

NEXANS INDUSTRY SOLUTIONS A/S

Livøvej 37 B
8800 Viborg
CVR No. 27985378

Annual report 2022

The Annual General Meeting adopted the
annual report on 07.07.2023

Jean-Marc Rety

Chairman of the General Meeting

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Entity details

Entity

NEXANS INDUSTRY SOLUTIONS A/S

Livøvej 37 B

8800 Viborg

Business Registration No.: 27985378

Registered office: Viborg

Financial year: 01.01.2022 - 31.12.2022

Board of Directors

Serafim Serafimov Ognyanov

Carl Martin Forssell

Jean-Marc RETY, chariman

Thibaut René Georges Zumsteeg

Executive Board

Serafim Serafimov Ognyanov

Auditors

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab

Herredsvej 32

7100 Vejle

CVR No.: 33771231

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of NEXANS INDUSTRY SOLUTIONS A/S for the financial year 01.01.2022 - 31.12.2022.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Viborg, 07.07.2023

Executive Board

Serafim Serafimov Ognyanov

Board of Directors

Serafim Serafimov Ognyanov

Carl Martin Forssell

Jean-Marc RETY
chairman

Thibaut René Georges Zumsteeg

Independent auditor's report

To the shareholders of NEXANS INDUSTRY SOLUTIONS A/S

Opinion

We have audited the financial statements of NEXANS INDUSTRY SOLUTIONS A/S for the financial year 01.01.2022 - 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Trekantområdet, 07.07.2023

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
CVR No. 33 77 12 31

Lars Almskou Ohmeyer
State Authorised Public Accountant
Identification No (MNE) mne24817

Management commentary

Financial highlights

	2022	2021	2020	2019	2018
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Gross profit/loss	51,399	48,334	69,725	54,450	70,164
Operating profit/loss	25,191	13,277	36,621	18,827	35,213
Net financials	(479)	(258)	(1,317)	(1,649)	804
Profit/loss for the year	19,551	10,155	27,618	13,215	27,304
Total assets	166,658	167,077	180,106	132,242	135,124
Investments in property, plant and equipment	418	1,059	2,153	682	19,333
Equity	133,120	117,318	122,163	94,545	88,830
Ratios					
Return on equity (%)	15.61	8.48	25.49	14.41	45.66
Equity ratio (%)	79.88	70.22	67.83	71.49	65.74

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Average equity

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$

Total assets

Primary activities

Nexans Industry Solutions A/S is part of the global Nexans Group, whose head office is situated in Paris. Nexans is one of the largest cable manufacturers in the world – with production in more than 30 countries and commercial activities worldwide. Nexans employs about 25,000 people worldwide. Nexans is listed on the Stock Exchange in Paris. Nexans Industry Solutions A/S mainly manufactures cables by request from the customers.

Development in activities and finances

The company's operations during the current financial year, shows a profit of DKK 19,551k after tax, which is characterized as a satisfactory result.

Profit/loss for the year in relation to expected developments

An increase in overall NIS activity was to be expected for 2022. This is partially true but the growth was not there fully as China did not recover fast enough from Covid-19. We have also seen that the expected growth in Wind market is still not there.

Outlook

An increase in overall NIS activity is to be expected during the coming year. The main reason for that is that NIS is starting also medium voltage kitting in its Szczecin, Poland facility.

Therefore, the budget for 2023 is more aggressive than 2022 and 2021.

Environmental performance

Nexans Industry Solutions A/S has made a policy regarding environmental performance to keep focus and reduce the environmental impact – primarily caused by consumption of electricity, heat and waste from the production. The policy will contain targets to be able to measure the performance. Nexans Industry Solutions A/S has obtained certification, according to DS/ ISO 9001, and environmental certification, according to DS/ISO 14001. Through these certifications we expect to obtain a strengthened position to meet new challenges and to be better prepared to face existing and future demands from our customers with regards to quality and environment.

Research and development activities

Research is mainly carried out by other companies in the Nexans Group, whereas development concerning the company's line of business is made internally.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2022

	Notes	2022 DKK	2021 DKK
Gross profit/loss		51,399,018	48,334,225
Staff costs	1	(24,825,885)	(33,720,192)
Depreciation, amortisation and impairment losses	2	(1,381,940)	(1,336,617)
Operating profit/loss		25,191,193	13,277,416
Other financial income from group enterprises		330,850	0
Other financial income		215,852	96,980
Other financial expenses		(1,025,607)	(355,007)
Profit/loss before tax		24,712,288	13,019,389
Tax on profit/loss for the year	3	(5,161,141)	(2,864,265)
Profit/loss for the year	4	19,551,147	10,155,124

Balance sheet at 31.12.2022

Assets

	Notes	2022 DKK	2021 DKK
Plant and machinery		1,020,393	2,180,232
Other fixtures and fittings, tools and equipment		395,680	200,188
Property, plant and equipment	5	1,416,073	2,380,420
Investments in group enterprises		15,609,000	15,609,000
Receivables from group enterprises		10,009,356	5,998,406
Financial assets	6	25,618,356	21,607,406
Fixed assets		27,034,429	23,987,826
Raw materials and consumables		52,338,547	45,056,548
Work in progress		381,293	1,081,776
Manufactured goods and goods for resale		2,489,187	924,689
Inventories		55,209,027	47,063,013
Trade receivables		40,102,863	42,051,554
Receivables from group enterprises		5,545,338	6,961,225
Deferred tax	7	913,000	507,000
Other receivables		316,915	258,785
Prepayments	8	329,484	329,484
Receivables		47,207,600	50,108,048
Cash		37,207,361	45,918,520
Current assets		139,623,988	143,089,581
Assets		166,658,417	167,077,407

Equity and liabilities

	Notes	2022 DKK	2021 DKK
Contributed capital		3,694,000	3,694,000
Retained earnings		125,675,537	109,874,390
Proposed dividend		3,750,000	3,750,000
Equity		133,119,537	117,318,390
Trade payables		5,156,852	12,137,562
Payables to group enterprises		23,226,893	19,581,519
Tax payable		2,639,239	8,620,066
Other payables		2,515,896	9,419,870
Current liabilities other than provisions		33,538,880	49,759,017
Liabilities other than provisions		33,538,880	49,759,017
Equity and liabilities		166,658,417	167,077,407
Related parties with controlling interest	9		
Transactions with related parties	10		
Group relations	11		

Statement of changes in equity for 2022

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	3,694,000	109,874,390	3,750,000	117,318,390
Ordinary dividend paid	0	0	(3,750,000)	(3,750,000)
Profit/loss for the year	0	15,801,147	3,750,000	19,551,147
Equity end of year	3,694,000	125,675,537	3,750,000	133,119,537

Notes

1 Staff costs

	2022	2021
	DKK	DKK
Wages and salaries	21,724,203	29,866,449
Pension costs	2,877,222	3,642,972
Other social security costs	224,460	210,771
	24,825,885	33,720,192
Average number of full-time employees	54	67

	Remuneration of Management 2021 DKK
Board of Directors	2,701,005
	2,701,005

The company only remunerate one executive board member and for 2022 the board of directors has not received remuneration. Referring to §98 b of the Danish Financial Statements Act, remuneration to Management is not disclosed.

2 Depreciation, amortisation and impairment losses

	2022	2021
	DKK	DKK
Depreciation of property, plant and equipment	1,381,940	1,210,617
Profit/loss from sale of intangible assets and property, plant and equipment	0	126,000
	1,381,940	1,336,617

3 Tax on profit/loss for the year

	2022	2021
	DKK	DKK
Current tax	5,735,239	1,919,265
Change in deferred tax	(406,000)	945,000
Adjustment concerning previous years	(168,098)	0
	5,161,141	2,864,265

4 Proposed distribution of profit and loss

	2022 DKK	2021 DKK
Ordinary dividend for the financial year	3,750,000	3,750,000
Retained earnings	15,801,147	6,405,124
	19,551,147	10,155,124

5 Property, plant and equipment

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	23,397,064	3,076,104
Additions	337,345	80,248
Disposals	(16,948,868)	(1,437,280)
Cost end of year	6,785,541	1,719,072
Depreciation and impairment losses beginning of year	(21,216,832)	(2,875,916)
Transfers	(305,973)	305,973
Depreciation for the year	(1,191,211)	(190,729)
Reversal regarding disposals	16,948,868	1,437,280
Depreciation and impairment losses end of year	(5,765,148)	(1,323,392)
Carrying amount end of year	1,020,393	395,680

6 Financial assets

	Investments in group enterprises DKK	Receivables from group enterprises DKK
Cost beginning of year	15,698,000	5,998,406
Additions	0	4,010,950
Cost end of year	15,698,000	10,009,356
Revaluations beginning of year	(89,000)	0
Revaluations end of year	(89,000)	0
Carrying amount end of year	15,609,000	10,009,356

Investments in subsidiaries	Registered in	Corporate form	Equity interest %	Equity DKK	Profit/loss DKK
Nexans Industry Solutions	Poland	sp. z o.o.	100	(2,516,057)	301,980
Nexans Cable (Tianjin) Co.	China	Ltd	100	13,760,762	(2,142,689)

7 Deferred tax

	2022	2021
	DKK	DKK
Property, plant and equipment	285,000	179,000
Inventories	700,000	400,000
Receivables	(72,000)	(72,000)
Deferred tax	913,000	507,000

	2022	2021
	DKK	DKK
Changes during the year		
Beginning of year	507,000	1,452,000
Recognised in the income statement	406,000	(945,000)
End of year	913,000	507,000

Deferred tax assets

Deferred tax asset is related to property, plant and equipment and inventories, which is expected to equalize within a period of three years.

8 Prepayments

Prepayments consist of prepaid expenses.

9 Related parties with controlling interest

Nexans Participations SA, Courbevoie, France owns all shares in the company and therefor has a controlling interest.

10 Transactions with related parties

Transactions with related parties, is only mentioned in the annual report if the transactions are not performed at arm's length. There is no such transaction in the financial year 2022.

11 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Nexans SA, Paris La Défense Cedex, France

Registration number: 393 525 852

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these consolidated financial statements and parent financial statements are, excepts internal reclassifications, consistent with those applied last year.

Change of classification

The company has made some internal reclassifications between wages and salaries and other operating income. The total net effect on the comparative figures is a decrease in wages and salaries of DKK 600 thousand. and an increase in other operating income.

Consolidated financial statements

Referring to section 112 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other financial income from group enterprises

Other financial income from group enterprises comprises interest income etc on receivables from group enterprises.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet**Property, plant and equipment**

Plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-constructed assets, cost comprises direct and indirect costs of materials, components, sub-suppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life	Residual value
Plant and machinery	2-5 year	0%
Other fixtures and fittings, tools and equipment	5 years	0%

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

In accordance with section 86.4 of the Danish Financial Statements Act, the company has not prepared a cash flow statement.