	If applicable, allocation of impairment losses	Carrying amount after allocation of impairment losses
Net property, plant and equipment and intangible assets	33	-	33
Inventories and work in progress, net	29	-	29
Trade and other receivables	32	-	32
Other assets	8	-	8
<b>Total assets and groups of assets held for sale</b>	<b>102</b>	<b>-</b>	<b>102</b>
Trade payables	(24)	-	(24)
Other liabilities	(17)	-	(17)
<b>Liabilities related to groups of assets held for sale</b>	<b>(41)</b>	<b>-</b>	<b>(41)</b>

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

## Note 8. Other financial income and expenses

<i>(in millions of euros)</i>	<b>1st semester 2023</b>	<b>1st semester 2022</b>
Dividends received from non-consolidated companies	2	1
Impairment of financial investments and provisions	(1)	5
Net foreign exchange gain (loss)	(3)	(3)
Net interest expense on pensions and other long-term employee benefit obligations	(2)	(1)
Hyperinflation	(1)	3
Other	(5)	(2)
<b>OTHER FINANCIAL INCOME AND EXPENSES</b>	<b>(12)</b>	<b>3</b>

### EFFECTS OF APPLYING IAS 29 "FINANCIAL REPORTING IN HYPERINFLATIONARY ECONOMIES" IN TURKEY

As explained in **Note 1**, the Group applies IAS 29 for the consolidation of its Turkish subsidiary. For the application of this standard, the following indicators were used to restate the subsidiary's income statement, cash flows and non-monetary assets and liabilities at June 30, 2023:

- The consumer price index "TÜFE" published by Turkstat since December 2004 (date of the last local application of the hyperinflation standard). The latter increased by 20% over the period in 2023 (36% over the first six months of 2022);
- The EUR/TRY exchange rate used for the translation of the income statement was 28.32 at June 30, 2023 (17.32 at June 30, 2022).

The application of IAS 29 was reflected in the income statement for the period by a decrease in consolidated sales for the period of approximately 30 million euros.

The impacts in operating margin and in the other financial income and expenses are not material over the period.

## Note 9. Income taxes

The effective income tax rates were as follows for first-half 2023 and first-half 2022:

<i>(in millions of euros)</i>	<b>1st semester 2023</b>	<b>1st semester 2022</b>
<b>Income before taxes</b>	179	250
- of which share in net income of associates	(0)	(1)
<b>INCOME BEFORE TAXES AND SHARE IN NET INCOME OF ASSOCIATES</b>	<b>179</b>	<b>250</b>
(Income tax expense)	(45)	(51)
<b>EFFECTIVE TAX RATE (IN %)</b>	<b>24.94%</b>	<b>20.43%</b>

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

## Note 10. Earnings per share

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

	1st semester 2023	1st semester 2022
<b>NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT (a)</b>	<b>132</b>	<b>197</b>
Average number of shares outstanding	43,564,042	43,492,392
Average number of dilutive instruments (b)	1,366,730	1,337,268
Average number of diluted shares	44,930,772	44,829,660
<b>ATTRIBUTABLE NET INCOME PER SHARE</b>		
- Basic earnings per share (c)	3.02	4.53
- Diluted earnings per share (c)	2.93	4.40

(a) In millions of euros. Attributable net income corresponded to adjusted net income attributable to owners of the parent.

(b) Dilutive instruments correspond to free share and performance share rights.

(c) In euros.

## Note 11. Goodwill

The increase in goodwill in the first half of 2023 (313 million euros at June 30, 2023 versus 289 million euros at December 31, 2022) was primarily attributable to the acquisition of Reka and, to a lesser extent, to changes in exchange rates over the period as most of the Group's goodwill relates to acquisitions in Australia (Olex), South America (Madeco and Centelsa) and North America (AmerCable) and is denominated in foreign currencies.

Goodwill is tested for impairment at least once a year and whenever there is an indication that it may be impaired, using the methods and assumptions described in the notes to the consolidated financial statements for the year ended December 31, 2022.

No goodwill impairment losses were recognized at June 30, 2023, as at December 31, 2022 and June 30, 2022.

They will be tested in the second half of 2023.

### PROVISIONAL GOODWILL RECOGNIZED ON THE ACQUISITION OF REKA CABLES

The acquisition was paid in full in cash for an acquisition cost of the shares of 46 million euros accompanied by the immediate repayment by the Group of all the financial debt to the previous shareholder of Reka Cables at the date of the acquisition, i.e. 7 million euros. The cash acquired amounted to 3 million euros.

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

The amount paid net of the cash acquired therefore amounted to 51 million euros at June 30, 2023.

The provisional goodwill recognized before allocation to identifiable assets and liabilities amounted to 37 million euros on the date of entry into the scope of consolidation.



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

The following table presents the main items used to determine provisional goodwill:

<i>(in millions of euros)</i>	<b>Reka 2023 Acquisition</b>
Purchase price (a)	46
M&A expenses paid by the seller	0
<b>Purchase price of shares (1)</b>	<b>47</b>
Repayment of previous shareholder's debt	7
<b>Repayment of debt (2)</b>	<b>7</b>
<b>Assets</b>	
Non-current assets (including financial assets)	32
Inventories	26
Receivables	2
Cash and cash equivalents	3
Deferred taxes assets	0
Other assets	1
<b>Liabilities</b>	
Provisions	0
Deferred taxes liabilities	1
Borrowings and debt	14
Other liabilities	31
<b>Net attributable assets acquired (3)</b>	<b>18</b>
<b>Goodwill (1)+(2)-(3)</b>	<b>37</b>

(a) The full acquisition price was with cash and cash equivalents.

In accordance with IFRS 3, the allocation of the purchase price to the fair values of the assets, liabilities and contingent liabilities assumed will be carried out during the second half of 2023.

The corresponding acquisition-related costs amounted to 3 million euros and were recognized in the income statement as required under IFRS 3. In accordance with the Group's accounting policies (see **Note 1.D** to the consolidated financial statements for the year ended December 31, 2022), they are presented on the specific line "Acquisition-related costs (completed and planned acquisitions)" within "Other operating income and expenses" (see **Note 5**).

## **Note 12. Equity**

### **A. COMPOSITION OF CAPITAL STOCK**

At June 30, 2023, Nexans S.A.'s capital stock comprised 43,753,380 fully paid-up shares with a par value of 1 euro each (as at December 31, 2022).

### **B. DIVIDENDS**

At the Combined Shareholders' Meeting held on May 11, 2023 to approve the financial statements for the year ended on December 31, 2022, the Company's shareholders authorized payment of a dividend of 2.10 euros per share, representing an aggregate 92 million euros based on the 43,657,466 ordinary shares (excluding treasury shares) making up the Company's capital stock on the May 17, 2023 dividend payment date.

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

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 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.

## C. TREASURY STOCK

Movements in treasury stock in first-half 2023 and first-half 2022 are presented below:

	Notes	Number of treasury stock
<b>As of December 31, 2021</b>		<b>118,738</b>
Share buyback program		500,000
Cancelation of treasury stock		-
Grant to employees	12.D	(73,230)
Liquidity contract (purchases) / sales		6,106
<b>As of June 30, 2022</b>		<b>551,614</b>
<b>As of December 31, 2022</b>		<b>292,402</b>
Share buyback program		35,856
Cancelation of treasury stock		-
Grant to employees	12.D	(253,400)
Liquidity contract (purchases) / sales		20,304
<b>As of June 30, 2023</b>		<b>95,162</b>

## D. FREE SHARES AND PERFORMANCE SHARES

At June 30, 2023, there were 1,368,120 free shares and performance shares outstanding, each entitling their owner to one share on vesting, representing a total of 3.13% of the Company's capital stock (1,331,425 shares at December 31, 2022 representing 3.04% of the Company's capital stock).

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

In the first half of 2023, this expense totaled 7 million euros (versus 6 million euros in first half of 2022).

## Note 13. Pensions, retirement bonuses and other long-term benefits

The net provision recognized for pension and other long-term employee benefit obligations is calculated based on the latest valuations available at the previous period-end. Adjustments of actuarial assumptions are performed on the main contributing plans in order to take into account any significant fluctuations or one-time events that may have occurred during the six-month period. At June 30, 2023 the main benefit obligations and plan assets of the plans in France, Germany, Switzerland, Canada and the United States were remeasured, primarily based on the applicable discount rates and the fair value of the plan assets.

The estimated impact of the pension reform in France is not material and will be recognized in the second half of the year.

## A. MAIN ASSUMPTIONS

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

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

The (average equivalent) discount rates break down as follows by country at closing periods:

	Discount rate at June 30, 2023	Discount rate at December 31, 2022	Discount rate at June 30, 2022
France	3,15% - 3,80%	3,15% - 3,80%	3.15%
Germany	3,15% - 3,70%	3,15% - 3,80%	3.15%
Switzerland	1.80%	2.15%	1.95%
Canada	4.95%	4.95%	4.95%
United States	5.25%	5.25%	4.75%

## B. CHANGE IN NET PROVISION FOR PENSION AND OTHER LONG-TERM EMPLOYEE BENEFIT OBLIGATIONS

(in millions of euros)

	2023	2022
<b>NET PROVISION RECOGNIZED AT JANUARY 1</b>	<b>160</b>	<b>249</b>
- of which pension assets	(72)	(53)
- of which pension liabilities	232	301
Expense (income) recognized in the income statement	7	8
Expense (income) recognized in other comprehensive income	(5)	(71)
Utilization	(12)	(12)
Other impacts (exchange differences, acquisitions/disposals, etc.)	(7)	(3)
<b>NET PROVISION RECOGNIZED AT JUNE 30</b>	<b>143</b>	<b>171</b>
- of which pension assets	(77)	(79)
- of which pension liabilities	220	249

## Note 14. Provisions

### A. ANALYSIS BY NATURE

The movements in these provisions were as follows:

(in millions of euros)

	TOTAL	Accrued contract costs	Provisions for reorganization	Other provisions
<b>AT DECEMBER 31, 2022</b>	<b>177</b>	70	25	82
Additions	28	19	7	1
Reversals (utilized provisions)	(15)	(8)	(7)	(0)
Reversals (surplus provisions)	(15)	(13)	(1)	(1)
Exchange differences and other	(2)	(2)	(0)	0
<b>AT JUNE 30, 2023</b>	<b>172</b>	<b>65</b>	<b>25</b>	<b>82</b>

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 16**). Where appropriate, they also include provisions for construction contracts in progress.

The "Other provisions" column primarily includes provisions set aside for antitrust investigations, which amounted to 66 million euros at June 30, 2023 (see **Note 16**).

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

## B. ANALYSIS OF REORGANIZATION COSTS

The reorganization costs came to 23 million euros in first half of 2023, comprising the following:

<i>(in millions of euros)</i>	Redundancy costs	Asset impairment and retirements (a)	Other monetary costs	TOTAL
Charges to provisions, net of reversals of surplus provisions	6	(0)	(0)	6
Other costs for the year	4	-	14	17
<b>TOTAL REORGANIZATION COSTS</b>	<b>9</b>	<b>(0)</b>	<b>14</b>	<b>23</b>

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

## Note 15. Net debt

In February 2023, Standard & Poor's upgraded its long-term BB+ rating for the Group from stable to positive outlook.

### A. ANALYSIS BY NATURE

<i>(In millions of euros)</i>	Notes	At June 30, 2023	At December 31, 2022
Long-term – ordinary bonds (a)	15.B	398	200
Other long-term borrowings (a)	15.C	307	229
<b>TOTAL LONG-TERM DEBT (a)</b>		<b>705</b>	<b>429</b>
Short-term – ordinary bonds (a)	15.B	199	325
Short-term borrowings and short-term accrued interest not yet due (b)	15.C	373	449
Short-term bank loans and overdrafts		6	4
<b>TOTAL SHORT-TERM DEBT (b)</b>		<b>578</b>	<b>778</b>
<b>GROSS DEBT (b)</b>		<b>1,283</b>	<b>1,207</b>
Cash		(1,106)	(1,084)
Cash equivalents		(67)	(50)
<b>NET DEBT EXCLUDING LEASE LIABILITIES</b>		<b>109</b>	<b>73</b>
Lease liabilities (c)		120	110
<b>NET DEBT</b>		<b>229</b>	<b>182</b>

(a) Excluding short-term accrued interest not yet due and lease liabilities.

(b) Excluding lease liabilities.

(c) Out of the total lease liabilities recognized, 93 million euros corresponded to non-current liabilities and the balance to current liabilities. The related interest expense amounted to 2 million euros in first-half of 2023.

At June 30, 2023, the net balance of the cash deposits with Lebanese banks amounted to 2 million euros (5 million euros at December 31, 2022).

At June 30, 2023, as at December 31, 2022, they were classified as other net receivables, excluding cash and cash equivalents.

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

## B. BONDS

<i>(in millions of euros)</i>	<b>Carrying amount at June 30, 2023</b>	<b>Face value at issue date</b>	<b>Maturity date</b>	<b>Nominal interest rate</b>
Ordinary bonds redeemable in 2028	403	400	April 5, 2028	5.50%
Ordinary bonds redeemable in 2024	201	200	April 5, 2024	2.75%
<b>TOTAL ORDINARY BONDS (a)</b>	<b>604</b>	<b>600</b>		

(a) Including 8 million euros in short-term accrued interest.

On May 10, 2023, Nexans redeemed early the 325 million euros bond issue, whose initial maturity was scheduled for August 8, 2023.

On April 5, 2023, Nexans carried out its first sustainable development bond issue, for an amount of 400 million euros. This five-year fixed-rate issue (maturing on May 5, 2028) carries an annual coupon of 5.5%. The issue price was 100% of the bonds' par value.

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

## C. OTHER BORROWINGS

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.

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 1 million euros at June 30, 2023.

At June 30, 2023, the other borrowings also included the 87 million euros loan used 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 loan has been repayable in euros and the variable interest rate on the loan has been indexed to the 3-month Euribor. The loan will be repaid on a straight-line basis until June 2033.

This debt is included for 77 million euros on the line "Other long-term borrowings", the balance appearing under "Short-term borrowings and short-term accrued interest not yet due".

The covenants associated with this financing are described in **Note 15.D** below.

## D. COVENANTS

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 February 7, 2023, the Group signed a secured financing line in the amount of 325 million euros for 2023 (amount reduced to 200 million euros for 2024) to ensure its liquidity and be able to cover, if needed, the refinancing of the bond issues maturing in 2023 and 2024. In the event of a drawdown, the maximum maturity will be August 7, 2025.

The renewed syndicated credit facility, the secured financing line 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 1.20x; and
- the maximum debt to equity ratio expressed as a multiple of consolidated EBITDA, as defined in **Note 3**, must not exceed 3.2x.

These ratios were well within the specified limits at both June 30, 2023 and December 31, 2022.

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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.

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

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

At June 30, 2023, as at June 30, 2022, the ratios associated with the loan to finance the construction of a cable-laying vessel were respected.

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

## **Note 16. Disputes and contingent liabilities**

### **A. ANTITRUST INVESTIGATIONS**

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

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

In early July 2014, Nexans France SAS paid 70.6 million euro fine imposed on it by the European Commission.

Nexans France SAS and the Company appealed the European Commission's decision to the General Court of the European Union. The appeal was dismissed on July 12, 2018. Nexans France SAS and the Company appealed the General Court's judgment before the European Court of Justice, which, in turn, dismissed the appeal on July 16, 2020.

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

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

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

In May 2022 an application for a collective proceedings order was lodged in the UK before the Competition Appeal Tribunal (CAT) seeking authorization to bring an action for damages on behalf of certain individuals against Nexans, Prysmian and NKT. The prospective claim is based on the European Commission's 2014 "Power Cables" decision. The CAT will in due course decide whether to grant the application, such approval being required before any claim can proceed. The

claimant has secured financing from a professional third-party litigation funder. As part of its assessment the CAT will scrutinize the funding agreement to determine, inter alia, whether the proposed defendants' costs would be sufficiently covered in the event that the claimant is unsuccessful in the claim.

In July 2022, London Array Limited and others commenced a claim in the CAT against Nexans France SAS and the Company in relation to the European Commission's decision. Nexans France SAS and the Company are defending the claim, which is scheduled for trial in April 2025.

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 expected in 2024.

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The claim in Netherlands was made jointly by Electricity & Water Authority of Bahrain, Gulf Cooperation Council 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 Group. This action has been brought before the Court of Amsterdam. On December 18, 2019, Nexans and other defendants filed a motion contesting jurisdiction. The court issued its judgment on November 25, 2020, declaring itself incompetent with regard to the claims against the non-Dutch defendants, including the non-Dutch subsidiaries of the Company. The court also ordered the claimants to pay the costs of the proceedings. The claimants appealed this ruling and the case on the merits against the Dutch entities is stayed pending the appeal judgment.

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

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

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

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

On November 24, 2017 in Spain, Nexans Iberia and the Company (in its capacity as Nexans Iberia's parent company) were notified of a decision by the Spanish competition authority ("CNMC"), which found that Nexans Iberia had participated directly in an infringement of Spanish competition laws in the low and medium voltage cable sectors. The Company was held jointly liable for the payment of part of the fine levied on Nexans Iberia by the CNMC. In early January 2018, Nexans Iberia settled the 1.3 million euro fine levied by the CNMC. Nexans Iberia and the Company have appealed the CNMC's decision. On May 29<sup>th</sup> 2023, the Court of appeal decision has been rendered in favor of Nexans. The Spanish Court ruled that a single and continuous infringement of Spanish competition laws, for the period between 2002 and 2013, in the low and medium voltage cable sectors, cannot be proven. Appeal of the decision was made to the Spanish Supreme Court.

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

During the first semester of 2022, four additional claims were files by Spanish claimants against Nexans Iberia on the basis of the CNMC decision in the low / medium voltage case. Nexans Iberia's sales to such claimants, if any, are non-substantial and Nexans is litigating these claims for which two are pending the appeal judgment against the CNMC decision and two have been re-instated in January and March 2023 respectively.

On January 20 and May 10, 2022 the German Federal Cartel Office (FCO) carried out searches at three 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 June 30, 2023, 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.

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The compliance program includes means of detection which could generate internal investigations, and even external investigations. As consistently communicated by the Company in the past, unfavorable outcomes for antitrust proceedings and/or investigations as well as the associated consequences could have a material adverse effect on the results and thus the financial position of the Group.

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

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

The Group considers that the other existing or probable disputes for which provisions were recorded at June 30, 2023 do not individually represent sufficiently material amounts to require specific disclosures in the consolidated financial statements.

## **C. CONTINGENT LIABILITIES RELATING TO DISPUTES AND PROCEEDINGS**

Certain contracts entered into by the Group as of June 30, 2023 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 17. Subsequent events**

No significant events that need to be mentioned have occurred since June 30, 2023.