

# Nexans Denmark A/S

Savværksvej 18, 7130 Juelsminde

CVR no. 66 23 40 10

## Annual report 2017

Approved at the Company's annual general meeting on 22 May 2018

Chairman:

  
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Vagn Thorup

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### Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Nexans Denmark A/S for the financial year 1 January - 31 December 2017.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Juelsminde, 22 May 2018  
Executive Board:

  
Ole Nielsen

Board of Directors:

  
Anne-Lise Aukner  
Chairman  
Carl Martin Forssell  
Ole Nielsen

## Independent auditor's report

To the shareholders of Nexans Denmark A/S

### Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2017, and of the results of the Company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Nexans Denmark A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review 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 in Management's Review.

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

## Independent auditor's report

### Auditor's responsibilities for the audit of the financial statements

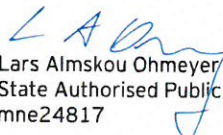
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 judgment and maintain professional skepticism 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 Company'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 Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, 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.

Trekantområdet, 22 May 2018  
PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
CVR no. 33 77 12 31

  
Lars Almskou Ohmeyer  
State Authorised Public Accountant  
mne24817

## Management's review

### Company details

Name	Nexans Denmark A/S
Address, Postal code, City	Savværksvej 18, 7130 Juelsminde
CVR no.	66 23 40 10
Established	15 August 1980
Registered office	Hedensted
Financial year	1 January - 31 December
Website	<a href="http://www.nexans.dk">www.nexans.dk</a>
Telephone	+45 75 69 33 99
Telefax	+45 75 69 34 46
Board of Directors	Anne-Lise Aukner, Chairman Carl Martin Forssell Ole Nielsen
Executive Board	Ole Nielsen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Herredsvej 32, DK-7100 Vejle

## Management's review

### Financial highlights

DKKt	2017	2016	2015	2014	2013
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#### Key figures

Gross margin	40,845	38,102	42,910	32,185	31,241
Operating profit/loss	12,659	17,398	23,747	14,181	14,215
Net financials	-919	-7	404	1,800	-1,523
Profit/loss for the year	9,131	13,556	18,454	12,051	9,510

Total assets	135,665	121,492	100,700	121,927	126,404
Equity	39,747	46,617	51,061	44,607	41,656

#### Financial ratios

Solvency ratio	29.3%	38.4%	50.7%	36.6%	33.0%
Return on equity	21.1%	27.8%	38.6%	27.9%	21.9%
Return on assets	9.3%	14.3%	23.6%	11.6%	11.2%

Average number of employees	25	28	32	30	29
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Financial ratios are calculated in accordance with the Danish Finance Society's recommendations on the calculation of financial ratios. For terms and definitions, please see the accounting policies.

## Management's review

### Business review

Nexans Denmark A/S is a part of the worldwide Nexans Group located in Paris. Nexans is one of the world's largest cable producers with production in more than 30 countries and with commercial activities worldwide. Nexans employs about 26,000 persons worldwide. Nexans is listed on the Stock Exchange in Paris.

Nexans Denmark A/S produces customized telecommunication cables, signal cables and highly flexible cables. In addition, we market the products of group enterprises in Denmark. We have close cooperation with these companies who are also in charge of our research and development activities.

### Financial review

The income statement for 2017 shows a profit of DKK 9,130,649 against a profit of DKK 13,555,545 last year, and the balance sheet at 31 December 2017 shows equity of DKK 39,747,169.

At the end of 2017, it was decided to close the Company's activity and the profit for the year is affected negative by DKK 8,699,088 as a consequence of provisions and impairment losses, cf. note 2.

The profit is better than the forecast set out in the annual report for 2016 as well as the budget. The profit is very satisfactory seen in the light of extremely fierce competition and market and product development.

### Impact on the external environment

Nexans Denmark A/S has obtained certification according to DS/ISO 9001 and environmental certification according to DS/ISO 14001. Through these certifications, we expect to be in a strengthened position to meet new challenges and to be better prepared to face existing and future demands made by our customers with respects to quality and environment.

Each year, the Company voluntarily presents green accounts.

### Outlook

The Company's activity ends in 2018 due to a changed strategic focus.



## Financial statements 1 January - 31 December

### Income statement

Note	DKK	2017	2016
	Gross margin	40,844,631	38,102,258
13	Distribution costs	-16,278,620	-13,994,828
13	Administrative expenses	-11,906,656	-6,709,108
	<b>Operating profit</b>	<b>12,659,355</b>	<b>17,398,322</b>
4	Other operating expenses	-26,796	0
	<b>Profit before net financials</b>	<b>12,632,559</b>	<b>17,398,322</b>
5	Financial income	285,873	231,766
6	Financial expenses	-1,204,917	-238,337
	<b>Profit before tax</b>	<b>11,713,515</b>	<b>17,391,751</b>
7	Tax for the year	-2,582,866	-3,836,206
	<b>Profit for the year</b>	<b>9,130,649</b>	<b>13,555,545</b>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	<u>2017</u>	<u>2016</u>
	<b>ASSETS</b>		
	<b>Fixed assets</b>		
8	Property, plant and equipment		
	Plant and machinery	31,553	101,373
	Fixtures and fittings, other plant and equipment	0	63,243
		<u>31,553</u>	<u>164,616</u>
9	Investments		
	Other receivables	416,241	412,120
		<u>416,241</u>	<u>412,120</u>
	<b>Total fixed assets</b>	<u>447,794</u>	<u>576,736</u>
	<b>Non-fixed assets</b>		
	<b>Inventories</b>		
	Raw materials and consumables	4,078,945	3,711,069
	Work in progress	1,028,225	1,634,390
	Finished goods and goods for resale	21,112,403	15,864,813
		<u>26,219,573</u>	<u>21,210,272</u>
	<b>Receivables</b>		
	Trade receivables	84,949,812	65,042,381
	Receivables from group enterprises	2,822,568	4,565,094
11	Deferred tax assets	2,144,054	0
	Corporation tax receivable	0	3,809,400
10	Prepayments	129,487	167,660
		<u>90,045,921</u>	<u>73,584,535</u>
	<b>Cash</b>	<u>18,951,329</u>	<u>26,120,579</u>
	<b>Total non-fixed assets</b>	<u>135,216,823</u>	<u>120,915,386</u>
	<b>TOTAL ASSETS</b>	<u>135,664,617</u>	<u>121,492,122</u>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	2017	2016
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
	Share capital	5,000,000	5,000,000
	Retained earnings	25,747,169	25,616,520
	Dividend proposed	9,000,000	16,000,000
	<b>Total equity</b>	<u>39,747,169</u>	<u>46,616,520</u>
	<b>Provisions</b>		
11	Deferred tax	0	104,126
	Other provisions	9,062,109	0
12	<b>Total provisions</b>	<u>9,062,109</u>	<u>104,126</u>
	<b>Liabilities other than provisions</b>		
	<b>Current liabilities other than provisions</b>		
	Trade payables	14,269,962	10,167,958
	Payables to group enterprises	65,591,996	58,794,509
	Corporation tax payable	1,175,646	0
	Other payables	5,817,735	5,809,009
		<u>86,855,339</u>	<u>74,771,476</u>
	<b>Total liabilities other than provisions</b>	<u>86,855,339</u>	<u>74,771,476</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u>135,664,617</u>	<u>121,492,122</u>

- 1 Accounting policies
- 2 Special items
- 14 Contractual obligations and contingencies, etc.
- 15 Related parties

## Financial statements 1 January - 31 December

### Statement of changes in equity

Note	DKK	Share capital	Retained earnings	Dividend proposed	Total
		5,000,000	25,616,520	16,000,000	46,616,520
16	Transfer, see "Appropriation of profit"	0	130,649	9,000,000	9,130,649
	Dividend distributed	0	0	-16,000,000	-16,000,000
	Equity at 31 December 2017	5,000,000	25,747,169	9,000,000	39,747,169

There have been no changes in the share capital during the last 5 years.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Nexans Denmark A/S for 2017 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company Nexans Participations, France.

#### Basis of recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

#### Leases

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Income statement

###### Revenue

Income from the sale of goods for resale and finished goods, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received.

###### Gross margin

The items revenue, production costs and other operating income have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

###### Production costs

Production costs comprise costs incurred in generating the revenue for the year. Such costs include direct and indirect costs of raw materials, consumables and production staff, rent and leases, as well as depreciation on production plant.

Production costs also comprise research and development costs that do not qualify for capitalisation and amortisation of capitalised development costs.

Also, provision for losses on construction contracts is recognised.

###### Distribution costs

Distribution costs comprise costs related to the distribution of goods sold in the year and to sales campaigns, etc. carried out in the year, including costs related to sales staff, advertising, exhibitions and amortisation/depreciation.

###### Administrative expenses

Administrative expenses include expenses incurred in the year for company management and administration, including expenses relating to administrative staff, Management, office premises and expenses as well as amortisation/depreciation of assets used for administrative purposes.

###### Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of fixed assets.

###### Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Plant and machinery	5-10 years
Fixtures and fittings, other plant and equipment	5 years

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

##### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

##### Balance sheet

##### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

##### Investments

Other receivables, recognised under "Non-current assets", comprise deposit measured at fair value.

##### Impairment of fixed assets

The carrying amount of property, plant and equipment and investments is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

##### Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and indirect production overheads.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

Indirect production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management.

#### Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable is impaired.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

#### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

#### Equity

##### *Proposed dividends*

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

#### Provisions

Provisions comprise anticipated expenses relating to restructurings. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

#### Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

#### Other payables

Other payables are measured at amortised cost, substantially corresponding to nominal value.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios.

The financial ratios stated under "Financial highlights" have been calculated as follows:

Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss for the year after tax} \times 100}{\text{Average equity}}$
Return on assets	$\frac{\text{Profit/loss from operating activities} \times 100}{\text{Total assets}}$

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 2 Special items

Special items for the year are specified below just as are the items under which they are recognised in the income statement.

DKK	<u>2017</u>
<b>Expenses</b>	
Restructuring, wages	-7,777,677
Restructuring, relocation costs	-2,250,000
Restructuring, write-off	-1,125,000
Tax	2,453,589
	<u>-8,699,088</u>

Special items are recognised in the below items of the financial statements

Gross margin	-5,817,569
Distribution costs	-2,290,763
Administrative expenses	-3,044,345
Tax for the year	2,453,589
<b>Net loss on special items</b>	<u>-8,699,088</u>

DKK	<u>2017</u>	<u>2016</u>
<b>3 Depreciation of property, plant and equipment</b>		
Depreciation of property, plant and equipment	106,266	152,196
	<u>106,266</u>	<u>152,196</u>

Depreciation of property, plant and equipment is recognised in the income statement under the following items:

DKK	<u>2017</u>	<u>2016</u>
Production costs	106,266	152,196
	<u>106,266</u>	<u>152,196</u>

#### 4 Other operating expenses

Other operating expenses consist of losses on the sale of plant and machinery, and fixtures, fittings, other plant and equipment.

DKK	<u>2017</u>	<u>2016</u>
<b>5 Financial income</b>		
Interest receivable, group entities	9,707	131
Other financial income	276,166	231,635
	<u>285,873</u>	<u>231,766</u>
<b>6 Financial expenses</b>		
Interest expenses, group entities	582,385	192,875
Other financial expenses	622,532	45,462
	<u>1,204,917</u>	<u>238,337</u>

## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK	2017	2016
<b>7 Tax for the year</b>		
Estimated tax charge for the year	4,831,046	3,856,600
Deferred tax adjustments in the year	-2,248,180	-20,394
	<u>2,582,866</u>	<u>3,836,206</u>

### 8 Property, plant and equipment

DKK	Plant and machinery	Fixtures and fittings, other plant and equipment	Total
Cost at 1 January 2017	17,027,181	2,078,013	19,105,194
Disposals	-637,211	-81,836	-719,047
Cost at 31 December 2017	<u>16,389,970</u>	<u>1,996,177</u>	<u>18,386,147</u>
Impairment losses and depreciation at 1 January 2017	16,925,808	2,014,770	18,940,578
Depreciation	43,023	63,243	106,266
Depreciation and impairment of disposals	-610,414	-81,836	-692,250
Impairment losses and depreciation at 31 December 2017	<u>16,358,417</u>	<u>1,996,177</u>	<u>18,354,594</u>
Carrying amount at 31 December 2017	<u>31,553</u>	<u>0</u>	<u>31,553</u>

### 9 Investments

DKK	Other receivables
Cost at 1 January 2017	412,120
Additions	4,121
Cost at 31 December 2017	<u>416,241</u>
Carrying amount at 31 December 2017	<u>416,241</u>

### 10 Prepayments

Prepayments consist of prepaid expenses concerning insurance premiums and other prepaid expenses.

DKK	2017	2016
<b>11 Deferred tax</b>		
Deferred tax at 1 January	104,126	0
Deferred tax adjustments in the year	-2,248,180	104,126
Deferred tax at 31 December	<u>-2,144,054</u>	<u>104,126</u>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 12 Provisions

The provision for deferred tax primarily relates to timing differences in respect of prepayments, inventories and property, plant and equipment.

Other provisions comprise provisions for restructuring provisions which comprise provisions for the restructuring of the Company, include severance pay and relocation costs. The commitment is expected to be settled in the coming financial year.

DKK	2017	2016
<b>13 Staff costs</b>		
Wages/salaries	11,274,167	12,774,013
Pensions	987,827	1,053,320
Other social security costs	129,489	135,954
	<u>12,391,483</u>	<u>13,963,287</u>

Staff costs are recognised as follows in the financial statements:

Production	5,329,079	5,973,775
Distribution	4,325,909	5,106,923
Administration	2,736,495	2,882,589
	<u>12,391,483</u>	<u>13,963,287</u>

Average number of full-time employees	<u>25</u>	<u>28</u>
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By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.

#### 14 Contractual obligations and contingencies, etc.

##### Other contingent liabilities

DKK	2017	2016
Working and payment guarantee	470,848	2,569,661
	<u>470,848</u>	<u>2,569,661</u>

Lease obligations, interminable contract until 31 December 2018 is 840,000 DKK (2016: 1,672,000 DKK).

##### Other financial obligations

Other rent and lease liabilities:

DKK	2017	2016
Rent and lease liabilities	429,382	370,088
	<u>429,382</u>	<u>370,088</u>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 15 Related parties

Nexans Denmark A/S' related parties comprise the following:

##### Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
Nexans Participations	France	Parent

##### Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
Nexans Participations	Immeuble Le Vinci 4 allée de l'Arche 92070 Paris La Défense Cedex France	The consolidated financial statements can be obtained at the parents domicile or from its website <a href="http://www.nexans.com">www.nexans.com</a>

##### Related party transactions

The Company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Statements Act.

All transactions have been carried out on an arm's length basis.

DKK	<u>2017</u>	<u>2016</u>
16 Appropriation of profit		
Recommended appropriation of profit		
Proposed dividend recognised under equity	9,000,000	16,000,000
Retained earnings/accumulated loss	130,649	-2,444,455
	<u>9,130,649</u>	<u>13,555,545</u>