

The NKT logo is displayed in a white, stylized, sans-serif font. The letters are bold and modern, with the 'K' and 'T' having unique shapes. The background of the entire slide is a photograph of a blue and white offshore supply vessel at sea, with a green grid overlay and a coastal landscape in the foreground.

NKT

We connect a greener world

Annual Report 2024

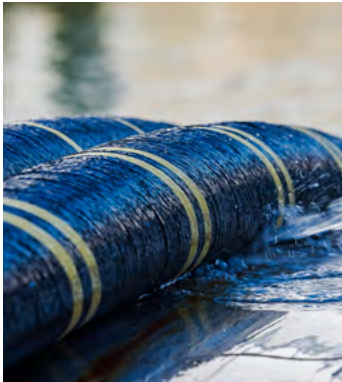
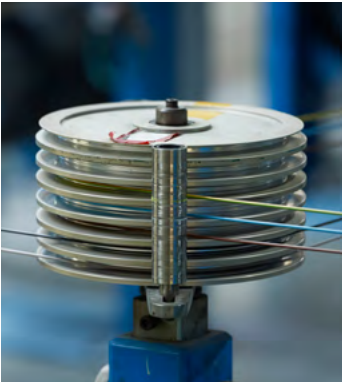
Company Reg: 6272 5214

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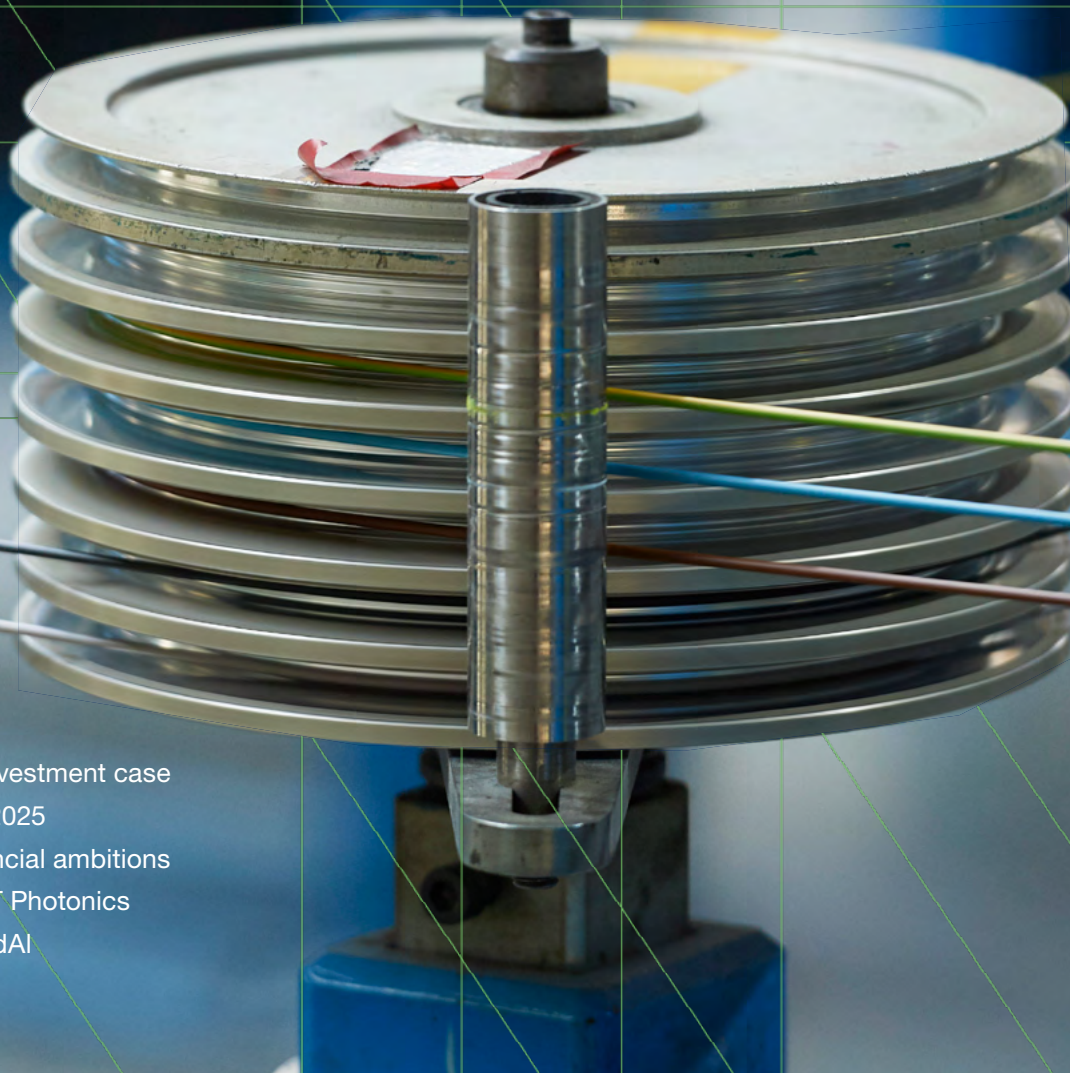
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Introduction

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NKT at a glance



Founded in

1891



Production and installation assets

12



Employee nationalities

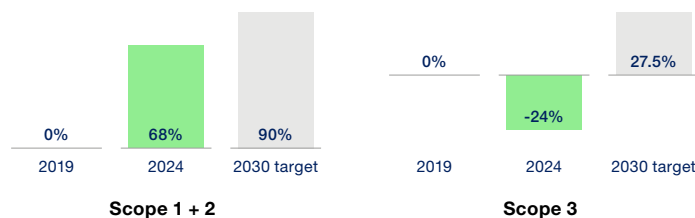
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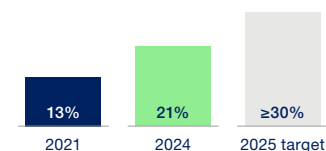
Average number of employees

5,409

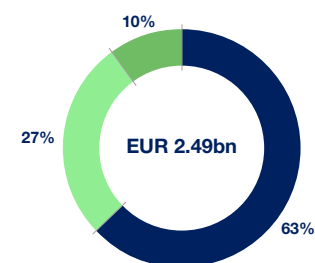
Scope 1 & 2 / Scope 3 reduction targets by 2030



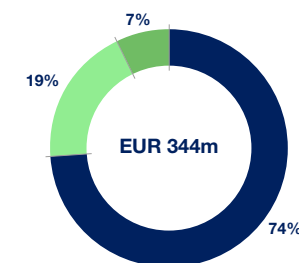
Diversity in senior management.
Representation of the underrepresented gender



Revenue (std.) split



Operational EBITDA split



■ Solutions ■ Applications ■ Service and Accessories

ReNew BOOST strategy

[Read more →](#)



Let's
Grow



Let's
Innovate



Let's Drive
Sustainability

Letter from the Chair and the CEO

Expanding for a renewable and reliable future

2024 was a pivotal year for NKT. We delivered on customer commitments, advanced major expansions, launched new investments, and maintained a strong focus on sustainability. These efforts were achieved alongside delivering robust financial performance and further updating financial ambitions for 2028. Our growth journey supports the increasing demand for power cable solutions, enabling the electrification of societies and the transition to renewable energy. Upgrading, expanding, and interconnecting global grids are essential for a climate-neutral and energy secure society.

Modern life relies upon power cables

Power grids and cables are the backbone of the modern world, providing the essential support structure that ensures the seamless and secure operation of our daily activities. Just as the human backbone supports and connects all parts of the body, power grids and cables deliver energy to homes, businesses, and industries, enabling them to function and thrive.

The global electricity system is undergoing a historic transformation, moving away from fossil fuels and towards clean energy and improved energy efficiency. Renewable power is becoming increasingly cost-competitive, with recent advancements demonstrating that renewables are the more economical choice for new electricity generation capacity.

The biggest impact NKT has on climate change and decarbonisation is through the cable solutions it manufactures and installs for its customers, allowing the continued implementation of clean and secure global energy systems.

In January 2025, the "Competitiveness Compass" was presented, outlining a new roadmap to restore Europe's dynamism and boost economic growth. A key initiative within this roadmap will be the Electrification Action Plan and the European Grids Package, aimed at enhancing and expanding Europe's interconnected power infrastructure to ensure decarbonisation and bolster competitiveness. Additionally, the plan underscores the importance of addressing security risks to critical infrastructure, such as undersea cables and energy grids.

Enhancing and expanding Europe's energy grids will continue to drive demand from transmission and distribution system operators (TSOs and DSOs) for high- and medium-voltage power cable solutions. In 2023-24, NKT secured large order wins, resulting in a high-voltage order backlog of EUR 10.6bn as well as booking commitments of more than EUR 3.5bn. The majority were multi-year framework agreements or large combinations of project awards from major European TSOs, including a EUR 1.2bn award from Amprion in March 2024 as well as two projects awarded by TenneT in December 2024 under the exist-

ing framework agreement at a combined value of approximately EUR 1bn. These awards ensure visibility and high utilisation of our high-voltage production capacity for years to come. In our medium-voltage business, framework agreements with DSOs secured supply for their grid reinforcements and expansions.

Growing as a pure-play power cable solutions provider

In 2024, we completed the divestment of NKT Photonics, fully focusing NKT on growing our core business of power cable solutions.

Building on our established market position and strong focus on sustainability, we announced additional investments in our medium- and high-voltage businesses. Our expansions span across our two high-voltage production sites, a new cable-laying vessel, NKT Eleonora, and considerable growth across four medium-voltage sites, highlighted by the acquisition of SolidAI in Portugal. Notable progress on these investments included the completion of the concrete slip forming of the new extrusion tower at the high-voltage factory in Karlskrona, Sweden, which reached its full height of 200 meters, and the groundbreaking of

our medium-voltage expansion in Asnaes, Denmark. All investments are set to become gradually operational towards 2027, playing a crucial role in expanding our stronghold in Europe and globally.

Projects executed for customers and society

During the year, we continued executing our record high-voltage order backlog. Our diligent focus on these projects is a central contribution to the electrification of societies and transition to renewable energy. This is reflected by the fact that 49% of the company's revenue in 2024 was deemed to be generated from environmentally sustainable activities by the EU Taxonomy..

In the Champlain Hudson Power Express project, our power cables successfully crossed the US-Canadian border. When operational, the connection will facilitate the transmission of sustainable hydropower to supply 20% of New York City's electricity. We also commenced the installation of the German corridor project, SuedLink. In the UK, we completed the Shetland HVDC Link, connecting the Shetland Islands to the main grid in Scotland. This significant connection ensures the

integration of renewable energy into the grid and a continuous supply of low-carbon power to the islands. So while the manufacturing and installation of these power cables had a negative impact on greenhouse gas (GHG) emissions, this should be seen within the context of the significant positive impact of the projects on society.

People are key to deliver our continued success

Like power grids and cables, which are the backbones of modern life, our dedicated people are the core of our company, driving innovation and executing every project. Their expertise and commitment enable the execution of our company strategy, ReNew BOOST, and solidify our position as a leader in the power cable industry.

The safety of our people is our highest priority. Despite improvements, we are not where we want to be regarding safety incidents. Therefore, we started the implementation of a safety programme across sites, focusing on behavioural safety both at and outside work.

We were pleased to see high employee engagement levels again

in 2024, reflecting our team's dedication to NKT. Current and future employees play a central role in our continued success, delivering on our commitments to customers and ensuring the timely progress of ongoing investments. We warmly welcomed around 1,500 new colleagues, including SolidAI employees, who joined us during the year, adding skills and diversity of thought to the company. In our recruitments, we succeeded in having 25% of our new hires be female, which is a crucial element for the diversity of our company and industry.

Committed to transparency, sustainability and responsible business practices

This very first integrated report for NKT reflects our financial performance prepared in accordance with IFRS Accounting Standards and integrates our sustainability performance as per the requirements of the European Sustainability Reporting Standards (ESRS). These new requirements provide the overall framework for disclosures of our Environmental, Social and Governance activities, building on previous disclosures related to, among others, reporting progress on greenhouse gas emission targets

“As NKT grows, it is vital to maintain a strong focus on the execution of our company strategy, ReNew BOOST. Our current and future employees will play a central role in our success.”



Claes Westerlind

President & CEO
NKT A/S

“The most cost-effective approach to new power generation is through sustainable energy sources. Our ongoing expansions will support the increased demand for grids and connections that this entails.”



Jens Due Olsen

Chair of the Board of Directors
NKT A/S

in line with the Paris Agreement and the Science Based Targets initiative (SBTi).

The integrated report not only provides an overview of our strategy, financial ambitions and progress toward our short- and mid-term targets, but also offers documented insights into our environmental and social impacts. This includes both the extent to which our power cable solutions facilitate the green energy transition, but also the environmental and social footprint of our production and how we progress on our targets to reduce this impact. At NKT, we embrace the enhanced level playing field for disclosing sustainability performance, responsible business practices, and associated actions.

2024 provides the right foundation for the future

NKT concluded the year with a significantly improved financial performance. Since 2019, we have increased operational EBITDA from EUR 15m to EUR 344m in 2024. In December 2024, we updated our financial ambitions for 2028, raising the operational EBITDA ambition to above EUR 700m from previously above EUR 550m.

As we enter 2025, our key objective remains to execute our commitments to customers and deliver on our launched investments in a sustainable manner. While working on our expansions, we are diligently preparing our company for the next big step when additional medium- and high-voltage capacity becomes operational by 2027.

NKT's financial performance and growth were achieved with a dedicated focus on sustainability. The cable solutions NKT manufactures and installs for our customers represent our biggest impact on climate change and decarbonisation.

During the year, we announced that our second cable-laying vessel, NKT Eleonora, will be built to run on methanol, which can significantly reduce emissions. The main challenge here relates to the high cost of switching to sustainable fuels which presents an industry-wide challenge. NKT will offer and advo-

cate for the use of sustainable fuels for both our vessels and calls on the industry to collaborate and overcome the switching challenge together.

Thank you for a pivotal year for NKT

On behalf of the Board of Directors and the Executive Management, we extend our sincere thanks to all shareholders, customers, and business partners. We deeply value these strong relationships and attribute much of our advancements in 2024 to your support. Our employees and leadership teams also deserve special thanks for their dedication and commitment to NKT.

As we begin 2025, we do so with confidence, continuing to execute our ReNew BOOST strategy and defining priorities beyond the current strategy period. We are certain that another inspiring and eventful year awaits us.

Jens Due Olsen

Chair of the Board of Directors
NKT A/S

Claes Westerlind

President & CEO
NKT A/S

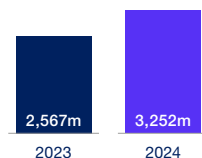
Key financial highlights for 2024

In 2024, NKT continued to grow revenue and operational EBITDA, while also generating a solid free cash flow. Looking forward, NKT is well-positioned to pursue strategic growth with a strong balance sheet and a significant high-voltage order backlog.

Revenue EUR

3,252m

EUR 2,567m in 2023

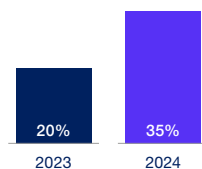


Revenues (in std. metal prices) were EUR 2,489m in 2024, up from EUR 1,927m in 2023. All three business lines contributed with higher revenue, Solutions was responsible for the majority of the improvement.

RoCE

35%

20% in 2023

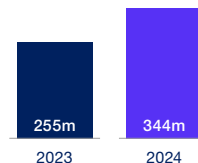


RoCE increased primarily due to the significant increase in operational EBIT of 46% from 2023 to 2024. In addition, the positive cash flow generation led to a lower capital employed.

Operational EBITDA EUR

344m

EUR 255m in 2023

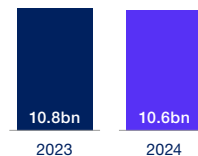


Increased earnings were driven by contribution from all three business lines, which reflected NKT's underlying presence across power cable markets.

High-voltage order backlog EUR

10.6bn

EUR 10.8bn at end-2023

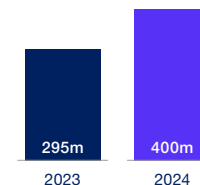


NKT maintained the record-high order backlog during 2024. In combination with booking commitments of additional more than EUR 3.5bn, the order backlog provides good earnings visibility for the coming years.

Free cash flow EUR

400m

EUR 295m in 2023

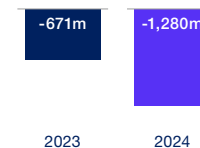


A higher earnings contribution as well as a positive development in working capital, more than offset the increased investment level, and led to strong free cash flow generation.

Net interest-bearing debt EUR

-1,280m

EUR -671m at end-2023



Positive free cash flow led to a further decrease in net interest-bearing debt. NKT's business model requires a robust capital structure.

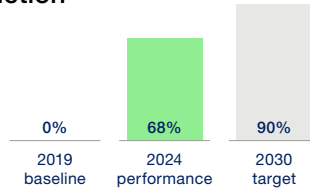
Key sustainability highlights for 2024

In 2024, NKT advanced its sustainability efforts, reflecting the company's strong commitment and ambitions. While striving to make progress, NKT also acknowledges a number of challenges that must be addressed to achieve all the targets.

Scope 1&2 CO₂e emission reduction

68%

0% in 2019

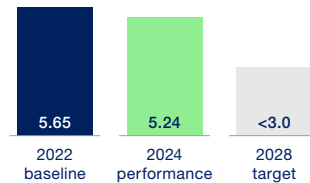


NKT continues to progress on emissions reductions in manufacturing sites via natural gas phase outs. However, the target achievement is challenged by the industry-wide issue of sustainable marine fuel adoption.

Rate of work-related accidents (RWA)

5.24

5.65 in 2022

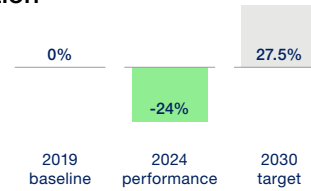


Despite improvements, incident rate levels remain too high. NKT has introduced several additional safety measures to ensure continuous and permanent progress.

Scope 3 CO₂e emission reduction (cat. 1&11)

-24%

0% in 2019

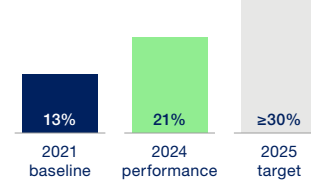


With business growth, Scope 3 emissions have increased due to materials procured and power losses when strengthening existing grids. NKT continues to work diligently with suppliers and business partners to mitigate this negative trend.

Representation of the under-represented gender in NKT in Senior Leadership by 2025

21%

13% in 2021

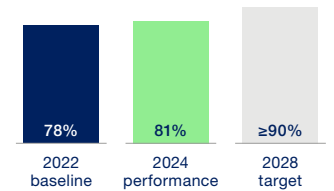


Female representation in senior management has seen improvement since 2021 and continues to be a focus for ongoing development.

Production waste diverted to recycling or reuse by 2028

81%

78% in 2022

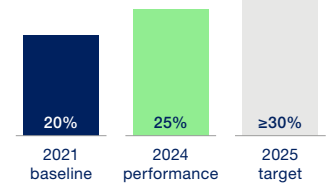


NKT continues to enhance resource efficiency and reduce waste generation according to the strategy.

Minimum share of female new hires by 2025

25%

20% in 2021



Female representation in new hires has seen improvement since 2021 and continues to be a focus for ongoing development.

* Key highlights reflect performance from continuing operations. Across the KPIs comparison is made towards the baseline year, which for the individual KPIs is defined based on data availability and time of target setting.

5-Year financial highlights

EURm	2024	2023	2022	2021	2020
Income statement					
Revenue	3,252	2,567	2,079	1,828	1,403
Revenue at std. metal prices* ³	2,489	1,927	1,447	1,263	1,087
Operational EBITDA* ⁶	344	255	155	131	57
One-off items* ⁵	-1	0	0	-13	-10
EBITDA	343	255	155	118	47
Amortisation, depreciation, and impairment	-103	-90	-86	-95	-85
EBIT	240	165	69	24	-38
Financial items, net	34	-16	9	-8	-12
Earnings before tax (EBT)	274	149	78	16	-50
Net result - continuing operations	236	119	55	12	-64
Net result - discontinued operations**	101	5	7	-8	-11
Net result	337	124	62	4	-75
Cash flow					
Cash flow from operating activities	1,039	542	298	209	136
Cash flow from investing activities	-639	-247	-205	-211	-91
<i>hereof investments in Property, plant, and equipment</i>	-463	-205	-156	-185	-61
Free cash flow* ¹⁶	400	295	93	-2	45
Free cash flow excluding acquisition of subsidiaries* ¹⁷	544	295	109	-2	45
Balance sheet					
Share capital	144	144	115	115	115
Group equity	1,853	1,575	1,144	1,160	1,076
Total assets	4,859	3,604	2,767	2,553	2,151
Net interest-bearing debt (NIBD)* ⁸	-1,280	-671	-55	13	-26
Capital employed* ⁹	573	904	1,089	1,173	940
Working capital* ¹⁰	-1,432	-709	-303	-93	-165

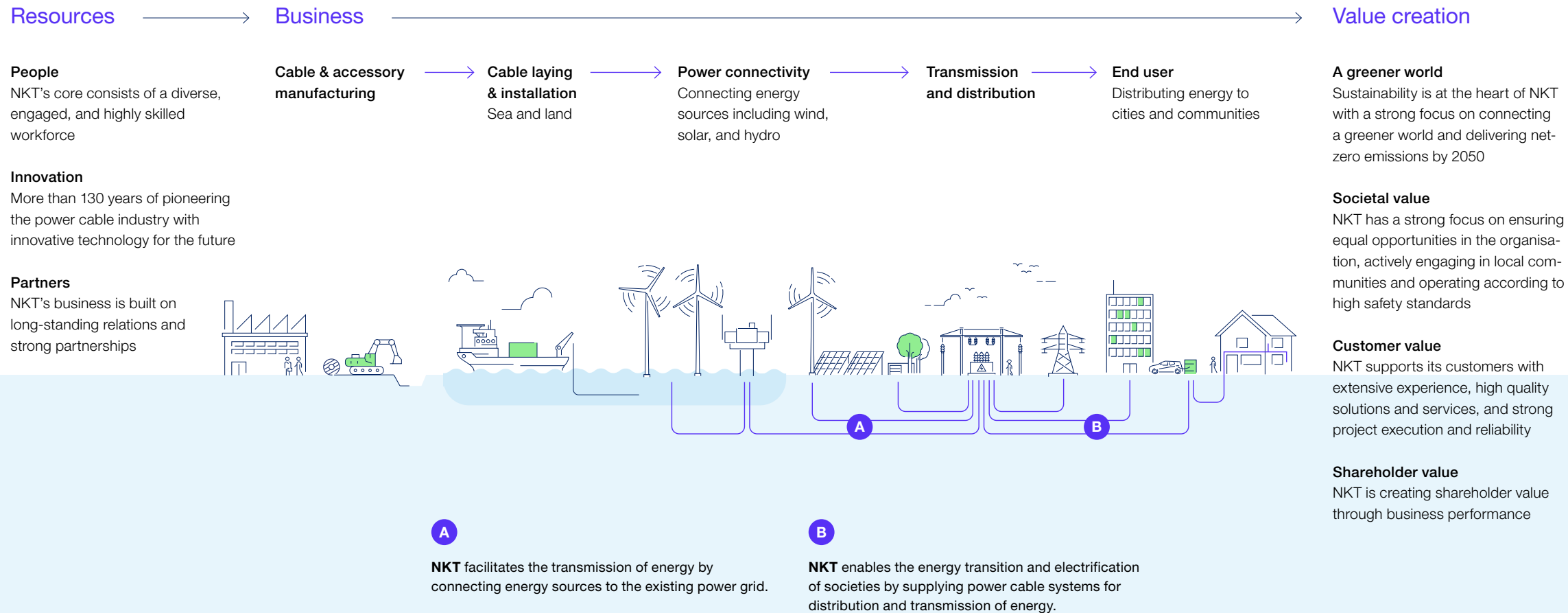
EURm	2024	2023	2022	2021	2020
Financial ratios and employees					
Operational EBITDA margin, (std. metal prices)*	13.8%	13.2%	10.7%	10.4%	5.2%
Gearing (NIBD as % of Group equity)* ¹¹	-69%	-43%	-5%	1%	-2%
NIBD relative to operational EBITDA* ¹²	-3.7x	-2.6x	-0.4x	0.1x	-0.4x
Solvency ratio (equity as % of total assets)* ¹³	38%	44%	41%	45%	50%
Return on capital employed (RoCE)* ¹⁴	35%	20%	7%	3%	-3%
Number of DKK 20 shares ('000)	53,720	53,720	42,976	42,976	42,976
Diluted EPS, continuing operations ²	4.2	2.1	1.0	0.1	-2.3
Equity value, EUR per outstanding share ¹⁵	32	26	23	23	22
Market price, DKK per share	515	464	391	316	271
Average number of employees, continuing operations	5,409	4,473	4,062	3,775	3,390

¹⁻¹⁷ Refer to note 7.5 Definitions.

* Alternative performance measures.

** Refer to note 6.2 Discontinued operations.

NKT Business Model



NKT and net zero

NKT is committed to actively contributing to a net zero society by maximising our product handprint by directly connecting renewable energy to the grid and indirectly enabling more renewable capacity by strengthening the grid, while simultaneously minimising our product footprint throughout the life cycle. In 2024, NKT's long-term net zero target in 2050 was verified and approved by SBTi.

The biggest impact NKT has on climate change and decarbonisation is through the cable solutions NKT manufactures and installs for the customers, allowing the continued decarbonisation of global energy systems.

NKT plays a critical role in the green transition as electrification and grid modernisation are prerequisites for a net zero society. The International Energy Agency (IEA) estimates that the world's electricity use needs to grow 20% faster in the next decade than it did in the previous one.

Connecting society with renewable energy

An example of a project that has significantly contributed to NKT's positive product handprint is the Shetland HVDC Link. This project, which was finalised in 2024, connects the Shetland Islands to the main grid in Scotland. The 320 kV HVDC interconnector can efficiently transmit up to 600 MW and is now a key contributor to the integration of renewable energy in Great Britain. The 103-turbine Viking Energy Wind Farm in Central Mainland Shetland generates the clean energy needed to power approximately 500.000 homes, including every household

on the Shetland Islands. So while the manufacturing and installation of the Shetland HVDC link had a negative impact on GHG emissions, this should be seen within the context of the significant positive product handprint of the project.

Grid upgrades are essential for decarbonisation

An increase in the supply of renewable energy will also require a redesign and strengthening of existing grids. IEA estimates that reaching national decarbonisation goals means adding or refurbishing a total of over 80 million kilometres of grid connections globally by 2040.

While helping countries reduce carbon emissions, NKT, in accordance with GHG protocol, accounts for the emissions caused by power losses from the cables installed in the power grid. These emissions amounted to 1.75 million tCO₂e in 2024, accounting for 38% of NKT's carbon footprint in the lifecycle (Scope 1, 2 and 3).

Upgrading the power grid is essential for countries to achieve net zero emissions over time. Therefore, NKT will continue prioritising these projects, even though the upgrades will challenge fulfillment of the near-term Scope 3 target approved by SBTi.

Decarbonisation in the value chain

NKT's decarbonisation approach emphasises the importance of integrating efforts across the entire value chain to reduce emissions. This means collaborating with, among others, key suppliers and customers to identify ways to jointly achieve deep decarbonisation. In 2024, Norsk Hydro ASA (Hydro) and NKT entered into a strategic partnership to develop a best-in-class, low-carbon aluminium power cable value chain for the development of Europe's renewable energy grid.

Decarbonisation of own operations

For emissions from own operations (Scope 1 and 2), NKT has achieved 68% reduction since the baseline year 2019 and continues to progress well on CO₂ emission reductions in the manufacturing sites.

The main challenge in reaching the Scope 1 and 2 target relates to the high cost of switching to sustainable fuels like hydrotreated vegetable oil (HVO) and e-methanol for the cable-laying vessels. This high switching cost presents an

industry-wide challenge. Despite this, NKT remains committed to sustainable fuel alternatives as a major contributing factor to its overall carbon emissions strategy. NKT is investing in sustainable fuel capabilities for the second cable-laying vessel, NKT Eleonora, as it was also done for our existing cable-laying vessel, NKT Victoria. With these investments NKT will offer and advocate for the use of sustainable fuels for both our vessels and calls on the industry to collaborate and overcome the switching challenge together.

Product handprint

A product handprint refers to the positive environmental or social impacts a product has throughout its lifecycle. NKT has a significant positive product handprint through the renewable capacity we have facilitated (i.e. direct connection of renewable production assets to the grid or the usage of cables in renewable projects) and the renewable capacity enabled (i.e. strengthening of the transmission and regional distribution grid).

2024 Sustainability Performance

In 2024, NKT continued to advance its commitments under the sustainability pillar of the ReNew BOOST strategy within climate, circularity, health and safety, and diversity, while also acquiring a new site in Portugal, which requires alignment with NKT's overall sustainability commitments.

Climate and circularity

NKT is steadfast in its ambition to achieve net zero greenhouse gas emissions across the entire value chain by 2050. Progress toward this commitment includes approval in 2024 from the Science Based Targets initiative (SBTi) for both near- and long-term emissions reduction targets across Scope 1, 2, and 3. See section on Climate change on page 77.

During 2024, NKT has made progress in the decarbonisation of its factories. For example, the use of

natural gas was stopped at our production site in Warszawice, Poland. Plans are in place to phase out natural gas in all factories in the coming years.

In terms of meeting the near-term emissions reduction targets, NKT faces several challenges. See the Sustainability Commitment section on page 12.

NKT is active with a number of activities within circularity covering areas such as waste minimisation, product lifetime extension, recy-

cling, and recycled content. In 2024, the amount of production waste that was diverted to recycling or reuse marginally increased.

Biodiversity

Biodiversity risk mitigation at our factories and in connection with cable installation is a priority for NKT. In 2024, we have strengthened our mitigation plans at those factories that are located in or near to biodiversity sensitive areas. Furthermore, we have explored opportunities with our customers to achieve biodiversity net gain in cable projects.

Health and Safety

Safety remains a crucial priority at NKT. The Rate of Work-related Accidents (RWA) in 2024 was 5.24, which was a significant improvement compared to the previous year. While the improvement is positive, incident rate levels remain too high. In 2024, NKT introduced several additional safety measures to drive this metric down and NKT will continue this focus going forward.

One such measure was the introduction and roll-out of a corporate-wide SafeStart programme, which focuses on human factors

that lead to the majority of incidents in and outside the workplace. NKT will complete the initial SafeStart training during the first half of 2025 across all business lines. Its successful implementation will serve as the foundation for a strengthened safety culture across NKT.

Diversity and Inclusion

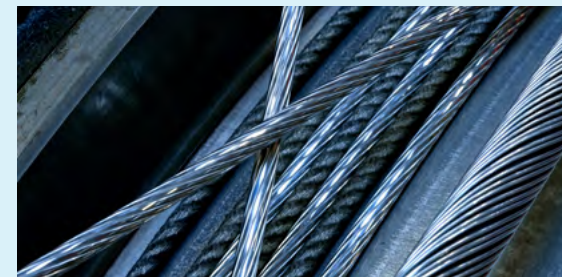
A priority of NKT's social ambition is to cultivate a fair, attractive, and safe workplace that empowers trust, nurtures personal growth, and fosters engagement. NKT continues to work to enhance diversity and inclusion within the workforce. Female representation in senior management now stands at 21%, demonstrating modest growth from 13% in 2021, while female representation in new hires has risen to 25%, up from 20% in 2021.

Various initiatives have been put in place to help progress female representation at NKT. In recruitment, NKT has focused on upskilling HR, for example hosting a cross-industry webinar for HR professionals to attract more women to a production environment. Structured training programs and mentoring initiatives aim to improve female representation in senior leadership.



Dual-fuel vessel NKT Eleonora to be added to NKT fleet in 2027

NKT is investing in sustainable fuel solutions with technology that allows cable-laying vessels to operate on methanol and hydrotreated vegetable oil (HVO). Eleonora, a vessel designed to meet future market requirements while expanding NKT's capabilities in high-voltage cable installation, is scheduled to enhance NKT's fleet in 2027. With investments of this nature, NKT has positioned itself to facilitate the shift toward sustainable fuel usage for impact in Scope 1 carbon emissions reduction.



Strategic collaboration with Norsk Hydro for decarbonising the grid

NKT entered into a strategic partnership with Norsk Hydro ASA (Hydro) to contribute to the decarbonisation of the grid by targeting Scope 3 emissions. By utilising Hydro's low-carbon aluminium in cable production, efforts are directed at reducing embodied carbon in Europe's power grid.

NKT's commitment to diversity, inclusion, and data ethics

NKT is committed to foster a diverse and inclusive workplace while protecting data privacy and data ethics. In 2024, we launched many initiatives to make NKT an even better workplace and to fulfil our ambitions and commitments.



Statement on diversity policy pursuant to Section 107d of the Danish Financial Statements Act:

NKT's diversity policy aims to foster a diverse and inclusive organisation, ensure fair recruitment processes, and embed diversity and inclusion in all employee life cycle processes.

To implement this policy, NKT has adopted several initiatives, including leadership commitment, a D&I champions council, integration of diversity in people processes, and employee engagement campaigns. For example, senior leaders play a pivotal role in nurturing a diverse culture, and the "Refer a Woman" campaign offers referral bonuses to employees who recommend successful female candidates.

During the reporting period, NKT achieved notable results: An increase in women hired from 19% to 25%, a rise in the D&I index score from 76% to 77%, and a significant boost in women referrals through

the "Refer a Woman" campaign. Additionally, 21% of senior leaders are now from the underrepresented gender. Despite the improvement compared to the 2021 baseline of 13%, the share is still below the 2025 target of 30%.

Statement on data ethics pursuant to Section 99d of the Danish Financial Statements Act:

NKT respects and handles all data from employees, customers, and stakeholders in compliance with applicable laws and internal ethical standards. Introduced in 2021, NKT's data ethics policy ensures ethical data handling, focusing on integrating data ethics into operations, developing responsible data-driven processes, and enhancing data privacy practices.

Progress includes enhanced GDPR compliance, development of templates and guidelines, and training of high-risk employees. Next steps involve continuing the implemen-

tation of data protection and data ethics policies, updating the internal data privacy policy and e-learning, and preparing for the implementation of the AI Act.

Information pursuant to section 99, subsection two in the Danish Financial Statements Act:

NKT's business model is not fundamentally dependent on any capitalised intangible assets. However, the knowledge and know-how of company employees play an important role for NKT.

NKT: The equity investment case

Creating shareholder value by connecting a greener world

Across multiple fronts, 2024 was a pivotal year for NKT. The company continues to progress on its strategic ambitions, and offers investors exposure to the green energy transition.

NKT's power cable systems are a critical component for the transmission and distribution of energy

As an industry-leading, pure-play power cable solutions provider, NKT remains well-positioned to benefit from structural market growth driven by the need for more modern and interconnected power grids, capable of meeting higher demand for electricity from a higher share of renewable energy. NKT's power cable systems are essential components of a dynamic and evolving renewable energy ecosystem, with structural megatrends driving strong demand for the company's robust portfolio of high- and medium-voltage solutions. Delivering cable solutions requires skilled resources, a tailored asset base, and a sophisticated technology base, all providing high barriers to enter the industry.

NKT has a technology-centric approach with a market-leading position within high-voltage DC solutions

In recent years, there has been a technology shift in the high-voltage power cable market, with 525kV XLPE DC power cables becoming a key solution for long distance power transmission. As a pioneer of XLPE DC technology, NKT has seen its addressable market increase to above EUR 15bn of awards in both 2023 and 2024 compared to an average of around EUR 2-3bn in the second half of the 2010s. In addition, NKT has well-founded project execution capabilities to deliver on large projects with in-house production and installation assets. NKT has a proven track record with a large installed base, confirming the value of its technology base.

NKT's record high-voltage order backlog provides multi-year earnings visibility

Through strong commercial execution, NKT was awarded new contracts worth more than EUR 8bn across 2023 and 2024, bringing the company's high-voltage order backlog to a EUR 10.6bn, of which more than 80% are with large European Transmission System Operators. With additional booking commitments exceeding EUR 3.5bn, the company has multi-year earnings visibility. To support future profitable growth and capitalise on a favourable market outlook, NKT is investing in increased capacity in both Solutions and Applications. Investments include a new high-voltage factory and cable-laying vessel.

NKT's robust financial position provides security and flexibility

With free cash flow of EUR 400m in 2024, NKT is entering its next phase of growth in a position of financial strength. At end-2024, NKT had net interest-bearing debt of EUR -1,280m and available liquidity reserves of EUR 1,698m. In parallel, operational EBITDA and free cash flow generation have consistently improved in recent years. NKT targets a leverage ratio (net interest-bearing debt relative to operational EBITDA) of up to 0.0x, thereby ensuring a strong financial position for years to come. This position enables investments in future growth at an attractive RoCE.

The NKT organisation has a proven track record of delivering on strategic and operational targets

NKT has improved its financial performance in the past years, growing revenue and operational EBITDA significantly. Under the company's ReNew strategy introduced in 2020, followed by the updated ReNew BOOST in 2022, all business lines have contributed with improved results and positive strategic execution. Going forward, NKT remains highly focused on execution and risk management, which will be key to meeting its medium-term financial ambitions. Targeting high asset utilisation and an optimised cost base, NKT aims to deliver and create value for shareholders.



Financial outlook 2025

Revenue (in std. metal prices) and operational EBITDA are expected to be between approximately EUR ~2.37-2.52bn and EUR 330-380m, respectively.

The financial outlook for 2025 reflects that growth in Solutions will be limited by lack of available production capacity and reduced level of subcontracted revenue in 2025 compared to a high level in 2024. NKT will continue to execute on its record high-voltage order backlog, mainly on orders awarded in the period 2020-2022.

Both Applications and Service & Accessories are expected to contribute positively to revenue and operational EBITDA in 2025. For Applications, the outlook reflects the full-year effect of SolidAI, which was acquired in June 2024, and ramp-up of additional production capacity in Sweden and Czech Republic. Service & Accessories is dependent on market activity level and is expected to be positively

impacted by the capacity ramp-up in the accessories business.

NKT is expanding across business lines and is selectively investing in growth opportunities. Like in 2024, NKT will operate with a higher cost base in 2025 to support the investments and future value creation.

Revenue (std. metal prices), EUR

~2.37-2.52bn

Operational EBITDA, EUR

~330-380m

The financial outlook for 2025 is based on several assumptions including:

- Satisfactory execution of high-voltage investments and projects to deliver on expected profitability margin
- Satisfactory operational execution across business lines
- Stable market conditions for Applications and Service & Accessories
- Normalised offshore power cable repair work activity
- Stable supply chain with limited disruptions and access to the required labour, materials, and services
- Stable development in global economy, foreign currency, and metal prices



Forward-looking statements

Statements made about the future in this report reflect the Group Management's current expectations with regard to future events and financial results. Statements about the future are by their nature subject to uncertainty, and the results achieved may therefore differ from the expectations.

NKT A/S disclaims any liability to update or adjust statements about the future or the possible reasons for differences between actual and anticipated results except where required by legislation or other regulations.

Medium-term financial ambitions

In December 2024, NKT updated its medium-term financial ambitions for 2028. The ambitions were updated following a number of investment decisions, the acquisition of SolidAI and to reflect the increased earnings visibility from the larger high-voltage order backlog.

The updated ambitions for 2028 are as follows:

- Organic revenue growth (in std. metal prices) with a CAGR above 14% from 2021-2028
- Operational EBITDA above EUR 700m
- Return on Capital Employed (RoCE) above 20%

All business lines are expected to contribute to NKT's improving financial performance towards 2028, with Solutions expected to be the primary contributor to growth. The development is expected to be driven by the strong sustainable megatrends in the markets that NKT is operating in.

Organic growth CAGR

>14%

From 2021-2028

RoCE

>20%

By 2028

Operational EBITDA, EUR

>700m

By 2028

The medium-term financial ambitions are based on several assumptions including:

- Market demand supporting continued favourable supply/demand balance
- Ensure further high-voltage project awards securing high utilisation of production and installation assets
- Satisfactory execution and development of high-voltage investments and projects to deliver on expected profitability margin
- Satisfactory execution of medium-voltage investments
- Stable supply chain with limited disruptions and access to the required labour, materials, and services
- Stable development of the global economy, foreign currency, and metal prices

In Solutions, it is a prerequisite that NKT successfully executes its investment program with the new assets being operational from 2027. This is the foundation for growth in revenue and operational EBITDA. In parallel, NKT needs to deliver satisfactory project execution of its record high-voltage order backlog, and win further projects to support long-term profitability.

In Applications, satisfactory execution of medium-voltage capacity

investments and successful integration of SolidAI are prerequisites. NKT expects to grow revenue and operational EBITDA based on its position in markets exposed to electrification of societies and transition to renewable energy.

In Service & Accessories, the main focus is to grow the business based on the attractive market conditions. NKT will achieve this through various ongoing initiatives such as expansion of geographical footprint

and through the pursuit of attractive business opportunities.

To enable the medium-term financial ambitions, NKT expects to invest around EUR 2.0bn accumulated across the years 2025-2028. The investments include additional medium- and high-voltage capacity and capabilities, construction of a new cable-laying vessel, and maintenance of the existing technology- and asset-base.





Divestment of NKT Photonics

Agreement to divest NKT Photonics

In June 2022, NKT entered into an agreement to divest NKT Photonics to Photonics Management Europe S.R.L., a 100% owned subsidiary of Hamamatsu Photonics K.K. Closing of the transaction was subject to regulatory approvals, which were obtained from Germany, the United Kingdom, and the United States. However, approval was not obtained in Denmark in May 2023. After re-filing the application in July 2023, the sale was approved in April 2024 and NKT Photonics was sold with effect from 31 May 2024. The transaction had a final enterprise value of EUR 254m.

Financial performance in 2024

NKT Photonics is presented as discontinued operations in this report. For the five months of 2024, before being effectively sold from 31 May 2024, NKT Photonics reported

revenues of EUR 28m, EBIT of EUR -10m and a net result of EUR -6m.

In connection with the sale of NKT Photonics, NKT reported a net gain of EUR 107m in Q2 2024, leading to a net result of EUR 101m from discontinued operations in 2024.

See more detailed financial information on discontinued operations in note 6.2.

The sale was approved
in April 2024 and **NKT
Photonics was sold** with
effect from 31 May 2024



Acquisition of SolidAI

Agreement to acquire SolidAI

In June 2024, NKT acquired SolidAI, a Portugal-based power cable company, adding medium- and high-voltage capacity to meet the growing demand from grid upgrades and renewable energy projects across Europe. As the electrification of society continues, power generation and consumption is increasing. Furthermore, upgrading Europe's aging power grid infrastructure and connecting a growing number of renewable power projects is driving demand for medium- and high-voltage power cables.

The acquisition of SolidAI is supporting NKT's growth strategy and will:

- Increase medium- and high-voltage capacity up to 225kV
- Improve competitiveness of NKT's product offering and geographical reach across new and existing markets
- Provide a competitive, competent and expandable platform for

future growth to serve increased demand

- Support NKT's medium-term ambitions, including RoCE above 20%

Adding an established production footprint in Southern Europe has improved NKT's geographical footprint and reach in selected key markets. SolidAI's strong presence in France, UK, Ireland, Spain, and Portugal has expanded NKT into new markets and strengthens its existing foothold in others.

In 2023, SolidAI had revenue (in market prices) of approximately EUR 150m and generated an EBITDA of approximately EUR 20m. NKT acquired SolidAI for a total enterprise value of EUR 192m, corresponding to an EV/EBITDA multiple of 9.4x. NKT has identified recurring synergies which will gradually contribute to an improved financial performance starting in 2025 and are expected to be fully realised by the end of 2026. Including synergies, the acquisition of SolidAI corresponds to an EV/EBITDA multiple of 7.0x.

SolidAI acquisition highlights

Enterprise value	EUR 192m
EV / 2023 EBITDA	~9.4x
EV / 2023 EBITDA including synergies	~7.0x
Revenue 2023 (market prices)	EUR ~150m
Revenue 2023 (std. metal prices)	EUR ~120-125m
EBITDA 2023	EUR ~20m

02

Group review and markets

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Markets and megatrends

As a pure-play power cable solutions provider, NKT delivers comprehensive solutions to facilitate the transmission and distribution of electricity from generation to consumption. The offerings range from high-voltage offshore and onshore power cable solutions, to medium-voltage distribution cable solutions, to low-voltage cables and building wires. Across market segments, technological advancements have been pivotal in driving market growth, ensuring efficient and safe power transmission of energy and reinforcement of power grids. Looking ahead, continued growth is anticipated across the different segments.

Driven by the energy transition, the power cable solutions market has experienced substantial growth, a trend expected to continue going forward. NKT is structurally well-positioned to benefit from this trend and further solidified its market position in 2024. Several factors will shape future market developments, with NKT identifying three key megatrends expected to have the most significant impact on the power cable solutions market in the coming years: **Sustainability**, **Electrification**, and **Digitalisation**.

Sustainability

The high demand for power cable systems, which are essential for power transmission and distribution of energy, observed in recent years is expected to continue as renewable energy capacity expands globally. Recent investments in both onshore and offshore wind, and solar are already shaping the energy mix in Europe with 50% of the European Union's electricity generated from renewable sources in 2024. Towards 2030, the pace of increasing renewable energy capacity is forecasted to further increase in the EU. This growth pace is essential to meet sustainability targets, but also to increase energy independence and security in Europe. However, supply chain constraints, lengthy processes of grid integration, and

rising capital costs continue to be significant bottlenecks in achieving these targets.

The changing landscape of power generation and consumption is creating market opportunities within the power cable solutions industry. In the extra high-voltage sector, HVDC solutions are becoming more prominent than HVAC, especially as renewable energy sources are linked to cities and industrial areas over greater distances. In the high-voltage and medium-voltage market, the demand for additional power cables is rising to connect wind and solar parks to substations and beyond. Both segments will be essential demand drivers for medium-voltage cables going forward.

In general, there are increasing sustainability demands from the European market impacting the whole value chain, emphasising low-carbon, circular solutions and responsibly sourced materials. This will be supported by the EU Green Public Procurement requirements to HV cables and a higher level of transparency through the European Sustainability Reporting Standards (ESRS).

Expected impact on power cable market segment

High-voltage

High

Low- and medium-voltage

High

Services

Medium

¹ Eurelectric Power Barometer, October 2024 (PowerPoint Presentation).

² Eurelectric Power Barometer, October 2024 (PowerPoint Presentation).

³ IEA Renewables 2024 (Executive summary – Renewables 2024 – Analysis - IEA).

Electrification

To reduce carbon footprints, consumers and companies are increasingly seeking electrical power solutions as alternatives to traditional carbon-based systems. Power grid operators must adapt to the rising demand from non-traditional electrical power consumers, including electric vehicles, heat pumps, industrial motors, and electrified public transportation. The pace of continued electrification will to some extent depend on political ambitions including efforts to secure reliable generation of sufficient electricity at an affordable cost.

Investments in power grid expansion and strengthening will support a continued high demand for

high- and medium-voltage power cable systems and services. To ensure a reliable supply of power cable solutions for a more modern, efficient, and interconnected grid, Europe's power grid operators (TSOs and DSOs) are increasingly relying on framework agreements with longer time horizons. These agreements offer greater clarity for cable solutions providers, aiding their expansion and investment decisions. Overall, NKT sees that:

- Electricity demand is expected to double globally by mid-century, from 30 PWh (2023) to 62 PWh (2050)^{3,4}
- Global transmission grid length is expected to grow ~2.5 times,

from 7 million c-km in 2023 to 17 million c-km by 2050⁴

- More than 40% of Europe's power grid infrastructure is over 40 years old⁵
- Europe's power grid owners are expected to spend at least EUR 35bn per year until 2030 and up to EUR 65bn per year on average until 2050⁵
- The EUR 23bn annual spend by European power grid owners observed in recent years falls significantly short of meeting the EU's decarbonisation agenda - EUR 18bn alone is required for replacement and renewal of existing grids⁶

Expected impact on power cable market segment

High-voltage

High

Low- and medium-voltage

High

Services

Medium

³ Petawatt hours; 1 PWh = 1,000,000,000 MWh.
⁴ DNV Energy Transition Outlook 2024.

⁵ Eurelectric Decarbonisation Speedways, June 2023.
⁶ Eurelectric Power Barometer, October 2024 (PowerPoint Presentation).

Digitalisation

Digitalisation continues to be a global efficiency driver across industries, creating opportunities for smart power cable solutions with fibre optics that support data collection and monitoring for optimisation, as well as various preventative maintenance solutions. The unstable global geopolitical situation has heightened the focus on securing and servicing critical infrastructure, including power cables. This has increased the need for cable monitoring solutions that safeguard the uninterrupted transmission and distribution of electricity. NKT is at the forefront of these advancements with its offering of power cable monitoring for customers, or cable drum management by leveraging advanced tracking technology.

These advances within digitalisation have positively impacted demand within the low- and medium-voltage segments. NKT also foresees further opportunities arising from the accelerated adoption of Artificial Intelligence, where computing could impact the demand for energy, while new solutions could reshape production processes and consumption of energy. Visibility on the pace of rollout and adoption remains limited.

Expected impact on power cable market segment

High-voltage

Medium

Low- and medium-voltage

High

Services

Medium

ReNew BOOST strategy

In 2024, NKT continued to execute on its strategy: ReNew BOOST. This updated strategic direction was introduced in 2022 based on three main pillars: Growth, innovation, and sustainability.

In recent years, NKT has increased earnings, strengthened its balance sheet, and initiated several growth investments. This has been founded on a clear strategic direction, which is an embedded part of the ReNew BOOST strategy for each of the individual business lines.

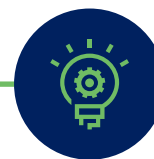
The green transition is continuing at a high pace in Europe and other parts of the world, and the ongoing electrification of societies is a sustainable megatrend. NKT will continue to play a central role in connecting a greener world with

innovative power cable solutions and services. The three pillars of ReNew BOOST will continue to guide NKT's strategic direction in the years to come.



Let's Grow

NKT will continue to support the ongoing creation of a power grid for the future. This is done by selectively investing in and expanding all three business lines. NKT has launched several initiatives to grow capacity and organisational capabilities, which will be key to unlocking further growth. NKT is focused on delivering expansions according to plan, which will require strengthened employee competencies across the organisation.



Let's Innovate

NKT will continue to deliver leading power cable products, services, and solutions. There is – and will continue to be – a strong focus on innovation. This ensures that NKT's solutions are available to support market requirements and the green transition.

NKT continuously seeks to strengthen its position as a technology leader within the power cable industry through innovations to meet customer demand.



Let's Drive Sustainability

To drive sustainability, NKT works around three focal points:

1) Climate action: Reducing corporate emissions and engaging in strategic partnerships for decarbonisation. 2) Circularity: Increasing circularity through the entire lifecycle of products and solutions and actively pursuing zero waste from operations. 3) Social aspects: Being a fair, inclusive, and safe workplace.

[Read more page on 62](#)

Financial review 2024

Revenue continued to increase in 2024 driven by all three business lines. Organic growth was 26%, mainly driven by 39% organic growth in Solutions from previous investments in capacity and capabilities. Continued revenue growth and satisfactory execution led to operational EBITDA of EUR 344m, the highest level in company history. Free cash flow was positive EUR 400m with the increased operational EBITDA and favourable working capital development more than offsetting the increased investment level.

Organic growth of 26% in 2024

Driven by growth in all three business lines, NKT's revenue* increased by EUR 562m in 2024, to EUR 2,489m. The main contributor to increased revenue was Solutions, where previous investments in capabilities and capacity drove growth. With organic growth of 29%, Service & Accessories also contributed to the revenue increase, mainly driven by a higher activity level in the Service business. In Applications, the increase was driven by the acquisition of SolidAI, while organic growth was negative -2%, as the construction-exposed segment remained subdued.

The revenue performance was slightly above the most recent

financial outlook for 2024 of approximately EUR 2.33-2.43bn, which was announced in July 2024 and confirmed in October 2024 (the initial outlook, excluding impact from the SolidAI acquisition, was approximately EUR 2.21-2.36bn). Outperformance compared to both the most recent outlook and the original outlook for 2024 was driven by satisfactory execution, primarily in Solutions, throughout the year.

Organic growth per business line was 39% for Solutions, 29% for Service & Accessories and -2% for Applications.

Revenues measured in market prices were EUR 3,252m in 2024, against EUR 2,567m in 2023.

Improved operational EBITDA driven by Solutions

Operational EBITDA of EUR 344m in 2024 was the highest annual level in

company history and was EUR 89m above 2023.

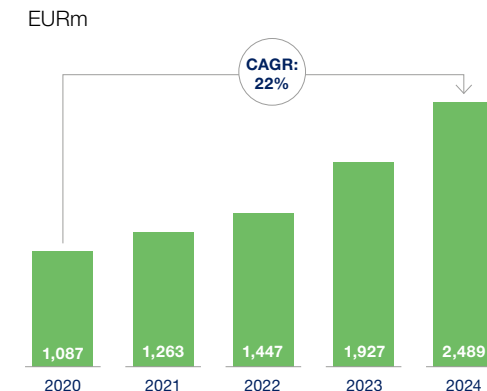
Increased operational EBITDA was mainly driven by higher revenue in Solutions, where investments in capacity and organisational capabilities drove growth. Applications contribution was driven by the acquisition of SolidAI. Operational EBITDA also increased in Service & Accessories, mainly from a high activity level in the service business.

Realised figures versus initial financial outlook for 2024

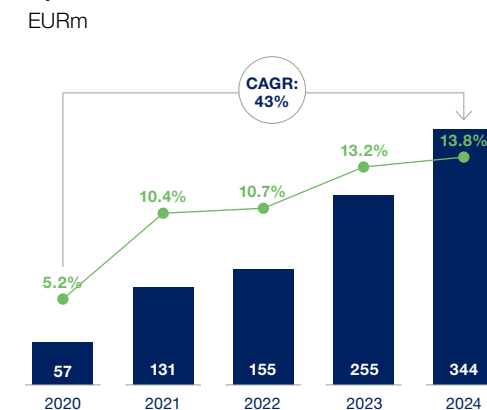
EURm	Initial, Feb. 2024	Update, Jul. 2024	Realised
NKT			
Revenue*	~2.21-2.36bn	~2.33-2.43bn	2,489m
Operational EBITDA	~285-335m	~310-345m	344m

* Std. metal prices.

Revenue* development



Operational EBITDA



■ Operational EBITDA

■ Operational EBITDA margin (std. metal prices)

“We continued the positive financial development in 2024 with significant revenue growth and even higher earnings growth. With a strong balance sheet and a significant high-voltage order backlog, we are well-positioned to benefit from the positive market outlook.”



Line Andrea Fandrup

Chief Financial Officer,
Executive Vice President

Operational EBITDA in 2024 was at the high end of the most recent financial outlook for 2024 of approximately EUR 310-345m (the initial outlook, excluding impact from the SolidAI acquisition, was approximately EUR 285-335m). Results exceeded the initial outlook for 2024, mainly due to satisfactory execution in Solutions.

The operational EBITDA margin* was 13.8% in 2024 compared to 13.2% in 2023.

In 2024, one-off items amounted to EUR -1m, compared to no one-off items in 2023.

Increase in net result

EBIT amounted to EUR 240m in 2024, an improvement of EUR 75m compared to 2023. The increase was attributable to the same parameters as EBITDA, which was partly offset by an increased depreciation and amortisation level compared to 2023.

Financial items were positive EUR 34m in 2024, against negative EUR -16m in 2023, which was negatively impacted by exchange-rate fluctuations, mainly related to PLN and SEK development. In addition, the

positive development was driven by interests on the net cash position throughout the year. Earnings before tax (EBT) increased to EUR 274m in 2024 from EUR 149m in 2023.

NKT's net result from continuing operations for 2024 amounted to EUR 236m, an increase of EUR 117m compared to 2023. The reported tax rate was 14%, down from 20% in 2023 impacted by additional tax losses carried forward being capitalised in Germany. This was due to a combination of improved business outlook and new legislation enacted in Germany in 2024.

Driven by the increase in net result and unchanged number of outstanding shares, diluted earning per share (EPS) from continuing business increased from EUR 2.1 in 2023 to EUR 4.2 in 2024.

The divestment of NKT Photonics in May 2024 led to a net result from discontinuing operations of EUR 101m taking the net result to EUR 337m. NKT expects no impact from the divestment in 2025.

Positive free cash flow

Driven by EBITDA and an improved working capital position, cash flow from operating activities amounted to EUR 1,039m in 2024.

By end-2024, working capital amounted to EUR -1,432m, corresponding to an improvement of EUR 723m compared to end-2023. The lower working capital level was driven by Solutions due to the phasing of prepayments, milestone payments and execution related

to new and existing projects. The development was partly driven by payments in 2024 related to the high order intake in 2023.

The working capital ratio, LTM, was -30.9% at end-2024, compared to -18.0% at end-2023.

NKT continued to progress on planned capacity investments in 2024. Cash flow from investing activities from continuing operations, excluding acquisitions and

divestments, amounted to EUR -495m, compared to EUR -247m in 2023. The increase was primarily driven by the ongoing HV investment programme in Karlskrona, including the construction of a new cable-laying vessel. Cash flow from investing activities including EUR -144m related to the acquisition of SolidAI was EUR -639m.

NKT generated free cash flow from continuing operations, including acquisitions and divestments, of EUR 400m in 2024 compared to EUR 295m in 2023. The improvement was due to higher earnings and the positive contribution from changes in working capital more than offsetting the increased investment level.

Improved RoCE driven by EBIT and lower working capital

The improvement in earnings was reflected in RoCE, which was 35% at end-2024, compared to 20% at end-2023. Capital employed decreased from EUR 904m at end-2023 to EUR 573m at end-2024 driven by the improved working capital position mainly due to lower contract liabilities in Solutions. Over the past years, RoCE has improved, reflecting higher earnings. Going

forward, RoCE will be impacted by a higher capital base from the ongoing investments.

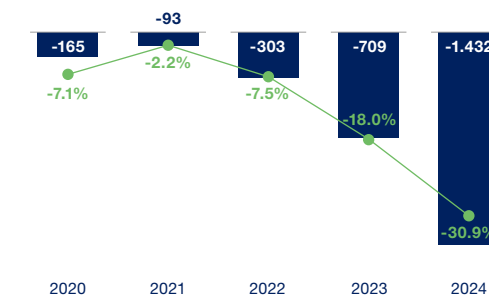
Liquidity, debt and equity

Positive cash flow generation in 2024 led to a decrease in net interest-bearing debt from EUR -671m at end-2023 to -1.280m at end-2024. Net interest-bearing debt relative to operational EBITDA amounted to -3.7x at end-2024 compared to -2.6x at end-2023.

At end-2024, NKT had total available liquidity reserves of EUR 1,718m, comprising cash of EUR 1,518m and undrawn credit facilities of EUR 200m. NKT's favourable cash position will gradually be deployed as the high-voltage order book is executed and announced investments continue to progress through varying stages of execution. A position of financial strength must be maintained as NKT continues to grow and execute on large high-voltage projects.

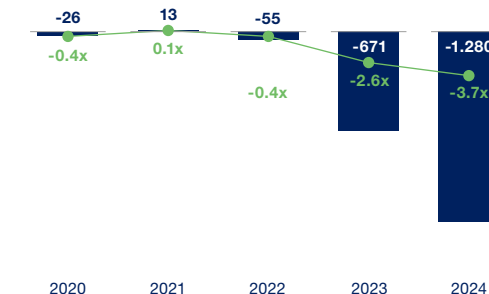
Group equity, including the green hybrid bond issued in September 2022, amounted to EUR 1,853m by end-2024. The solvency ratio was 38%, compared to 44% at the end of the previous year.

Working capital (from continuing operations) EURm



■ Working capital
■ Working capital ratio, LTM, %

Net interest-bearing debt EURm



■ Net interest-bearing debt
■ Net interest-bearing debt/oper. EBITDA, LTM



Financial review Q4 2024

In Q4 2024, NKT delivered double-digit growth in both revenue* and operational EBITDA for the ninth consecutive quarter. Driven by satisfactory execution, both revenue* and operational EBITDA increased across all three business lines.

Revenue* increased to EUR 693m, up by EUR 157m from EUR 536m in Q4 2023. This corresponded to organic growth of 23%. Revenue* increased in all three business lines, with Solutions being the most significant contributor.

Higher revenue led to increased operational EBITDA, which amounted to EUR 90m compared to EUR 63m in Q4 2023. The operational EBITDA margin increased by 1.2%-points to 13.0%.

Solutions

Revenue* for Solutions increased by EUR 119m from Q4 2023 to Q4 2024, equivalent to organic growth of 34%. The growth was driven by previous investments in capacity in Karlskrona, and a large, partly sub-contracted, installation scope.

During the quarter, NKT progressed on various projects in the order backlog at different stages of execution, including Champlain Hudson Power Express, East Anglia 3, Hornsea 3, SuedOstLink, and SuedLink.

Operational EBITDA improved from EUR 54m in Q4 2023 to EUR 67m in Q4 2024, driven by increased capacity and overall satisfactory execution, while the operational EBITDA margin decreased slightly from 15.4% in Q4 2023 to 14.3% in Q4 2024, driven by project mix. Quarterly profitability margins will vary depending on the phasing of projects in execution.

Applications

In Applications, revenue* was EUR 178m in Q4 2024 compared to EUR 149m in Q4 2023. The increase was driven by the acquisition of SolidAI, which contributed EUR 32m in the quarter. Organic revenue* growth was negative -4% due to continued weakness in the low-voltage construction-exposed segment.

Positive development in the power distribution grid market continued, but capacity limitations led to limited growth compared to Q4 2023. NKT continues to expand capacity across its medium-voltage production sites in order to benefit from the positive market outlook in the segment.

Driven by the acquisition of SolidAI, operational EBITDA improved from EUR 10m in Q4 2023 to EUR 13m in Q4 2024, while the operational EBITDA margin improved by 0.7%-points from 7.1% in Q4 2023 to 7.8% in Q4 2024. Operational EBITDA of SolidAI amounted to EUR 5m in the quarter.

Service & Accessories

Service & Accessories reported revenue* of EUR 59m in Q4 2024 compared to EUR 53m in Q4 2023. Organic growth amounted to 7% and revenue was higher in both the Service and the Accessories business.

In the Service business, a high activity level and satisfactory execution both onshore and offshore resulted in higher revenue. Activities in Q4 2024 included both smaller onshore repair work, offshore installation work, and maintenance of existing cable systems. In the Accessories business, revenue growth was driven by increased demand for high-voltage accessories.

Operational EBITDA increased to EUR 6m in Q4 2024 from EUR 3m in Q4 2023. The increase was driven by both the Service and the Accessories business. Profitability improved and the operational EBITDA margin* was 11.1% in Q4 2024, compared to 6.6% in the same quarter in 2023.

Financial development in Q4

EURm	Revenue*		Operational EBITDA		Oper. EBITDA margin*	
	Q4 2024	Q4 2023	Q4 2024	Q4 2023	Q4 2024	Q4 2023
Solutions	469	350	67	54	14.3%	15.4%
Applications	178	149	13	10	7.8%	7.1%
Service & Accessories	59	53	6	3	11.1%	6.6%
Elimination of transactions between segments and non-allocated costs	-13	-16	4	-5		
NKT	693	536	90	63	13.0%	11.8%

* Std. metal prices.

Risk Management

Risk-taking is a natural part of doing business. NKT is fully committed to managing risks in accordance with good corporate governance and applies proven practices to the internal risk processes.

Risk environment

NKT's revenue streams originate from different segments of the power cable market with independent market dynamics. The Solutions business is a long-term project-driven business with a higher degree of resilience to short-term developments in the general economic environment.

The Applications business is mainly driven by ongoing optimisation of the power grids by private and public stakeholders in the medium-voltage market including those arising from the green transition. Construction development in both residential and non-residential building segments is driving the market for construction-exposed low-voltage cables and building wires.

The Service & Accessories business line is to a certain degree depend-

ent on large power cable repair projects and the development of the high- and medium-voltage markets.

As a global business, NKT is exposed to strategic, operational, compliance, and financial risks that present potential threats to NKT's business objectives. The management of risks is an integral part of standard business operations and strengthens the governance model. NKT's Enterprise Risk Management programme follows best practices and principles.

The overall risk picture for the company is influenced by various internal and external factors that continue to evolve. The key changes to these factors and the risk picture in 2024 are described here.

The macroeconomic cycle and market turbulences continue to influ-

ence key aspects of the business, with an effect on input costs, which impact both business operations and also ongoing expansion programmes across NKT sites. Geopolitical dynamics, including ongoing conflicts in Europe and the Middle East, present a potential threat and uncertainty for market developments and the supply chain.

Adding to this uncertainty is the volatility and changes in the political environment in Europe and also globally with the increased focus on national security interests, which may have an impact on the current focus on the green transition. Further, the competition from new market entrants and competitors from both inside and outside Europe is increasing and may put more pressure on the competitive landscape of the European market, partly

countered by the increased focus on security.

Risks related to the sustainability areas are included in the annual risk assessment of the NKT Enterprise Risk Management Programme, reflecting their key role in our strategy. These risks are described in more detail on page 65.

Specific financial risks, including risks related to currency, interest, and raw material price changes, are described in more details in note 5.6 Financial risks and financial instruments in the consolidated financial statements.

Risk management process

NKT operates a robust and efficient enterprise risk management programme that aims to identify, prioritise and manage key risks and monitor the mitigating actions. This enables NKT to manage the risks effectively.

The Enterprise Risk Management cycle includes biannual reporting to the Risk Board and Audit Commit-

tee. The mid-year reporting provides an update on the most critical risks and overall ERM development. The annual reporting provides a comprehensive overview of the company's risk position and perspectives on the overall impact of the risk profile on the company's direction, risk mitigating actions, and future planning.

Risks are assessed by means of a two-dimension risk matrix based

on impact and probability. The identified and quantified key risks are prioritised and visualised in a Risk Dashboard that highlights aggregated criticality and overall risk exposure to the Risk Board and Audit Committee.

The company's key risks are described in detail in the overview on the following two pages, including mitigations used to control the risks.



Risk identification	Project execution in high-voltage segment	Investment & Expansion	Operational disruptions in factories	Commodity price changes	Supply interruption and raw material availability
Risk description	A significant part of NKT's revenue relates to large projects in the high-voltage segment. The execution part of such projects may stretch over several years and involve multiple steps during the production, delivery, and installation of the cables. Deficiencies in the project execution phase due to unplanned and unexpected events, failures, or delays during project phases may result in additional costs on re-work activities, material resources, and potential penalties applied by customers. Challenges or delays in one project may also impact delivery schedule of other projects. With the increased backlog of projects and the resulting pressure on production and installation schedule, this remains a key risk for NKT.	NKT faces risks related to loss from challenges and adverse events that NKT may face during the investment process to expand manufacturing facilities, vessels, mergers & acquisitions, and other assets. For example, NKT has initiated several large investments and expansion projects in previous years, including the ongoing expansion of the factory in Karlskrona and the construction of a new cable-laying vessel to supplement NKT's existing vessel. Such investments are complex and require necessary know-how and responsible project management. Further, they may also be impacted by increases in costs driven by external factors such as macroeconomic developments.	NKT has significant production activities and is therefore exposed to risks related to operational disruptions in factories, which may be caused by unforeseen events, such as equipment malfunctions, machinery breakdowns, workforce issues, or other operational challenges that can impede the seamless flow of production processes. These disruptions pose a risk of inability to meet production targets, fulfil customer orders in a timely manner, maintain consistent quality standards and potential penalties applied by customers.	The company's production activities are dependent on large amounts of essential raw materials and commodities, which represent a significant part of the budget. These input costs may be subject to price volatility risk resulting from unpredictable and significant fluctuations on the market. This risk arises from various factors, including changes in supply and demand, geopolitical events and disruptions, and market speculations. NKT is facing the challenge of managing the inherent uncertainty in pricing of commodities and raw materials, which can affect production costs, profit margins, and overall financial performance. With project commitments several years into the future, management of other cost categories than commodity cost is also essential.	Supply chain presents a critical area to NKT's operations. Supply interruption and raw material availability risk pertains to the uncertainty associated with the accessibility and adequacy of raw materials essential for manufacturing and operational processes. This risk is influenced by factors such as market dynamics, geopolitical events affecting supply chains, environmental conditions impacting resource extraction, regulatory changes, and limited number of suppliers. These disruptions can lead to increased costs, production bottlenecks, and potential challenges in meeting customer demand.
Mitigation	▪ Risk management activities covering every project phase. ▪ Adequate balancing of contract provisions, pre-production testing and insurance. ▪ Production float and contingency plans to absorb potential delays.	▪ Project and risk management activities covering investment process. ▪ Monitoring and evaluation programme to track performance of the investment activity. ▪ Due diligence process of supply chain and contingency planning for potential adverse scenarios and unplanned disruptions.	▪ Operational excellence programmes and monitoring of operational performance for critical equipment and processes. ▪ Robust maintenance programmes across production and testing. ▪ Contingency plans in place to respond to incidents and unplanned disruptions. ▪ Production float and contingency plans to absorb potential delays.	▪ Monitoring of commodity price indexes and forecasts. ▪ Hedging mechanisms for commodities, components, and services. ▪ Forecasting tools to predict price index developments. ▪ Contractual provisions with customers and suppliers to address price volatilities in the ongoing business relationships.	▪ Material risk assessment. ▪ Monitoring the performance and reliability of key suppliers and availability of raw materials and components. ▪ Close working relationship with identified key suppliers to reduce risks and maintain inventory control. ▪ Investigating and qualifying alternative sourcing opportunities.

Risk identification	New competitors entering home markets	Market dynamics	Cyber risk	Compliance	Product claims
Risk description	Europe remains a core market for NKT within the high-voltage segment. The risk of new competitors from inside or outside Europe entering this market encompasses the exposure to adverse impacts on the company's market share, profitability, and competitive position. This risk arises from factors such as changes in market dynamics, increased cost considerations, evolving consumer preferences, technological advancements or regulatory changes that attract new market entrants. The increased presence of new competitors, including the establishment of production facilities in Europe, is intensifying competition, requiring strategic adaptations to maintain or enhance market standing.	NKT operates on highly competitive markets exposing the company to risks of adverse effects resulting from the inherent and unpredictable changes in the conditions and forces influencing the various markets. These changes may include alterations in consumer preferences, shifts in demand and supply, technological advancements, regulatory modifications, and competitive pressures. The risk may arise from the potential difficulties in adapting adequately to swiftly evolving market conditions, leading to challenges in maintaining market share, profitability, and competitive position.	Like many other companies, NKT is dependent on IT infrastructure to maintain its operations. Cyber risks represent harm or loss arising from the compromise of business-critical IT systems in production or key business administrative functions, networks or digital assets impacting an organisation's data confidentiality, integrity, and system availability. At its core, potential consequences of such a threat may be production interruption with subsequent financial and reputational impact. Moreover, the rapid advancement of AI technologies is one of the factors that contributes to higher level of the security threat.	Compliance with legal and regulatory requirements presents one of the key business functions in NKT. Compliance risk refers to potential financial, legal, and reputational consequences including possible exclusion from tenders an organisation may face due to its failure to comply with applicable laws, regulations, internal policies, and industry standards. For NKT such risks may, among others, relate to anti-bribery and anti-corruption regulations, competition law, data privacy, and trade controls.	Product claims represent the risks faced by the company in terms of potential problems with product performance, safety, quality or other similar issues, which may result in legal challenges, financial losses and damage to the company's reputation. Acknowledging the significance of this area, NKT operates extensive testing and quality control programmes to meet the requirements of a technologically demanding process and ensure the delivery of high-quality products to its customers.
Mitigation	■ Monitoring of the global market and macro-economic developments and dynamics and regulatory developments impacting cross-regional activities, such as trade barriers and anti-dumping regulations. ■ Focus on quality, innovation, and R&D. ■ Proactive engagement in regulatory policy-making processes via industry associations to ensure fair competition within European markets.	■ Monitoring of macro- and microeconomic developments, general market conditions, and the competitive landscape. ■ Establishing focused working groups, qualifying new markets, and strengthening NKT's value proposition. ■ Research and development of product portfolio to assure market position.	■ Monitoring of developments within the cybercrime landscape and of the robustness and stability of the IT infrastructure and security. ■ Strengthening of cyber security, IT governance and infrastructure, including adequate security controls, monitoring processes of improvement actions, and incident response capability.	■ Monitoring of regulatory developments and risk exposure. ■ Compliance programme, training, and procedures ensuring compliance with regulations and the ethical principles in the NKT Code of Conduct. ■ Globally accessible whistle blower hotline allowing both NKT employees and third parties to report potential concerns. ■ Enforcement of zero tolerance for breaches.	■ Monitoring of potential failures in production and/or product designs. ■ Strengthening of quality awareness and control procedures throughout the production and cable laying operations. ■ Systematic and structured root cause analysis of product issues and implementation of corrective actions. ■ Routine testing in compliance with international standards.

Business lines

- 32 Business line organisation
- 33 Solutions
- 37 Applications
- 40 Service & Accessories

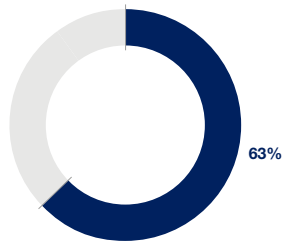
03

Business line organisation

NKT's three business lines provide customers with full turnkey solutions across voltage levels and have the following main focus areas:

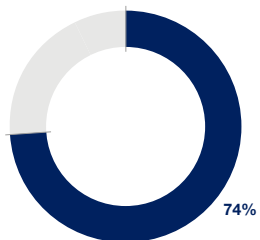
Solutions

Specialised in high-voltage power cable solutions for on- and offshore installation



Revenue*
EUR

1,598m

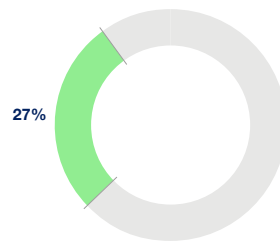


Operational EBITDA*
EUR

252m

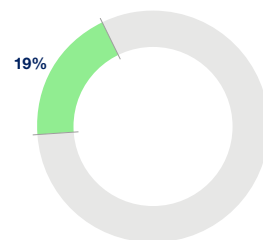
Applications

Focused on low-and medium-voltage power cable technology and building wires



Revenue*
EUR

689m

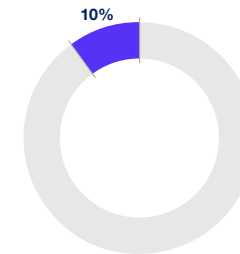


Operational EBITDA*
EUR

64m

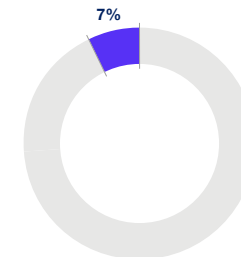
Service & Accessories

On- and offshore power cable services and wide range of accessories for medium- and high-voltage power cable systems



Revenue*
EUR

257m



Operational EBITDA*
EUR

25m

* Revenue (std. metal prices) in 2024 (% of total NKT revenue) and Operational EBITDA in 2024 (% of total NKT operational EBITDA). The figures exclude intersegment transactions and non-allocated costs.
Page 33, Solutions, page 37, Applications, and page 40, Service & Accessories, specifically the business line overview, covers information to comply with ESRS 2 SBM-1, paragraph 38, 40a and 42a-b.

Solutions

A structurally increasing demand for electricity and an increasing proportion of renewable energy continues to be a key growth driver for high-voltage power cable solutions. In 2024, Solutions again delivered double-digit organic growth in revenue and operational EBITDA enabled by previous investments in capacity and organisational capabilities, as well as satisfactory project execution. The high-voltage order backlog was maintained at a high level, reaching EUR 10.6bn by the end of 2024.

- 1 Offshore AC and DC power cable solutions
- 2 Onshore AC and DC power cable solutions
- 3 Installation offshore and onshore

Business line overview

Solutions serves the global high-voltage power cable market. The business offers technology leading solutions across voltage levels and technological specifications. NKT has built up competencies within this market for more than 130 years with numerous projects successfully delivered.

Solutions has two high-voltage factories, in Karlskrona, Sweden, and in Cologne, Germany. The two factories complement each other when allocating incoming projects. In Karlskrona, the strategic focus is offshore projects, while Cologne

focuses on onshore projects. Constructing of a new high-voltage factory next to the existing factory in Karlskrona is ongoing. Solutions also owns and operates a cable-laying vessel, NKT Victoria, allowing NKT to offer complete end-to-end turnkey solutions that are increasingly requested by customers. A second cable-laying vessel, NKT Eleonora, is under construction.

Factories

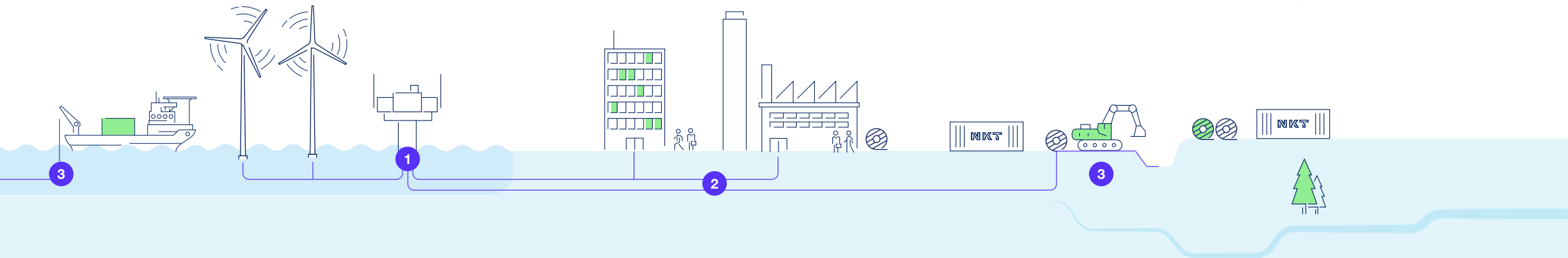
The two production sites are located in Karlskrona, Sweden and Cologne, Germany

Vessels

One cable-laying vessel, NKT Victoria. In operation since 2017

The solutions offered cover turnkey production and installation:

- Interconnectors
- Offshore wind
- Power-from-shore
- Underground



High-voltage market

Market overview

The high-voltage power cable market mainly encompasses projects that are engineered to order and demand a high level of expertise for successful implementation. In some cases, these projects require new R&D solutions as well as investments in both technology and production.

The market can be divided into different segments with differing characteristics and dynamics. DC (Direct Current) solutions are primarily used for long-distance projects as this technology works more efficiently with lower power losses over longer distances compared to AC (Alternating Current) technology. Both solutions can be applied offshore and onshore.

In general terms, DC power cables are more complex and require more advanced technological capabilities and know-how compared to AC. Furthermore, offshore solutions are in general more complex than onshore due to more challenging

installation conditions. As a consequence, competition is more fierce for AC solutions compared to DC solutions.

The demand for longer distance power transmission is increasing with the sources of energy being located further away from consumption. Additionally, high-voltage power cable systems are also required to transmit more power to support the increased electrification of society. These developments have increased the demand for DC technology relative to AC. As demand for longer distance power transmission has increased, the DC technology has become the industry standard for high capacity transmission power cables.

Market development in 2024

The demand for high-voltage power cable solutions continued at a high level in 2024. For the year, NKT estimates that the value of projects awarded in its addressable market exceeded EUR 17bn. The majority of projects awarded were long-dis-

tance DC interconnectors and offshore wind projects. Geographically, the majority of projects were awarded in Europe.

Market outlook

NKT anticipates that its average addressable high-voltage market in the period 2024-2030 will exceed EUR 10bn per year. The timing of actual project awards will continue to depend on various project-specific factors, which will impact individual years in terms of actual order values. In 2024 the actual award level was above the anticipated average. Awards in 2025 will depend on the development and timing of sizable projects and large, multi-year framework agreements.

Future awards are expected to span across various segments, mainly within interconnectors and offshore wind. Due to the increased demand for longer distance transmission, NKT foresee power cable solutions based on DC technology to constitute the majority of awards going forward. The AC technology

is expected to remain important, driven by connection of offshore windfarms. Geographically, NKT expects most project awards to be in Europe, where political ambitions and a more mature market drive strong demand for power cable systems. Markets outside of Europe are less developed, but NKT continues to see opportunities emerging.

With robust demand and known supply additions, NKT expects the balance between supply and demand to remain favorable in the short term, before emerging more balanced towards the end of the decade.

Investments to support profitable growth

In 2023, NKT announced the investment in a new factory – adding end-to-end production capacity next to the existing facility in Karlskrona – as well as a new, market-leading cable-laying vessel. The investment was initially estimated at around EUR 1bn, but as execution has progressed general cost inflation,



risks, and opportunities have been identified, increasing the expected cost of the investment programme by around EUR 300m. Timeline for the investment programme is unchanged and upon completion in 2027, Karlskrona will become the world's largest high-voltage offshore cable production site.

To support the strong high-voltage market outlook, NKT in 2024 also decided to invest approximately EUR 100m in additional capacity at its existing factory in Cologne. The added capacity is planned to be gradually operational from 2027.

Financial development

Highlights in 2024

- High organic growth of revenues and earnings
- High-voltage order backlog at continued high level
- Continued high tender activity across market segments
- Investments in additional capacity progressed on time. Additional opportunities, risks and cost inflation were experienced in Karlskrona

“In 2024, we again delivered more than 30% organic growth in Solutions as we continued to execute on our record high order backlog. The investment projects both in Karlskrona and Cologne also progressed. We are well-positioned to meet the growing demand for high-voltage power cable systems as the energy transition depends on an integrated power cable grid ensuring efficient and reliable energy transmission.”

Darren Fennell and Lukas Sidler

Executive Vice Presidents,
Heads of HV Solutions Karlskrona and Cologne

1,598m 39%

Revenue*, EUR
(2023: EUR 1,151m)

Revenue growth driven by execution and capacity expansion

Solutions revenue* increased by EUR 447m compared to 2023, corresponding to organic growth of 39%. This was driven by previous investments to increase capacity and capabilities, as well as satisfactory execution of orders awarded in recent years.

Revenue in market prices amounted to EUR 1,822m in 2024 compared to EUR 1,313m in 2023.

Increased operational EBITDA

Higher revenue* and satisfactory project execution led to operational EBITDA increasing to a record-high EUR 252m in 2024 from EUR 182m in 2023. The improved result in 2024 followed the positive development in recent years, reflecting a combination of good asset utilisation and

gradually improved project margins. Operational EBITDA margin* was 15.8% in 2024, in line with 2023. The margin in 2024 was negatively impacted by an increased cost level related the continued ramp-up of resources for the new HV factory being constructed in Karlskrona.

In 2024, activity level was high and several projects were in intense execution phases. NKT progressed several projects including interconnector projects, such as Champlain Hudson Power Express, SuedLink, and SuedOstLink, and offshore wind projects such as Baltic Power, Hornsea 3, East Anglia 3, Borwin 5, and Dogger Bank C, while various power-from-shore projects such as Draugen and Yggdrasil also progressed. The high activity level and managing of project risk put an elevated demand on the Solutions organisation.

252m

Operational EBITDA, EUR
(2023: EUR 182m)

In 2024, NKT completed a number of high-voltage projects. This included the finalisation of the HVDC link connecting the Shetland Islands to the main grid in Scotland. The 320 kV HVDC interconnector is now a key contributor to the integration of renewable energy in Great Britain. NKT also finalised the onshore power cable system for the Viking Link connection between Great Britain and Denmark. This project marks a milestone in the interconnection of the European grids, as it ensures security of electricity supply and supports reaching the climate targets on both a national and EU level.

NKT Victoria, the company's cable-laying vessel, was well utilised in 2024. It was deployed across a variety of assignments relating to project installation work, mainly in the UK, Germany, and Norway.

New orders secured

NKT was awarded several high-voltage projects during 2024. This continued ability to add to the order backlog demonstrates NKT's industry leading high-voltage capabilities.

Notable order awards in 2024 include:

- Two onshore high-voltage projects with a combined order value of approximately EUR 1.2bn from German transmission system operator (TSO) Amprion. With the award of the two turnkey projects, NKT will design, manufacture, and install the high-voltage power cable systems with voltage levels of 110 kV, 380 kV AC, and 525 kV DC to support the ongoing extension of the German high-voltage transmission grid.

* Standard metal prices.

- Two high-voltage projects under an existing frame agreement with TenneT. The two projects are LanWin7 and a part of NordOstLink. The contracts are expected to be called off in 2026-27 and will have a combined value of approximately EUR 1bn, which includes cable design, engineering, production, as well as on- and offshore installation. With these projects, a total of five projects have been awarded to NKT under the framework agreement, which runs until 2028 with a possible extension until 2031.

High-voltage order backlog maintained at a high level

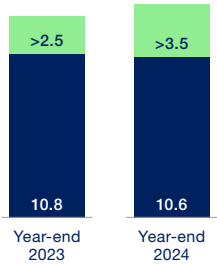
At the end of 2024, the high-voltage order backlog was a high level of EUR 10.6bn (EUR 9.3bn in std. metal prices). Driven by continued order intake, the backlog was maintained largely in line with the record high level of EUR 10.8bn by end-2023. In addition, NKT had booking commitments of more than EUR 3.5bn by the end of 2024.

The composition of the order backlog divided by customer type was more than 85% with large European Transmission System Operators. Divided by application, the backlog consisted of around 55% interconnectors, around 40% offshore wind projects, and less than 5% power-from-shore projects.

Notable high-voltage project awards for NKT in 2024

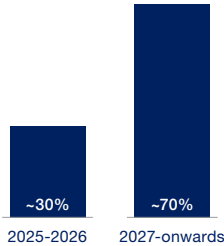
Project name	Customer Type	Announced	Size (EURm)	Type
Korridor-B V48 + Rheinquerung (GER)	TSO	May 2024	~1,200	Interconnector (in backlog)
LanWin7 & part of NordOstLink	TSO	December 2024	~1,000	Interconnector (order commitment)

High-voltage order backlog



■ Order backlog ■ Booking commitments

Expected execution of High-voltage order backlog



Applications

Increasing electrification and the ongoing energy transition are important growth drivers for low- and medium-voltage power cable markets. Through Applications, NKT is well-positioned to capitalise on these growth trends. In 2024, Applications continued to improve its financial performance, and on the back of the positive development and growth trends, NKT decided to invest in additional capacity, as well as acquiring the Portuguese cable manufacturer, SolidAI.

Business line overview

Applications covers NKT's medium- and low-voltage power cable solutions, as well as a minor position within telecom power cables. The product offering is broad, supporting both the growing electricity demand in European power grids and the construction sector.

Applications' seven main production sites are located across Czech Republic, Denmark, Poland, Sweden, the UK, and Portugal. Each

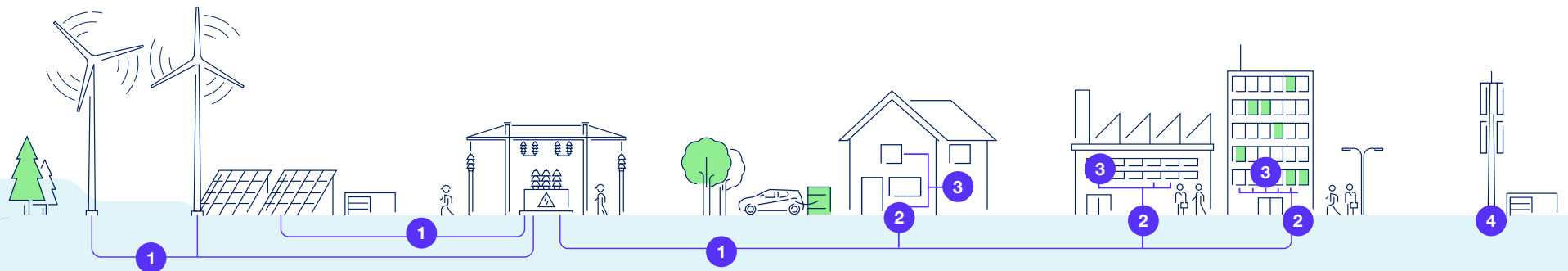
production site is focusing on one or more market segments. The customer relationship in Applications is based on long-term collaboration with several industry partners. NKT holds a leading position in parts of Northern, Central, and Eastern Europe, and with the acquisition of SolidAI, NKT has strengthened its position in Southern Europe.

Factories

The seven primary production sites are located in:

- Asnaes, Denmark
- Falun, Sweden
- Kladno, Czech Republic
- Runcorn, United Kingdom
- Velké Meziříčí, Czech Republic
- Warszowice, Poland
- Esposende, Portugal

- 1 Medium-voltage cables
- 2 1kV cables
- 3 Building wires
- 4 Telecom power cables



Low- and medium-voltage market

Market overview

The offerings in the medium-and low-voltage markets are less complex than for the high-voltage market. The competitive landscape is more fragmented with different specifications and designs from country to country. This also means that the competitive landscape is characterised by more local and regional competitors capable of complying with local technical regulation.

Medium-voltage power cable demand is primarily driven by electrification of societies and the transition to more renewable energy sources. The transition is expected to include increases within onshore wind and solar power generation, and to accelerate energy security in Europe. The power cables are mainly used for the power distribution grid with a continuous need for grid reinforcement and expansion. NKT continues to see an increased electricity demand driven by charging stations for electric vehicles,

data centres, heat pumps, and the general electrification and digitalisation of society.

Generally, demand for low voltage power cables is to a higher extent driven by the macroeconomic development and construction sentiment. Demand for building wires and other construction-exposed solutions is supported by urbanisation, electrification, and energy renovation of residential and non-residential buildings.

Market development in 2024

In 2024, market development varied across segments and geographies.

The market for medium-voltage power cables continued to perform well, as the energy transition and ongoing electrification of societies continued to positively influence the level of investments made by grid operators. In turn, this positively impacted the power distribution grid segment, which saw continued strong demand throughout the year.

Conversely, the market for building wires and construction-exposed 1kV power cables remained subdued in 2024. This was driven by muted economic development in Europe, following a couple of years with higher inflation and increased interest rates negatively impacting construction sentiment and market activity. Volumes were slightly lower in 2024 and NKT remains focused on mitigating the impact of market headwinds for this segment.

Market outlook

Overall, the forward-looking prospects for the medium- and low-voltage markets where NKT operates are positive, driven by the ongoing development of sustainable megatrends.

The positive market sentiment for medium-voltage power cables is expected to continue in 2025 and beyond. Large parts of Europe's power distribution grids are aging and significant investments are needed this decade to ensure the

European energy transition. Consequently, NKT expects that market growth will remain robust in the coming years.

The market for building wires and construction-exposed 1kV power cables is expected to remain subdued in 2025, but with stabilisation or slight improvement compared to 2024. During the past couple of years, the muted macroeconomic development negatively influenced construction sentiment and market activity. In 2025, the market activity level is expected to stabilise or improve slightly, and the longer-term picture for the market remains positive.

Investments in continued growth

The market outlook for the medium-voltage power distribution grid-segment, as promising. As a result, NKT in 2024 decided to invest in increased capacity across three of its medium-voltage production facilities. The investments progressed



according to plan in 2024, and the new capacity is planned to become gradually operational during 2025 and 2026.

In June 2024, NKT acquired Portuguese power cable manufacturer, SolidAI, adding manufacturing capabilities from 1kV up to 225kV, and a workforce of 430 people. The acquisition enhances NKT's ability to serve power transmission and distribution operators with end-

to-end grid solutions, while also providing an attractive platform for future growth. As part of the acquisition, NKT will invest EUR 50m to expand medium- and high-voltage capacity at the existing SolidAI site in Esposende. The new capacity is expected to be operational in 2027.

Financial development

Highlights in 2024

- Growth in revenue and operational EBITDA
- Continued strength in power distribution grid segment
- Investments in medium-voltage capacity and acquisition of SolidAI
- Construction-exposed business stabilised at lower level

“We are well-positioned to continue to leverage our strong position in the low- and medium-voltage power cable markets in Europe. Future growth is expected to be driven by the extension and strengthening of existing power grids in order to meet structurally higher demand for electricity. In 2024, we have improved our financial performance, supported by increasing demand and positive effects from ongoing efficiency initiatives.

Carlos Fernandez

Executive Vice President, Head of Applications

689 m

Revenue*, EUR
(2023: EUR 638m)

Increased revenue driven by acquisition of SolidAI

In 2024, Applications increased revenue* by EUR 51m compared to 2023. The increase was driven by the acquisition of SolidAI, which contributed EUR 60m. Organic growth was negative -2% impacted by subdued demand in the low-voltage construction-exposed, mainly residential related, segment. Demand in the power distribution grid segment was at a satisfactory level across 2024.

Revenue in market prices amounted to EUR 1,237m in 2024, compared to EUR 1,116m in 2023.

Continued growth in operational EBITDA

Operational EBITDA amounted to EUR 64m, an increase of EUR 5m compared to 2023. The acquisition

-2%

Organic growth
(2023: 15%)

of SolidAI contributed EUR 5m, while the existing business was largely in line with 2023.

Overall, the operational EBITDA margin* increased to 9.4% in 2024 against 9.2% in 2023.

The acquisition of SolidAI had limited impact on the operational EBITDA-margin in 2024 due to non-recurring costs of approximately EUR 4m related to revaluation of inventories recorded in Q3 2024. From Q4 2024, the acquisition of SolidAI contributed positively to the profitability of Applications and a positive impact on profitability is also expected going forward.

NKT has implemented various efficiency initiatives to improve profitability and production output in Applications. The gradual imple-

64 m

Operational EBITDA, EUR
(2023: EUR 59m)

mentation of these initiatives has contributed to improved profitability and in 2024, NKT continued to improve efficiency and debottleneck its production sites.

Continued strength in power distribution grid segment driven by sustainable megatrends

Demand in the power distribution grid segment continued at a satisfactory level in 2024 and NKT experienced growth in both volumes and revenue. Demand was broad-based across various geographies and during the year, NKT entered and extended a number of long-term frame agreements, most notably in Denmark, the Netherlands, and France. The investments in additional medium voltage capacity in Denmark, Sweden, and the Czech Republic progressed in line with plan during the year.

In contrast to the power distribution grid segment, demand in the construction-exposed segment remained subdued in 2024 and both volumes and revenue were below the level of 2023. This development was especially driven by the residential related segment and the German and Polish markets.

* Standard metal prices.

Service & Accessories

Power cable services and accessories are important parts of the power cable value chain. The Service & Accessories business line is, to a high extent, dependent on the same market drivers as Solutions and Applications. Financial performance improved in 2024 with double-digit growth in both revenue and EBITDA. NKT is well-positioned to capitalise on further demand going forward.

Business line overview

Service & Accessories offers a variety of both offshore and onshore power cable accessories and services to maximise the utilisation, reliability, and long-term performance of power cable systems.

NKT offers power cable services for both the offshore and onshore markets and is a trusted partner throughout the lifecycle of a power cable system. NKT has leading capabilities within repair, maintenance, and operations services. NKT's service organisation is predominantly located in Denmark,

Germany, Poland, Sweden, the US, and the UK.

NKT develops, produces, and installs a wide range of high- and medium-voltage power cable accessories including power cable joints, connectors, and terminations used in offshore and onshore applications, distribution and transmission grids, and renewable energy generation projects. The accessories are produced at production sites in Germany and Sweden.

Service hubs

NKT has service hubs globally. The main sites are in:

- Brøndby, Denmark
- Gdansk, Poland
- Karlskrona, Sweden
- Troisdorf, Germany

Accessory factories

The main accessory production sites are located in:

- Alingsås, Sweden
- Nordenham, Germany

Power cable accessory offerings

Terminations

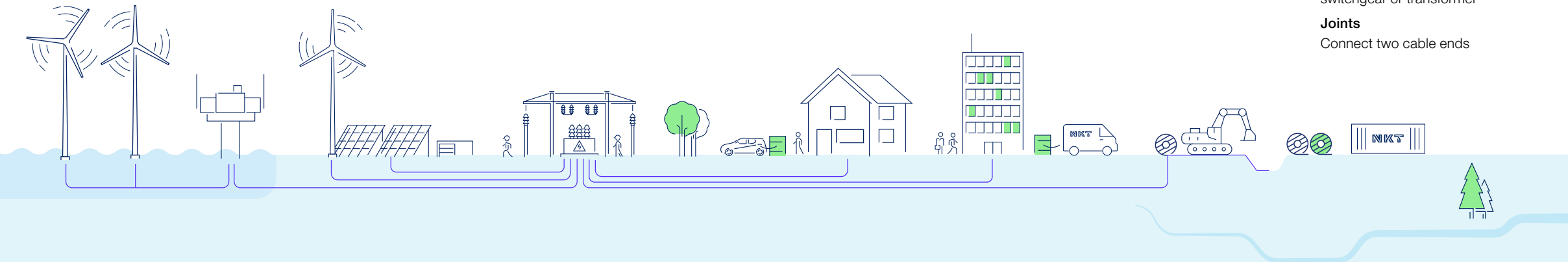
Connect cable ends to consumers or overhead lines

Connectors

Connect cable ends to switchgear or transformer

Joints

Connect two cable ends



Market for power cable services and accessories

Market overview

Power cable services

The onshore market is served by different providers, including local companies, multinationals, and some cable operators themselves. The market for onshore power cable repairs is driven by the need to maintain ageing infrastructure, particularly legacy technologies such as oil-filled and gas-filled power cables, but also for grid modernisation and extension.

The offshore segment is characterised by less competition, as only a limited number of companies can provide a reliable and comprehensive service offering. A growing number of offshore power cables will lead to increased demand for repair work in the years to come. The urgent need for service arises from sudden failures supports the demand for service agreements with cable owners to ensure a fast process when required.

Power cable accessories

Development of the accessories market is closely linked to the general development of high- and medium-voltage power cable markets.

The market for medium-voltage power cable accessories is competitive, while fewer companies supply the more complex accessories required for high-voltage power cables. The reliability of the power grid is often determined by the quality of cable accessories and their installation.

Market development in 2024

Power cable services

Power grid modernisation and extensions continued to drive demand for services and service agreements in 2024. Offshore repair activity was at a high level, mainly driven by a large repair related to a legacy service agreement with lower than usual profitability. During the year, NKT also concluded other smaller repairs both onshore and offshore.

Power cable accessories

Development in the power cable accessories markets was mixed in 2024. In the medium-voltage market, NKT had slightly lower sales compared to a strong comparison base in 2023 driven by mixed developments across core markets. The high-voltage accessories market continued to develop favourably, driven by demand for high-voltage cable solutions and increased investments within renewable energy projects.

Market Outlook

Power cable services

The service market is expected to continue to expand in the years ahead due to two major growth trends. Firstly, the growth in installation of high-voltage power cables is expected to lead to higher demand for repair services. Simultaneously, ageing infrastructure is increasingly requiring extensive maintenance and ultimately decommissioning or replacement. Both are positive indicators of the level of future demand,



and NKT sees particularly attractive growth for the offshore segment as both trends accelerate.

Power cable accessories

Both the energy transition and the continued electrification of societies are driving strong demand for high-

and medium-voltage power cable accessories. In addition, initiatives to upgrade and maintain power grids are also contributing to the demand. These trends are set to continue and the market outlook in the years ahead is positive.

Financial development

Highlights in 2024

- Double-digit growth in revenue and EBITDA
- High activity and satisfactory execution in the Service business
- Continued investment in the Accessories business

“Cable services and accessories are essential to ensuring transmission and distribution security. In 2024, we have delivered substantial growth, and continued to execute on strategic initiatives, positioning Service & Accessories to benefit from the expected growth in the coming years”

Axel Barnekow Widmark and Denis Schuler

Executive Vice Presidents,
Heads of Service and Accessories

257 m

Revenue*, EUR
(2023 EUR 200m)

Revenue growth driven by the service business

In 2024, revenue* for Service & Accessories increased by EUR 57m compared to 2023. Revenue growth was driven by a good activity level and satisfactory execution in both the onshore and the offshore Service business. Revenue in the Accessories business was slightly below 2023. Organic growth amounted to 29%.

29%

Organic growth
(2023: -2%)

Increased operational EBITDA

Operational EBITDA increased to EUR 25m in 2024, up EUR 6m compared to 2023. The increase was driven by the increased activity level and satisfactory execution in the Services business. The operational EBITDA margin improved to 9.7% in 2024 compared to 9.3% last year. Profitability improved in the Service business despite 1H 2024 being negatively impacted by offshore repair work related to one legacy service agreement with an unusually low margin.

25m

Operational EBITDA, EUR
(2023: EUR 19m)

High activity level in Service

In 2024, both revenue and operational EBITDA in the Service business improved compared to 2023. The activity level was high in both the onshore and offshore segments. During the year, NKT completed a number of smaller offshore repairs, including repair work on the Gemini Wind Park connection in the Netherlands.

In addition, the Service business continued to expand its presence in the UK, the US, Poland, and Australia. Further, NKT continues to explore and introduce innovative new solutions for power grid owners.

Ramp-up of capacity in Accessories business

Revenue and operational EBITDA in the Accessories business decreased slightly in 2024, mainly reflecting slightly lower sales of medium-voltage accessories and continued ramp-up of HVDC accessories production capacity and capabilities.

Going forward, structural growth trends are expected to positively impact NKT's Accessories business. During 2024, to meet increasing demand, NKT has progressed on expanding capacity in Alingsås, Sweden. The expansion is on track and NKT expects that the new test hall will be completed in the first half of 2025.

* Standard metal prices.

Governance

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Shareholder information

NKT A/S shares

The average daily turnover in NKT A/S shares on all trading markets was EUR 31m in 2024, against EUR 20m in 2023. The average daily trading volume was around 410,000 shares in 2024, against around 400,000 in the previous year. Nasdaq Copenhagen was the main trading market for the company's shares with 37% of the total traded volume in 2024.

At the end of 2024, the NKT A/S share price was DKK 514.50, compared to DKK 463.80 at end-2023.

The share price return was 11% for the period. In the same period, The corresponding dividend-adjusted share price returns for the company's largest European competitors, Prysmian and Nexans, were 51% and 33%, respectively. The Danish OMXC25 index, adjusted for dividends, declined by 2% in 2024.

NKT A/S is a member of the OMX Copenhagen 25 Index and the Nasdaq Copenhagen Large Cap index.

The total share capital consists of 53,720,045 shares, each with a nominal value of DKK 20, corresponding to a total nominal share capital of DKK 1,074,400,900 (approximately EUR 144m).

Dividend policy

The dividend policy of NKT A/S targets distribution of approximately one third of the net result for the year as dividend, provided that the capital structure allows this. Excess cash may be distributed as share buybacks or extraordinary dividends. No dividend payment is proposed in 2025 due to the planned continued execution of investments.

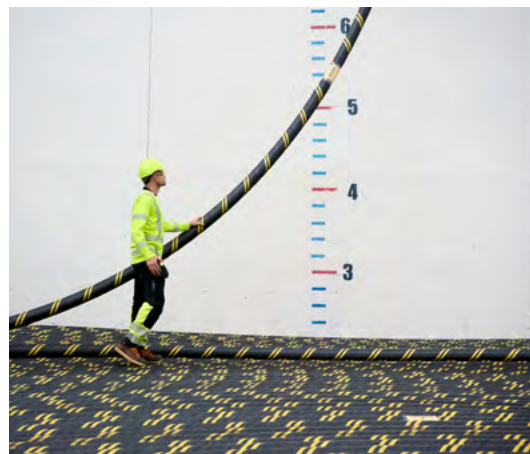
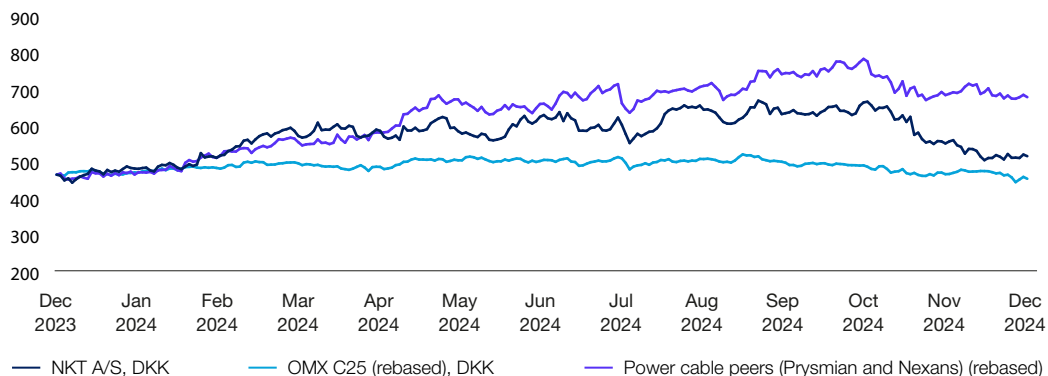
Shareholder structure

The NKT A/S share is 100% free float with no dominant shareholders. At end-2024, the company had approximately 52,400 registered shareholders, compared to approximately 40,800 at end-2023. At end-2024, 96% of the total share capital was registered, on par with the level at end-2023. 47% of the share capital was registered by Danish shareholders, while 49% was registered by shareholders outside of Denmark.

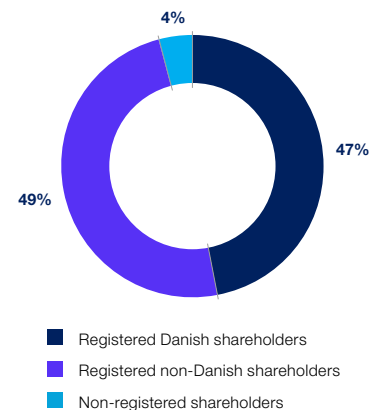
At end-2024, one NKT A/S investor had reported shareholdings of between 5.00–9.99%:

- Blackrock, Inc. (US), 5.26% (company announcement no. 11/2024)

NKT A/S share price development in 2024



NKT A/S Shareholders at end-2024



NKT A/S shares held by the Board of Directors and Executive Management

The members of the Board of Directors held a total of 58,682 NKT A/S shares at the end of 2024, corresponding to a total market value of EUR 3.7m. Members of the Executive Management team owned 11,279 NKT A/S shares, equalling a market value of EUR 0.4m. As part of the long-term incentive programme, the Executive Management team has been awarded performance shares.

Persons deemed insiders and their relatives may only transact NKT A/S

shares during a four-week window following the publication of financial statements, provided that no inside knowledge is possessed.

Investor relations

NKT A/S seeks to maintain close dialogue with the market and its stakeholders by practising open, transparent, timely, and consistent communication. The aim is to ensure that:

- Timely, relevant, and consistent information is provided to all IR stakeholders to form the basis of a fair valuation of the NKT share price

- NKT A/S is perceived as a professional, proactive, reliable, accessible, and transparent company
- Relevant IR information is shared with the Board of Directors
- Share liquidity and daily trading volume are high and a diversified shareholder base exists in terms of investment horizon, investment strategy, and geographical distribution.

In connection with the release of interim and annual reports, an investor presentation is conducted as a live webcast. Financial analysts, investors, the media, and other stakeholders are invited to listen in and ask questions concerning the company.

In addition, NKT A/S meets with stakeholders at around 200-300 yearly physical and virtual meetings in Denmark and internationally, while investors have an opportunity to meet the Board of Directors and the Executive Management at the company's Annual General Meeting.

The Investor section on the NKT A/S website includes current and historical share information, presentations, and a list of financial analysts who monitor the development in the company's shares. Interested parties can also subscribe to news releases.

More shareholder information is available at investors.nkt.com

NKT A/S shares – basic data

ID code:	DK0010287663
Listing:	Nasdaq Copenhagen, part of the OMX C25 index
Share capital:	EUR 144m (DKK 1,074m)
Number of shares:	53.7 million
Nominal value:	DKK 20
Share classes:	1

Ownership of NKT A/S shares (at end-2024)

Name	# of shares
Board members	
Jens Due Olsen	51,891
Rene Svendsen-Tune	6,666
Stig Nissen Knudsen	125
Executive management	
Claes Westerlind	6,446
Line Andrea Fandrup	4,833

Financial Calendar 2025

19 Mar.	Annual General Meeting
09 May	Interim Report, Q1 2025
15 Aug.	Interim Report, H1 2025
19 Nov.	Interim Report, Q1-Q3 2025

Corporate Governance

Management Structure

The NKT Group's governance framework comprises the Board of Directors, the Executive Management of NKT A/S, and the Group Leadership Team. This structure ensures clear accountability and effective oversight of the company's operations.

➤ See pages 49–51 for particulars of the Board of Directors and see pages 52-53 for the Executive Management and Group Leadership Team.

Board of Directors

The Board of Directors consists of nine members. Six members are elected annually at the Annual General Meeting (AGM), while three members are elected by Danish employees for a four-year term. At the March 2024 AGM, all six AGM-elected members were re-elected. The employee-elected members were elected during the ordinary elections in 2022. Connected to the divestment of NKT Photonics in

mid-2024, two employee-elected members were replaced by their alternates. Composition of the Board of Directors is outlined below.

- Six AGM-elected members: Three females and three males, with three residing in Denmark, two in Finland, and one in Germany.
- Three employee-elected members: One female and two males, all residing in Denmark.

Their nationalities include Danish, German, Finnish, and Dutch/Turkish.

Of the six AGM-elected members, one has served for over 12 years and is therefore not considered independent per Danish Corporate Governance Recommendations.

The Board of Directors brings an array of international experience spanning industry, renewable energy, risk management, infrastructure, technology, strategy, large projects, sustainability, international

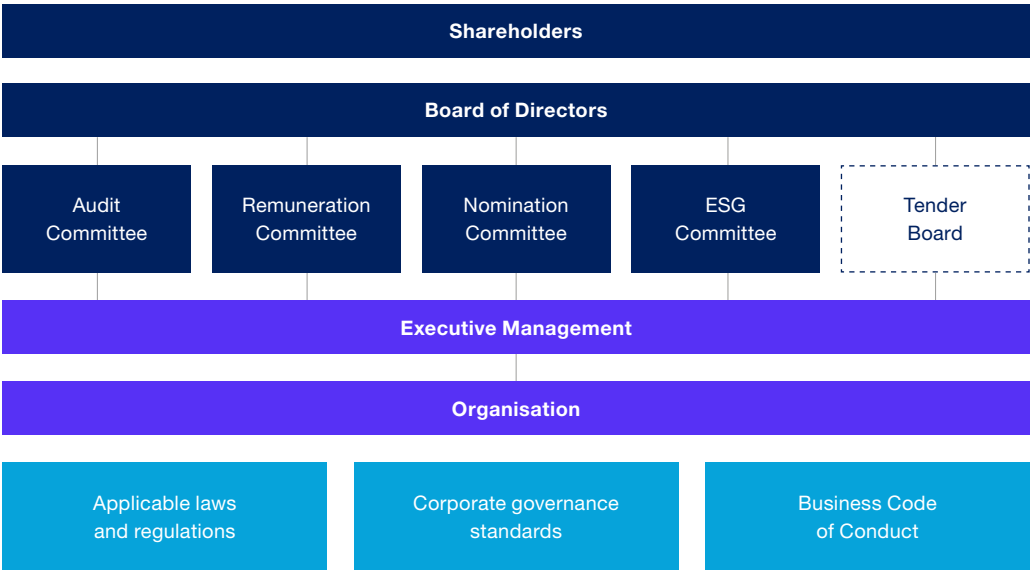
law, and finance. The Board of Directors has at least seven ordinary meetings annually.

Governance Framework

The Board of Directors has appointed a Chairmanship (Chair and deputy Chair) and has established five specialised committees to support its oversight responsibilities:

- **Audit Committee:** Oversees financial reporting, risk management, internal controls, compliance, and sustainability reporting.
- **Remuneration Committee:** Develops and monitors the company's remuneration policies.
- **Nomination Committee:** Assesses Board and leadership team qualifications and oversees annual Board assessments.
- **ESG Committee:** Provides strategic oversight of the company's Environmental, Social, and Governance (ESG) initiatives.

Corporate governance framework





- **Tender board:** Large tenders are evaluated by a standing Tender board in accordance with the NKT authorisation governance. The Tender board comprises three board members and the executive management. Neither receive special remuneration for this work.

Applicable laws, regulations, standards, and internal policies, including the NKT Code of Conduct, provide a foundation for governance.

Committees

The committees of the NKT Group are responsible for preparing and analysing matters within their respective areas, ensuring thorough groundwork for decisions by the full Board of Directors. Committees do not make material decisions independently, except where specifically mandated by regulation. All committee activities and recommendations are reported to the Board of Directors on a recurring basis for review and approval.

Terms of reference for the Committees can be found at investors.nkt.com

Audit Committee

The Audit Committee monitors risk management, financial and sustainability reporting, regulatory compliance, and internal controls. Key responsibilities include:

- Ensuring the integrity of financial and sustainability reports.
- Monitoring internal controls and EuroSox compliance.
- Overseeing auditor independence and statutory audits.
- Supervising the company's legal compliance program, cybersecurity measures, whistleblower scheme, and enterprise risk management program.

The EuroSox framework ensures robust financial controls across all major subsidiaries, combining manual and automated systems to reduce material risks. Annual assessments are conducted to evaluate the framework's effectiveness.

The Audit Committee oversees corporate compliance with the company's policies and guidelines on risk management and financial reporting, covering areas such as

accounting, treasury, currency and commodity hedging, insurance, financial resources, and tax.

The Committee also supervises the compliance programme, which includes the NKT Code of Conduct and related training initiatives. A whistleblower scheme enables employees and business partners to report suspected irregularities. Reported incidents are reviewed by the Chair of the Audit Committee, and serious matters are investigated thoroughly. If substantiated, appropriate measures are implemented.

All compliance-related activities and findings are regularly reported to the full Board of Directors, ensuring alignment and oversight.

Remuneration Committee

The Remuneration Committee sets and evaluates remuneration policies for the Board of Directors and Executive Management, ensuring alignment with shareholder interests and strategic objectives. The fixed remuneration is set to be competitive but not excessive.

At the AGM in 2025 the company will propose that the remuneration for the Board of Directors will be

unchanged from 2024. The level is deemed competitive and comparable to that paid by Danish and European companies of similar size and complexity.

- Board remuneration: Fixed fees approved annually. AGM-elected members do not participate in any of the company's incentive plans.
- Executive remuneration: A mix of fixed salaries and performance-based incentives tied to financial and strategic KPIs.

All parties must receive fair remuneration which is commensurate with the duties assigned and which represents an attractive incentive for long-term commitment.

See note 2.2 Staff costs in the financial statements and the remuneration report published at investors.nkt.com/corporate-governance/statutory-reports

Nomination Committee

This committee defines qualifications for leadership roles and facilitates annual Board assessments, conducted either internally or with external consultants. These assess-

ments evaluate Board effectiveness, competencies, and focus areas. The Board assessment for 2024 was performed in January 2025. Every third year the Board assessment is facilitated with assistance from external consultants. All other years the Board assessment is facilitated with internal resources. The Board assessment for 2024 was facilitated with internal resources.

The Board of Directors annually evaluates Executive Management,

mainly focusing on interaction with the Board and management’s competencies and performance. Findings are communicated to Executive Management by the Chair.

Target figure for the under-represented gender

Diversity remains a priority, with a target of at least 40% female representation on the Board. This target was surpassed in 2024, achieving 50% female representation among elected members.

ESG Committee

The ESG committee meets at least quarterly and has a standing slot in every ordinary Board of Directors meeting. Sustainability impacts, risks and opportunities, corporate policies, commitments, targets, strategies, sustainability budgets, and other matters on sustainability management are brought forward and discussed at the ESG committee.

Data Ethics

NKT respects all relevant data which is received or collected from its employees, customers, and other stakeholders, and such data is handled in compliance with applicable laws and regulations and in accordance with high ethical standards.

NKT’s data ethics policy, introduced in 2021, governs the ethical handling of data in compliance with applicable laws. Key priorities include integrating data ethics into operations,

developing responsible data-driven processes, and enhancing data privacy practices as part of the overall data privacy compliance and data protection programme at NKT.

Corporate Governance Standards

As a listed company on the Nasdaq Copenhagen Stock Exchange, NKT is subject to rules governing share issuers and the Danish Corporate Governance Recommendations.

NKT complies with the Corporate Governance Recommendations issued in December 2020. The company adheres to all 40 recommendations, demonstrating a strong commitment to transparency and accountability.

[Further details are available in NKT’s Corporate Governance Report 2024 at investors.nkt.com](#)

	Board of Directors (20 meetings**)	Audit Committee (8 meetings)	Remuneration Committee (5 meetings)	Nomination Committee (5 meetings)	ESG Committee (6 meetings)
Meetings in 2024					
Jens Due Olsen	19/20			5/5	6/6
René Svendsen-Tune	19/20			5/5	
Karla Lindahl	19/20	1/1			
Anne Vedel	18/20	7/8			
Andreas Nauen	19/20	8/8	5/5		
Nebahat Albayrak	17/20		5/5		6/6
Pernille Blume Jørgensen	18/20				
Akos Frank	11/11*				
Jean Iversen	11/11*				

* elected/appointed during 2024.
** Including the seven ordinary meetings and meetings on specific topics.

Board of Directors



Jens Due Olsen

Chair
Born 1963, Danish national
First elected in 2006
Not considered independent due to tenure

MSc Econ., 1990



René Svendsen-Tune

Deputy Chair
Born 1955, Danish national
First elected in 2016
Considered independent

BSc Eng. (hons.)



Karla Lindahl

Born 1981, Finnish national
First elected in 2020
Considered independent

MA in EC Competition Law, 2009
Master of Laws (LLM), 2005

NKT Committees:	■ ESG Committee ■ Nomination Committee	■ Nomination Committee, Chair	■ Audit Committee
Board of Directors' annual base remuneration:	DKK 1,125,000	DKK 750,000	DKK 375,000
NKT shares at 31 December 2024:	51,891	6,666	0
Other positions and directorships:	■ Advantage Investment Partners A/S, Chair ■ BørneBasketFonden (non-profit foundation), Chair ■ KMD A/S, Deputy Chair ■ European Energy, Chair	■ Nilfisk Holding A/S, Deputy Chair ■ Asetek A/S, Chair	■ KONE Corporation, Executive Vice President for Europe
Special qualifications:	■ Industrial management ■ Management of listed companies ■ Economic and financial matters ■ Risk management ■ Technology	■ International management ■ Management of listed companies ■ Specialist expertise in technology, service businesses, large account sales and strategy development with sustainability focus	■ International and industrial management ■ Expertise in leading service and project business and operations ■ Expertise in strategy development and execution as well as competition and corporate law

Board of Directors



Anne Vedel

Born 1981, Danish national
First elected in 2023
Considered independent

MSc International Technology Management, 2008



Andreas Nauen

Born 1964, German national
First elected in 2017
Considered independent

MSc Mechanical Eng. 1991



Nebahat Albayrak

Born 1968, Dutch/Turkish national
First elected in 2022
Considered independent

LLM International and European Law, 1993

NKT Committees:	■ Audit Committee	■ Remuneration Committee, Chair ■ Audit Committee, Chair	■ ESG Committee, Chair ■ Remuneration Committee
Board of Directors' annual base remuneration:	DKK 375,000	DKK 375,000	DKK 375,000
NKT shares at 31 December 2024:	0	0	0
Other positions and directorships:	■ Head of R&D, Vestas A/S	■ Sandbrook Capital, USA, Operating Partner ■ Havfram Holdco AS, Chair ■ Green Hydrogen Systems A/S, Board member ■ Semco Maritime A/S, Board member	■ Fortum Oyj, Executive Vice President, Sustainability and Corporate Relations
Special qualifications:	■ Expertise in driving energy transition ■ Senior leadership experience in the renewable energy industry ■ International expertise in technology, sales and sustainable energy solutions ■ Manage the development and design of new complex products and plant solutions for the wind industry	■ International and industrial management ■ Management of listed companies ■ Financial expertise from project business applying IFRS ■ Special expertise in technology, large infrastructure projects, renewable energy and wind power	■ Senior leadership experience in the energy industry and energy transition ■ International and industrial management ■ Experience from the public and private sector ■ Expertise in driving corporate sustainability strategy and performance ■ Specialist in corporate Reputation Management and Branding ■ Crisis management

Board of Directors



Pernille Blume Simonsen

Born 1983, Danish national
Elected by the employees, 2022
Not considered independent due to employment with NKT

Lean specialist
NKT (Denmark) A/S



Akos Frank

Born 1984, German national
Elected by the employees as an alternate board member in 2022
Assumed the role of full board member in 2024
Not considered independent due to employment with NKT

Head of Strategic Projects & Legal Operations
NKT Cables Group A/S

LLM in U.S. and Global Business Law, 2009
University Diploma in International Nuclear Law, 2008
Juris Doctor, 2008



Jean Iversen

Born 1968, Danish national
Elected by the employees as an alternate board member in 2022
Assumed the role of full board member in 2024
Not considered independent due to employment with NKT

Site Manager / Project Manager
NKT (Denmark) A/S

NKT Committees:			
Board of Directors annual base remuneration:	DKK 375,000	DKK 375,000	DKK 375,000
NKT shares at 31 December 2024:	0	125	0
Directorships and other positions:			
Special qualifications:			

Group Leadership Team

Executive Management



Claes Westerlind

President & Chief Executive Officer

Born 1982, Swedish national
Joined NKT in 2017
Education: MSc Mechanical Engineering, Chalmers University of Technology and Hong Kong University of Science and Technology

NKT positions: Chief Executive Officer and Member of Executive Management 2023
Various senior positions within NKT since 2017

Directorships: -

NKT shares at 31 December 2024: DKK 6,446



Line Andrea Fandrup

Chief Financial Officer, Executive Vice President

Born 1979, Danish national
Joined NKT in 2020
Education: MSc Business Administration and Math, 2004
INSEAD Transition to General Management 2015

Chief Financial Officer and Member of Executive Management 2020

Directorships: -

NKT shares at 31 December 2024: DKK 4,833



Will Hendrikx

Chief Operating Officer / Deputy CEO

Born 1964
Joined NKT in 2020
Education: BSc in Engineering and Management (HTS, Netherlands)



Michael C. Hjorth

Chief Commercial Officer

Born 1966
Joined NKT in 1995-2012 and in 2017
Education: BSc EE + Maersk Young Manager's programme



Darren Fennell

Executive Vice President, Head of HV Solutions Karlskrona

Born 1975
Joined NKT in 2012
Education: Bachelor's degree in Construction Economics & Management



Carlos Fernandez

Executive Vice President, Head of Applications

Born 1971
Joined NKT in 2021
Education: Bachelor of Mechanical Engineering (B.E.) (Universitat Politècnica de Catalunya), Postgraduate in Business Administration (IESE Business School)

Group Leadership Team



Anders Jensen

Chief Technology Officer

Born 1964

Joined NKT in 1993-2013 and in 2018

Education: MSc in Electrical Engineering (Technical University of Denmark), BSc in Strategic Management and Business Development (Copenhagen Business School, Copenhagen)



Mark Skriver Nielsen

Chief Legal Officer

Born 1968

Joined NKT in 2019

Education: Attorney and Master of Law (University of Copenhagen and Queen Mary University of London)



Lukas Sidler

Executive Vice President, Head of HV Solutions Cologne

Born 1977

Joined NKT in 2022

Education: Business Administration with major in Industry and International Production, Zurich University of Applied Sciences



Michael Yong

Chief Strategy Officer

Born 1974

Joined NKT in 2021

Education: Juris Doctor (George Washington Law School, USA), International MBA (IE Business School, Spain), BSc Mechanical Engineering (University of Tennessee, USA)



Kira Johnson

Chief Human Resources Officer

Born 1974

Joined NKT in 2021

Education: MSc Political Science & Government, University of Copenhagen



Denis Schuler

Executive Vice President, Head of Accessories

Born 1973

Joined NKT in 2023

Education: Executive Master of Business Administration, Zurich University of Applied Sciences



Axel Barnekow Widmark

Executive Vice President, Head of Service

Born 1977

Joined NKT in 2020

Education: MSc Engineering Physics from the Royal Institute of Technology

Sustainability statement

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05

Reader's guide

NKT's sustainability statement

NKT is committed to driving improved sustainability performance across the value chain. NKT supports the highest standards of transparency and harmonised sustainability reporting.

This section provides NKT's sustainability statement, prepared in accordance with the disclosure requirements of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS).

It details NKT's sustainability related activities and material sustainability matters.

Structure of the sustainability statement

NKT follows the ESRS reporting structure. The statement begins with a general information section,

which establishes how the statements have been prepared including on specific circumstances and methodology.

The general information section covers:

- Basis for preparation
- Sustainability governance
- Strategy and NKT's value chain
- Impact, risk and opportunity management

Following NKT's double materiality assessment (DMA), the subsequent sections address material sustainability matters within NKT's operations and value chain.

NKT addresses material topics in two separate manners: Topics with strategic focus and topics only material in the value chain.

NKT puts strategic focus on the following four material topics, each of which are further detailed in sections of their own:

- Climate change
- Circularity
- Own workforce
- Business conduct

NKT addresses topics that are assessed to be material only in the value chain from a due diligence perspective. These topics are disclosed in two consolidated chapters:

- Other environmental responsibilities
- Other social responsibilities

Environmental information (page 76)	Social information (page 100)	Governance information (page 110)
Climate change EU Taxonomy Resource use and circular economy Other environmental responsibilities in the value chain	Own workforce Social responsibility in the value chain	Business conduct

General information

- 57 Basis for preparation
- 59 Sustainability governance
- 62 Strategy, business model, and value chain
- 65 Impact, risk, and opportunity management

General information
Basis for preparation

Basis for preparation

General basis for preparation of sustainability statement

BP-1
The scope of the sustainability statement is the same as for the financial statements, comprising the consolidated sustainability statement of NKT A/S and its subsidiaries (NKT Group).

SolidAI was included in NKT's sustainability statement, as well as policies, actions, and targets, following the acquisition. For more details on the acquisition of SolidAI, refer to:

 [Acquisition of SolidAI on page 19](#)

The sustainability statement covers upstream and downstream activities, as well as NKT's own operations. The respective sections explicitly state when assets under operational control are included in the disclosures.

None of the environmental, social and governance (ESG) metrics presented in this statement have been validated by an external body, other than the assurance provider, PwC.

NKT makes use of the transitional provision available for metrics, which stipulates that certain metrics can be omitted or simplified during the initial reporting periods.

Confidentiality
NKT uses the option to omit the following information: The overall total weight of products and technical and biological materials used during the reporting period; and the absolute weight of secondary reused or recycled components, secondary intermediary products and secondary materials used to manufacture products and services (including packaging). The information is considered confidential due to competitive reasons.

Disclosures in relation to specific circumstances

BP-2
NKT is required to comply with the CSRD and the ESRS as of the reporting period ending at 31 December 2024.

In the inaugural year of compliance with the CSRD and ESRS requirements, NKT's sustainability statement has undergone significant changes in the preparation of sustainability information to comply with the requirements set forth in the new legislation. These updates include an expanded scope, revised key performance indicators (KPIs), and enhanced data collection processes. Attempting to retroactively apply these standards is not feasible and may result in data that lacks accuracy. NKT has assessed that such an approach would not enhance the value of the annual report. Consequently, this sustainability statement will not include comparative numbers

in the inaugural year. Furthermore, the data from previous annual sustainability statement cannot be directly compared with the data reported in the 2024 annual report. NKT's base year of 2019 has been restated to incorporate the structural and methodological changes implemented in the 2024 sustainability statement. The restatement resulted in a decrease of NKT's total greenhouse gas (GHG) emissions (market-based) by 45%, primarily due to a revised methodology for calculating Scope 3, category 11: Use of sold products (indirect).

Accounting policies are included in the sections to which they relate in order to facilitate understanding of the content and the accounting treatment applied.

Significant estimates and judgements
Significant estimates and judgements are employed throughout this sustainability statement.

NKT has made significant efforts to ensure the accuracy and correctness of its data disclosures through the utilisation of primary measurement data and the centralisation of emission calculations.

Selected data points are partially based on estimates due to dependency on information from NKT's suppliers. For these data points, a process has been implemented to evaluate and, if necessary, improve the accuracy of these estimates.

Presentation in the statement:

 Significant estimates and judgements

The employment of significant estimates and judgements is stated in the relevant sections. These sections include detailed explanations of the methodologies applied for these significant estimates and judgements.

Furthermore, NKT has made the following significant estimates and judgements:

Disclosure Requirement	Significant estimate and judgement	Estimate/Judgement
E1-4	Emission reduction progress	Judgement
E1-5, E1-6	Assets under operational control	Judgement
E1-6	Scope 3 category 11	Estimate
E5-4, E5-5	Data source	Judgement
E5-4, E5-5	Conversion of unit of measure	Estimate

General information

Basis for preparation

Incorporation by reference

The table shows an overview of where information can be found relating to ESRS disclosures that have been incorporated by reference and thereby outside of the sustainability statement. These disclosures can be found as part of the Management review or the Remuneration report.

Disclosure requirement	Where can the information be found	Page
Market position, strategy, business model, and products and services (ESRS 2 SBM-1, paragraph 38, 40a, 42a, b)	Business organisation	11, 32
The role of the administrative, management, and supervisory body (ESRS 2 GOV-1, paragraph 21 b, c)	Corporate Governance	46
The role of the administrative, management, and supervisory body (ESRS 2 GOV-1, paragraph 23)	Board of Directors	49-51
	Group Leadership Team	52-53
Integration of sustainability-related performance in incentive schemes (ESRS 2, paragraph 29a, b, e)	Remuneration report	4, 6-8

General information

Governance

Sustainability governance

Role of the administrative, management, and supervisory bodies, and sustainability matters addressed

GOV-1, GOV-2, G1.GOV-1

Composition

The governance structure at NKT, following Section 5(1)(20) of the Danish Companies Act, consists of two bodies:

- The Board of Directors (BoD) as the supervisory body
- The Group Leadership team (GLT) as the administrative and management body

The NKT BoD is accountable for the oversight on sustainability matters at NKT. The BoD is registered with the Central Business Register (CVR) for NKT A/S.

The BoD consists of 4 female and 5 male members. The gender diversity ratio is 0,8 female per male. There are 0 executive members, and 9 non-executive members, and 56% are considered independent Board members.

The GLT consists of 2 female and 11 male members. The gender diversity ratio is 0,18 female per male. There are 2 executive members and 11 non-executive members.

The BoD are further described in the management review, here:

[Corporate governance on page 46](#)



Accounting policy

Gender diversity ratio

The gender diversity ratio is calculated using the following formula:

$$\frac{\text{Number of females}}{\text{Number of males}}$$

Independent Board members

The percentage of independent Board members is calculated using the following formula:

$$\frac{\text{Number of independent Board members}}{\text{Total number of Board members}} * 100$$

Roles and responsibilities

The ESG Committee serves as the central governing instrument of the Board on sustainability matters while the Audit Committee oversees the integrity, processes, controls, the audit processes, and

disclosures of sustainability matters. Important items are brought forward by the ESG Committee to the Board for information, consultation and if necessary, endorsement. The ESG Committee operates under its own Terms of Reference, which are accessible at:

[Committee Composition on page 48](#)

The ESG Committee consists of a Board member with executive level experience within ESG who is also the Chair of the Committee as well as the Board Chair. The Chief Executive Officer (CEO), the Chief Commercial Officer (CCO) and the Vice President of Group Sustainability serve the committee. The committee meets quarterly and has a standing slot in every ordinary Board meeting.

The role and responsibilities of the Board include:

- Integrating sustainability into NKT's strategy, aligning with key ESG priorities and global frameworks, while setting clear goals for long-term impact.
- Overseeing sustainability risks, opportunities, the implementation of due diligence processes, and progress toward targets by monitoring performance metrics and ensuring accountability.
- Ensuring compliance with sustainability regulations, including the CSRD, and alignment with Denmark's and the EU's climate goals.
- Addressing stakeholder concerns and promoting transparency.
- Establishing relevant governance structures and ensuring sustainable practices.

- Ensuring sustainability initiatives drive long-term value, encouraging innovation and aligning business goals with environmental and societal needs.

The GLT's role

The role and responsibilities of the GLT include:

- Translating NKT's sustainability strategy into measurable goals and implementing them across the organisation.
- Integrating sustainability practices into daily operations.
- Identifying and managing sustainability risks while ensuring compliance with regulations such as the CSRD.
- Tracking ESG performance and producing transparent, accurate sustainability reports aligned with global standards.

General information

Governance

- Promoting proactive sustainability culture, engaging employees, and providing training to support ESG goals.
- Communicating sustainability initiatives to stakeholders and forming partnerships to amplify impact.

Access to expertise and skills within the Board

The Board conducts annual evaluations to ensure it has the right competencies, including sustainability. The latest assessment in January 2024 confirmed that the Board collectively possesses expertise in, among other aspects, sustainability. These evaluations help identify competency gaps and support succession planning. This also ensures that the collective skills and knowledge of the Board are sufficient to effectively manage material impacts, risks and opportunities. The Board will engage the ESG committee whenever strategic changes are anticipated to impact ESG-related topics. To read more

about the expertise and skills of the Board, see:

[Board of Directors on page 49](#)

Details on material sustainability matters can be found here:

[Double materiality assessment on page 65](#)

Incentive schemes and remuneration policy

GOV-3

Information on the remuneration policy as well as long-term and short-term incentive schemes for the Board and Executive Management can be found in the Remuneration Report 2024 here:

[Remuneration report 2024](#)

The short-term incentive plan for Executive Management includes measures related to diversity and inclusion together with health and safety.

Safety-related measures in the short-term incentive plan made up 12% of NKT's 2024 Group financial bonus targets. The safety-related measures are measured as the Rate of work-related accidents (RWA) and the Safestart program completion rate. For more details on RWA and the Safestart program, see:

[Health and safety actions on page 102](#)

NKT currently has no climate-related criteria for their incentive schemes in 2024.



General information

Governance

Statement on due diligence
GOV-4

Due diligence plays an important role for NKT in managing risks and ensuring informed decision-making. NKT's work with due diligence builds trust with stakeholders, demonstrating commitment to responsible business practices.

NKT's due diligence approach is outlined in different sections of this report.

Risk management and internal controls over sustainability reporting
GOV-5

NKT has implemented mitigating processes and internal controls to manage risks associated with its sustainability reporting, such as material misstatements arising from human errors and incomplete data.

NKT has adopted comprehensive internal accounting guidelines

based on ESRS requirements for sustainability data, which are presented in the sustainability statement.

In addition to its comprehensive internal accounting guidelines, NKT performs monthly reviews of the environmental sustainability data, which is collected through a dedicated sustainability reporting software. Social and Governance data is collected through separate

processes and is subject to a comprehensive review process.

Furthermore, NKT has a clear and defined governance for sustainability which ensures key risks are presented to and tracked by the Audit and ESG committees. For details on the sustainability governance, see:

 [Sustainability governance on page 59](#)

NKT will continue improving the design of the internal control and risk management systems for sustainability reporting. NKT recognises that these systems are not yet as mature as those for financial reporting. Therefore, NKT is committed to improving them to ensure that its sustainability reporting continue to present a true and fair view of NKT's performance, free from material misstatements, and in compliance with current legislation.

Core elements of due diligence	Pages in the sustainability statement
a) Embedding due diligence in governance, strategy, and business model	62 111
b) Engaging with affected stakeholders in all key steps of the due diligence	67 74
c) Identifying and assessing adverse impacts	74
d) Taking actions to address those adverse impacts	98-99 107-109 111-113
e) Tracking the effectiveness of these efforts and communicating	106 108-109 111-113

General information

Strategy

Strategy, business model, and value chain

SBM-1

Strategy

The corporate strategy, "ReNew BOOST," integrates sustainability across all three pillars, with the third pillar, "Let's drive sustainability," focusing on:

- Decarbonisation and climate action
- Circularity
- A fair, inclusive, and safe workplace
- Responsible business

This approach considers employees, communities, and the corporate value chain. NKT aims to drive sustainability while capitalising on opportunities from the broader sustainability transition. Additionally, NKT aspires to be an active partner and change agent in an accelerated transition.

NKT's corporate strategy, particularly in the areas of decarbonisation and circularity, reflects NKT's material topics from the DMA. Furthermore, the social aspects of the strategy are connected to social standards and material topics, ensuring a comprehensive approach to sustainability.

NKT has not set sustainability-related goals that are specifically assigned to significant groups of products and services, customer categories, geographical areas, or relationships with stakeholders. However, NKT adopts a strategic approach to value chain decarbonisation by prioritising specific commodities. This focused strategy emphasises key materials such as copper, aluminium, PVC, XLPE, steel, and lead, ensuring that efforts

are concentrated where they can have the most significant impact.

Business model, products, and services

Information on NKT's business model, strategy, products, and services can be found in the management review here:

[NKT Strategy on page 23](#)

[Business line organisation on page 32](#)

For more information on employees by geographical area, see:

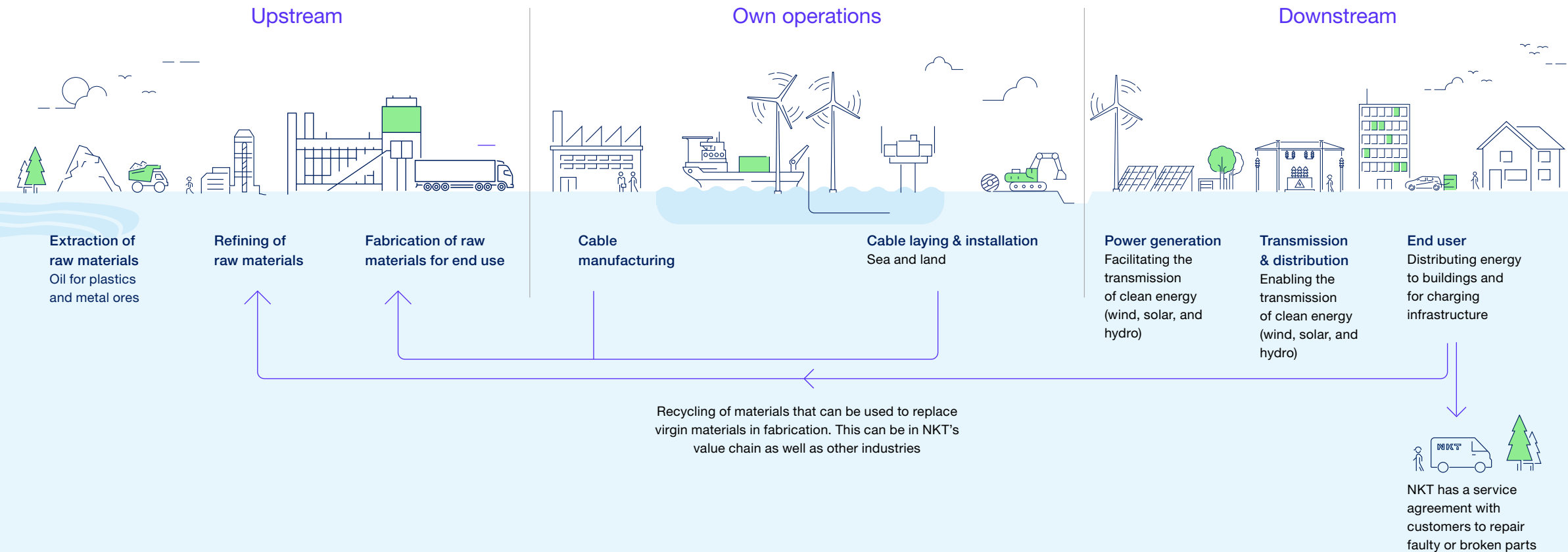
[Characteristics of employees on page 104](#)



General information

Strategy

Value chain



General information
Strategy

Interests and views
of stakeholders
SBM-2

NKT uses a bottom-up approach for strategy development. This means that the business lines and functions within the company develop their own strategies with guidance from the BoD and executive man-

agement, which are then combined at the group level.

These business lines and functions have many interactions with external stakeholders, such as customers, suppliers, investors, and partners. Through these interactions, the business lines gather valuable insights and feedback. Although NKT does not specifically ask for

external input on the strategy, the views and interests of stakeholders are considered implicitly. This happens naturally through the numerous interfaces and relationships that the business lines and functions maintain with external parties.

In this way, NKT ensures that the perspectives of stakeholders are reflected in its strategy and busi-

ness model, even if they are not directly consulted. This approach allows NKT to stay connected with its stakeholders and adapt to their needs and expectations, while still maintaining a clear and cohesive strategy developed internally.

For sustainability-related strategy elements, NKT's double materiality approach includes extensive

stakeholder involvement. This involves gathering insights from various stakeholders in the value chain, such as suppliers, customers, affected communities, and workers. These views are crucial for the DMA, which in turn shapes the sustainability strategy. More details on stakeholder involvement in this assessment can be found here:

 [Double materiality assessment on page 65](#)

Through these comprehensive stakeholder engagement efforts, NKT continues to build strong, collaborative relationships that support its long-term business goals.

Some key stakeholder groups and how they have been involved

Customers

NKT's commitment to customer satisfaction is reflected in regular meetings with customers, where their needs and how the company can better serve them is discussed.

Investors

NKT holds regular investor meetings to provide transparency, share its strategic vision, and gather valuable insights from investors.

Employees

NKT actively seeks feedback from its employees through regular employee surveys, fostering an inclusive and responsive workplace culture.

Suppliers

NKT maintains strong relationships with its suppliers, engaging with them to ensure mutual, sustainable growth and adherence to sustainability standards.

Membership in organisations

NKT is an active participant in various member organisations, allowing the company to stay at the forefront of industry developments and collaborate on key initiatives.

General information

Impact, risk, and opportunity management

Impact, risk, and opportunity management

Double materiality assessment process

IRO-1, IRO-2, SBM-3

In 2024, NKT conducted a DMA to understand the impacts, risks, and opportunities (IROs) associated with its business. This assessment followed a structured approach, aligning with the European Financial Reporting Advisory Group (EFRAG) guidelines and the ESRS.

1

Defining context and scope

2

Identifying impacts, risks, and opportunities

3

Assessing impacts, risks, and opportunities

4

Calibrating with internal stakeholders

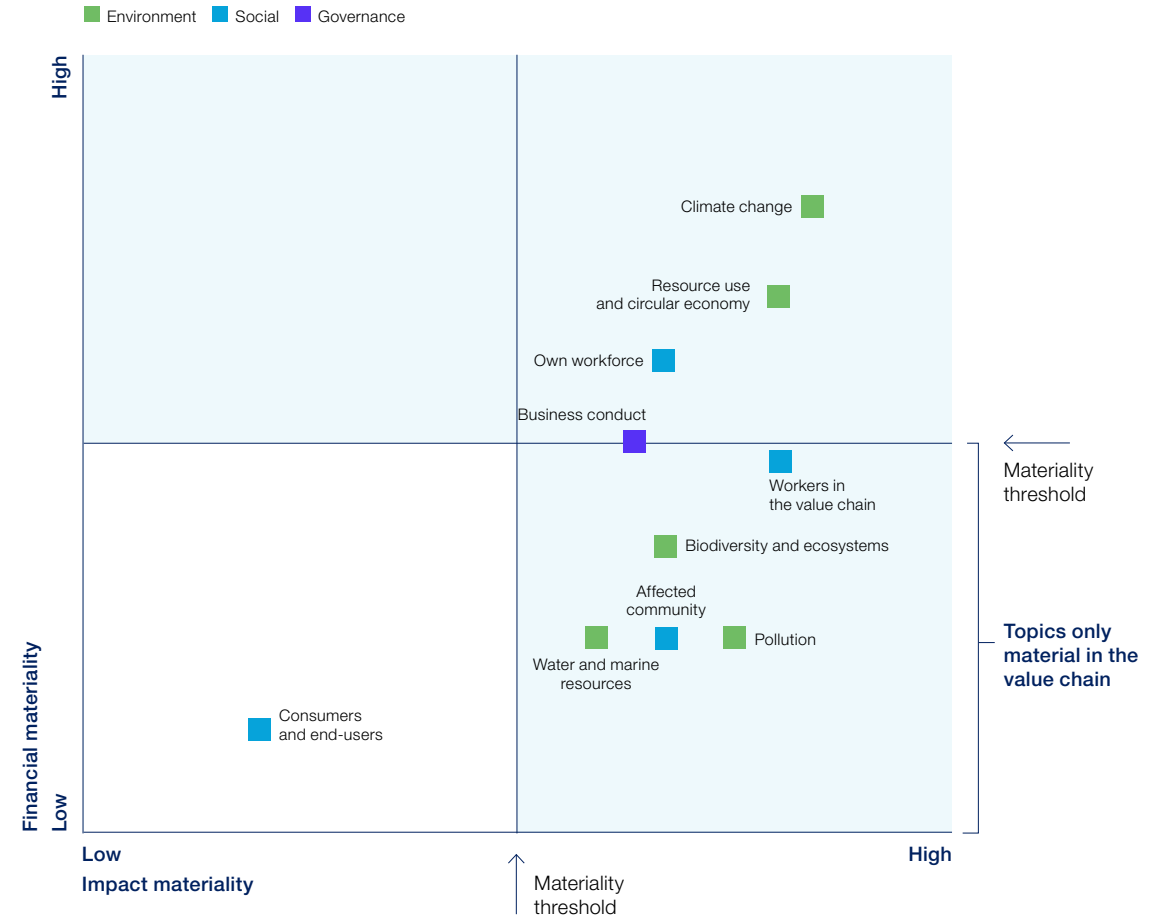
5

Determining materiality

6

Endorsement by board and management

The results of the double materiality assessment can be found in the matrix



General information

Impact, risk, and opportunity management

1. Defining context and scope

In 2024, NKT initiated the DMA by establishing the context and scope. This foundational step involved mapping activities, products, services, and locations, and describing how these elements are interconnected within the business model. A value chain mapping including a spend analysis was conducted to prioritise key suppliers and materials. By categorising suppliers based on economic relevance and potential impact, high-risk materials such as copper, aluminium, steel, lead, XLPE, and PVC were identified. This analysis helped map the upstream value chains, focusing on key commodities. The downstream value chain focuses on key markets and customer segments. For more information, see:

[Strategy, business model, and value chain on page 62](#)

2. Identifying IROs

The second step of the DMA involves identifying the IROs. Following the recommendations and guidelines of EFRAG, the list of

sustainability matters found in ESRS 1 AR16 were used covering ESG sustainability matters. Based on this list, an evaluation matrix was developed for all sustainability matters and covering key screening criteria:

- Which type of IRO is it?
- Where in the value chain is the IRO located (upstream, own operations, or downstream)?

All sustainability matters were screened across criteria to identify which IROs might be material based on the defined context and scope. The previous DMA, desktop research, databases, reports, and stakeholder input constituted the key sources that informed the screening process.

3. Assessing IROs

During the third step of the process, the potential and actual negative and positive impacts, as well as financial risks and opportunities over various time horizons were assessed and scored. Scoring followed EFRAG guidance to assess

impact and financial materiality. The assessment excluded mitigation actions as recommended by EFRAG.

Impacts were scored using characteristics such as scale, scope, irremediability (for negative impacts), and likelihood (for potential impacts). For potential negative human rights impacts, severity took precedence over likelihood. The human rights risk assessment and the climate risk assessment, were used as input to assess and score potential and actual impacts.

Financial risks and opportunities were scored based on financial magnitude and likelihood, with the financial effects quantified through integration with the Enterprise Risk Management (ERM) model. The scoring was partially aligned with ERM, with plans to further integrate sustainability matters into the ERM going forward.

All characteristics were scored, creating a possible scale of 0 to 25.

4. Calibrating with internal stakeholders

The fourth step of the process included calibration and validation of scoring of IROs through internal workshops. Here, IROs were prioritised based on relevance and impact. The calibration of topics included discussions on dependencies and how to account for them during the assessment.

5. Determining materiality

In the fifth step of the process, materiality was determined. The materiality threshold was set at 50% of the possible scale between 0 to 25 at 12.5, for both impact materiality and financial materiality. The materiality threshold has been set by considering two key aspects: Transparency and uncertainty. NKT aims to provide stakeholders with clear insights into its impacts, risks, and opportunities, ensuring that the threshold does not obscure transparency. Given the significant uncertainty associated with these assessments, the threshold is set to avoid deeming a topic material without sufficient knowledge. This

balanced approach was established through collaboration with the assessment team, participants in calibration workshops, and senior management, and was confirmed through various stakeholder engagement discussions.

Relevant disclosure requirements and data points were determined based on material matters at a sub-sub-topic level. Then, the materiality of information to define the scope of reporting was applied on metrics. Data points with transitional options have been used. All significant information to meet users' decision-making needs have been reported on.

6. Endorsement by board and management

The results of the DMA were presented to senior management for final validation and to the BoD for endorsement. The reporting phase ensured transparency and accuracy in addressing significant sustainability matters across NKT's operations and value chain.

The results of the DMA will be taken into account in updating the business strategy and supporting initiatives. The DMA will be updated annually.

Stakeholder involvement in the DMA

During the DMA process NKT engaged with a variety of stakeholders to gather insights. This process included interviews and dialogues with external stakeholders, including suppliers, customers, and Non Governmental Organisations (NGOs).

As part of the DMA, stakeholder interviews were held to validate and enhance its findings. The initial hypotheses on IROs were derived from desktop research, which were then presented to stakeholders for input. This process allowed for the incorporation of specific contextual details into NKT's general observations. For accuracy insurance, new data from stakeholders was then cross-verified against the initial research. This method confirmed that conclusions were comprehensive and robust.

General information

Impact, risk, and opportunity management

Purpose of engagement

The stakeholder engagement process aimed to qualify and validate observations on impacts, risks, and opportunities, gather detailed information specific to NKT's supply chain, and ensure a comprehensive understanding of the value chains and their associated impacts. This engagement process helped identify and prioritise material topics, ensuring a thorough understanding of both upstream and downstream impacts.

Stakeholders engaged

Engaging in dialogues with external stakeholders is crucial for NKT. These dialogues ensure that NKT remains transparent and responsive to the concerns of its suppliers, customers, and affected stakeholders.

Suppliers: Suppliers were interviewed to identify potential and actual IROs in the upstream value chain of key materials. NKT focused on conducting interviews with stakeholders across all key material supply chains. This approach

ensured that it enhanced desktop analyses with stakeholder data on different topics such as workers in the value chain.

Customers: Customers were interviewed to identify potential and actual IROs in the downstream value chain. The selection ensured that NKT covered customers across all business lines and key customer segments. This approach enhanced its findings with customer input across the downstream value chain.

Affected stakeholders: NKT recognises the importance of engaging with affected stakeholders such as affected communities and workers in the value chain, especially regarding human rights. The DMA process included engagement with third-party organisations such as The Initiative for Responsible Mining Assurance (IRMA), the Copper Mark, and the Danish Human Rights Institute, which have been used as proxies for affected communities and stakeholders. Interview partners have been selected for their overall knowledge of human rights

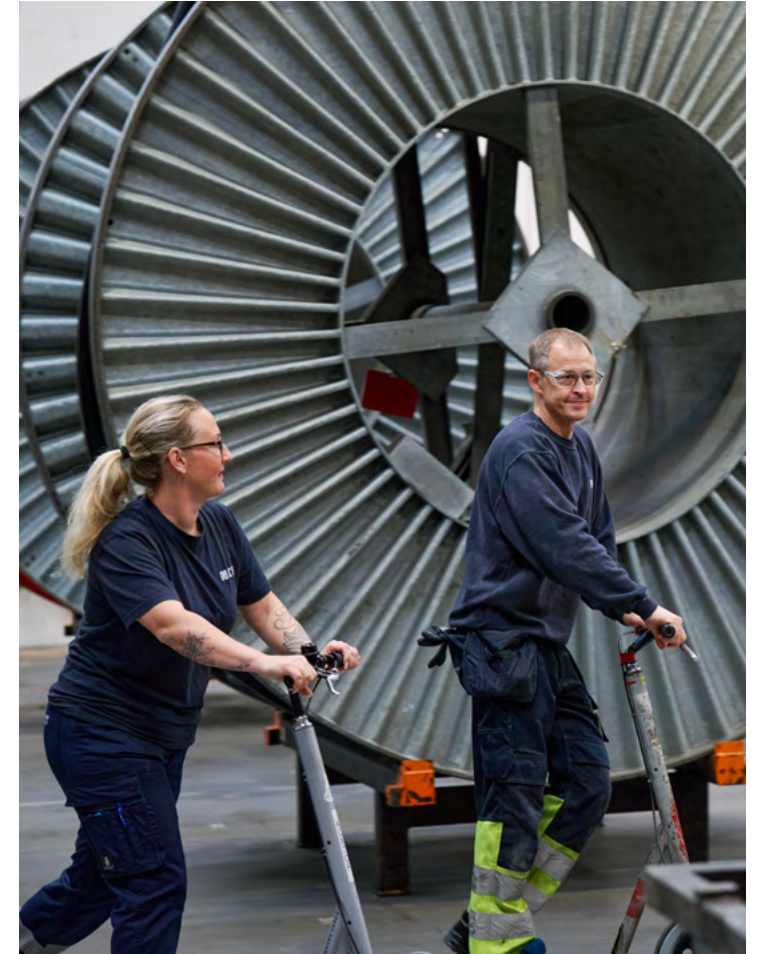
and their multi-stakeholder organisation structure.

Employees: Employees participated in internal workshops where they contributed to the calibration and validation of impacts, risks, and opportunities. These workshops allowed employees to discuss and evaluate the relevance and impact of different material topics, ensuring their insights and perspectives were integrated into the assessment.

Common themes and concerns raised

Stakeholders emphasised the importance of decarbonisation and circularity, and highlighted the need for addressing human rights issues and improving working conditions in the value chain. These themes reflect a broad range of concerns and priorities, all of which are important for NKT's strategy and operations.

The Board has been informed about stakeholder engagement in the DMA process.



General information

Impact, risk, and opportunity management

Material impacts, risks, and opportunities

SBM-3

Climate change

E1

Sustainability matter	IRO type	Upstream	Own operations	Downstream	Time horizon
Climate change mitigation NKT's operations and value chain contribute to greenhouse gas emissions. Emissions arise from fossil fuel use in manufacturing and installation, and from key materials like conductor metals and insulation. These supply chains are difficult to decarbonise. Additionally, NKT power cables are part of an energy system that is not yet fully decarbonised.	Actual negative impact	■	■	■	All
Climate change necessitates an energy transition, making power cables essential infrastructure. This presents a commercial opportunity for NKT. NKT's diverse cable range supports this transition, boosting market position and stakeholder confidence.	Financial opportunity		■		Medium and long-term
If decarbonisation efforts fall short of Net Zero Emission goals or the Paris Agreement, demand for energy transition technologies, including NKT's, could decline due to unfavorable policies.	Financial risk		■		Medium and long-term
Energy NKT's operations and value chain rely on fossil fuels, generating greenhouse gas emissions. This includes natural gas in production, fossil fuels for cable-laying, and energy-intensive processes by metal and plastic suppliers.	Actual negative impact	■	■		All
NKT faces risks from energy supply availability and price fluctuations, impacting operations and suppliers. The energy transition increases demand for power cables, but this demand depends on the transition's pace.	Financial risk		■		All
Climate change adaptation NKT has identified both acute risks, like extreme weather events, and chronic climate-related physical risks that could impact company assets, operations, and supply chain.	Financial risk	■	■		All

Resource use and circular economy

E5

Sustainability matter	IRO type	Upstream	Own operations	Downstream	Time horizon
Resource inflows, including resource use NKT uses significant amounts of virgin materials with environmental impacts. The material flow is mostly linear.	Actual negative impact	■	■		All
Resource inflows with adverse negative effects on people and environment can cause reputational damage and resource shortages, affecting production. Resource shortages from mines pose a risk to production.	Financial risk	■	■		All
Resource outflows related to products and services The materials used by NKT follow a linear system, from extraction to end-of-life. Power cables last up to 40 years, but many remain in place as potential resources despite recycling technologies.	Actual negative impact			■	All
Demand for circular products is rising, making product footprint crucial for customers. Failing to improve circularity can lead to missed opportunities.	Financial risk		■		Medium-term
Waste Mining metal ores generates waste and by-products, impacting the environment.	Actual negative impact	■			All

General information

Impact, risk, and opportunity management

Pollution

E2

Sustainability matter	IRO type	Upstream	Own operations	Downstream	Time horizon
Pollution of soils Mining can cause heavy metal contamination, harming soil, ecosystems, and human health.	Actual negative impact	■			All
Pollution of water Mining wastewater can pollute water sources, affecting aquatic life and human health.	Actual negative impact	■			All
Pollution of air Smelting and refining raw materials for NKT's products releases air pollutants, degrading air quality and posing health risks.	Actual negative impact	■			All

Water and marine resources

E3

Sustainability matter	IRO type	Upstream	Own operations	Downstream	Time horizon
Water Mining and metal processing require significant water, impacting local water sources and the hydrological cycle.	Actual negative impact	■			All

Biodiversity and ecosystems

E4

Sustainability matter	IRO type	Upstream	Own operations	Downstream	Time horizon
Impacts on the extent and condition of ecosystems Mining degrades land, causing habitat destruction, fragmentation, and wildlife displacement.	Actual negative impact	■			All
Direct impact drivers of biodiversity loss Mining contributes to biodiversity loss through habitat destruction and ecosystem changes.	Actual negative impact	■			All
Impact on the state of species Mines in natural habitats cause significant species impacts, including habitat destruction and fragmentation.	Actual negative impact	■			All

General information

Impact, risk, and opportunity management

Own workforce

S1

Sustainability matter	IRO type	Upstream	Own operations	Downstream	Time horizon
Equal treatment and opportunities for all / Training and skills development Equipping employees with necessary skills ensures they can effectively contribute to the company's ambitions and align with its strategic goals.	Actual positive impact		■		All
Working conditions / Health and safety Health and safety risks in cable manufacturing can impact market perception if not managed well. Customers and stakeholders consider this information when selecting suppliers.	Financial risk		■		All
Working conditions / Health and safety There are inherent health and safety risks associated with the manufacturing of cables. If not mitigated, the consequences of hazards can result in severe injuries for the individual employee.	Actual negative impact		■		All

Workers in the value chain

S2

Sustainability matter	IRO type	Upstream	Own operations	Downstream	Time horizon
Working conditions / Health and safety Workers in NKT's value chain face significant health and safety risks in the mining, smelting, and refining of metals.	Actual negative impact		■		All

Affected communities

S3

Sustainability matter	IRO type	Upstream	Own operations	Downstream	Time horizon
Communities' civil and political rights Human rights defenders protecting communities from the impacts of industrial activities, such as mining, face violations and threats.	Actual negative impact		■		All
Particular rights of indigenous communities Mining activities in indigenous regions cause environmental conflicts with local communities.	Actual negative impact		■		All
Communities' economic, social, and cultural rights Mining affects communities by reducing water availability, displacing people, and causing land impacts.	Actual negative impact		■		All

General information

Impact, risk, and opportunity management

Business conduct

G1

Sustainability matter	IRO type	Upstream	Own operations	Downstream	Time horizon
Corruption and bribery Corruption is prevalent in countries where mining activities take place. Corruption in these high-risk locations within NKT's supply chain causes societal harm in those regions and therefore leads to negative impacts.	Actual negative impact	■			All
Political engagement and lobbying activities NKT's supply chain may face human rights and environmental issues due to insufficient government oversight, leading to potential labour rights violations and environmental degradation.	Actual negative impact	■			All
NKT actively advocates for policy changes to accelerate the energy transition, supporting initiatives aimed at speeding up the shift to clean energy sources.	Actual positive impact		■		All



General information

Impact, risk, and opportunity management

The processes to identify and assess material impacts, risks, and opportunities

E1.IRO-1, E1.SBM-3, E2.IRO-1, E3.IRO-1, E4.IRO-1, E5.IRO-1, G1.IRO-1, E4.SBM-3

To identify and assess material IROs NKT used the process and methodology outlined in the DMA process.

To read more about stakeholder engagement including affected stakeholders in the DMA, see:

[Stakeholder involvement in the DMA on page 66](#)

No assets and activities have been formally screened, related to resource use and circular economy, pollution, and water and marine resources, in order to identify actual and potential impacts, risks, and opportunities in own operations and upstream and downstream value chain. This has not been performed as the topics have been assessed and screened throughout the DMA

process. The assessment on these topics focused on the high-risk materials that were identified during the DMA.

Biodiversity and ecosystems

NKT has identified a negative impact within the sub-topic "Impacts on the extent and condition of ecosystems". Mining is a land degradation activity and the negative impact is therefore high.

NKT conducted an environmental impact assessment, identifying two sites in Karlskrona in a biodiversity sensitive area (0-500m) and six sites near a biodiversity sensitive area (500m-5km). The analysis revealed that no negative impacts have been determined based on the site-specific environmental impacts assessment. The DMA showed that biodiversity matters are not material to NKT's own operations but negative impacts were identified within the value chain.

No dependencies on biodiversity and ecosystems at NKT's site locations and in the value chain were identified.

NKT did not identify any systemic risks. No specific mitigation measures have been implemented in terms of impacts on biodiversity and ecosystems.

NKT has not identified transition and physical risks or opportunities related to biodiversity and ecosystems and NKT has not concluded that it is necessary to implement biodiversity mitigation measures.

Climate-related impacts

NKT determined the severity of its impact on climate based on:

- GHG emissions data across scopes.
- Energy consumption data from own operations.
- Available data on energy consumption in the value chain, for example from Lifecycle Assessments (LCAs), or sector decarbonisation approaches (SDAs) for key commodities.
- Other desktop research data (e.g. MSCI, SASB, supplier, peer and customer corporate reports, research reports).

Stakeholder input from supplier to customer complemented the assessment of climate-related impacts, helping to set general observations into a more NKT-specific context.

To read more about climate change see:

[Climate change on page 77](#)

Climate-related risks and opportunities

The specific financial risk that may arise for NKT due to a changing climate has been determined in a climate risk assessment (resilience analysis). This was supplemented by an assessment of climate-related opportunities. Both assessments have provided input to the DMA and the climate transition plan.

Time horizons

NKT's climate risk assessment assessed physical and transition risks over three time horizons:

- Short-term/current: Current – 2030
- Medium-term: 2030 – 2050
- Long-term: 2050 and beyond

The selected time horizons are primarily aligned with best practices in climate science over the lifetime of assets, strategic planning, or capital allocation plan.

Climate risks and opportunities have been integrated into NKT's enterprise risk management system alongside other corporate risks and are reviewed and evaluated annually.

The resilience analysis aligns with the NKT emission reduction targets and climate change actions. The near-term target matches the short-term horizon and the net-zero target aligns with the medium-term horizon.

Climate risk assessment

Physical climate risks

NKT has assessed physical climate-related risks in three steps:

- Production sites (own operations)
- Non-production sites (own operations)
- Key suppliers (supply chain)

The assessment was based on the geospatial location of the sites and it focused on the exposure of assets to chronic and acute climate risks at high-emission climate scenarios and a 1.5°C scenario based on the following IPCC¹ climate scenarios:

- 1.5°C Scenario (RCP2.6/SSP1-2.6)
- 2-3°C Scenario (RCP4.5/SSP2-4.5)
- 4°C Scenario (RCP8.5/SSP5-8.5)

NKT has assessed six production sites as having very high or high climate-related risks. These sites are:

- Karlskrona, Sweden - coastal flood
- Asnaes, Denmark - coastal flood, severe windstorm
- Velke Mezirici, Czech - River flood
- Nordenham, Germany - Sea level rise, coastal flood, severe windstorm
- Drammen, Norway - River flood
- Runcorn - Severe windstorm, coastal flood

These sites have either developed or are developing adaptation plans and measures to address these risks to current and future assets.

¹ IPCC and IEA climate scenarios are constrained by uncertainties in modeling, assumptions, tipping points, and energy transitions, necessitating careful interpretation and refinement.

General information

Impact, risk, and opportunity management

Transition climate risks

NKT used the following categories based on the Task Force on Climate-related Financial Disclosures (TCFD) to map salient transition risks: Policy and legal, technology, market, and reputation, and scenarios of the International Energy Agency (IEA).

NKT has utilised the following IEA¹ scenarios assessing transition risks in the climate risk assessment:

- **Stated Policies Scenario (STEPS):** This scenario projects future energy trends based on current policies and measures already in place, providing a baseline for comparison
- **Announced Pledges Scenario (APS):** This scenario considers the impact of all announced policy commitments and targets, assessing how these pledges shape future energy trends

- **Net Zero Emissions (NZE) by 2050 Scenario:** This scenario outlines a pathway to achieve net zero CO₂ emissions by 2050, focusing on rapid deployment of clean energy technologies and significant policy actions to limit global temperature rise to 1.5°C

The IEA scenarios provide a comprehensive and credible framework for understanding future energy trends. The IEA's Global Energy and Climate (GEC) Model explores various scenarios based on different assumptions about the evolution of the energy system.

High risks were identified for the market and reputation risk categories in the NZE scenario.

Climate-related opportunities

NKT identified climate-related opportunities by leveraging scenarios (same scenarios as for the transition risks) outlined by IEA. The assessment predicted increased demand for power cables based on IEA projections across scenarios on:

- The grid expansion of transmission and distribution grids
- Projected average annual investment in grids and renewables

There is a high demand for electricity grid expansion and replacement, and therefore a significant potential financial opportunity for NKT as a power cable manufacturer across IEA scenarios.

NKT aligns its strategies with the anticipated developments in energy infrastructure and the shift towards sustainable energy systems.

There are no critical climate-related assumptions made in the financial statements.

Business conduct

When identifying material IROs related to business conduct matters, the criteria outlined in the DMA were applied consistently, with no special criteria used.



¹ IPCC and IEA climate scenarios are constrained by uncertainties in modeling, assumptions, tipping points, and energy transitions, necessitating careful interpretation and refinement.

General information

Impact, risk, and opportunity management

Material sustainability matters and their interaction with strategy and business model

SBM-3

No current financial effects have been identified. NKT is working on being able to disclose current and anticipated financial effect of material risks and opportunities.

No resilience analysis has been made for the strategy and business model in relation to all material impacts and risks. However, a resilience analysis can be found in the climate transition plan.

NKT does not report on entity specific disclosures for 2024 in relation to material impacts, risks, and opportunities.

Own workforce

Negative impacts and risks from health and safety are directly connected to NKT's business model, as the manufacturing of cables poses high health and safety risks. Positive impacts from training and skills on

the other hand contribute to the business strategy and strengthening NKT's workforce.

The risk identified in the DMA is closely linked to all NKT's manufacturing facilities and employees working there. The negative impacts identified for own workforce are related to individual incidents.

No material impacts arise from transition plans. During the materiality assessment vulnerable groups were identified who could be negatively affected. This relates both to vulnerable groups such as the LGBT+ community as well as female employees being at higher risk for certain negative impacts such as sexual harassment. It was deemed in the course of the DMA that these potential negative impacts were non-material.

NKT's employees are defined as individuals with an employment relationship with NKT. This includes employees with both a permanent employment contract and employ-

ees with a fixed-term employment contract.

Workers in the value chain

NKT's reporting in this chapter includes all workers in the value chain. Throughout the DMA, workers in the upstream value chain were identified to be affected stakeholders.

Negative impacts associated with workers in the value chain cover health and safety conditions in the production processes of mining, smelting, and refining of metals, where there are high risk activities prevalent together with poor labour conditions.

The nature and conditions of work in the upstream value chain might have severe adverse effects on the health and safety of individual workers. Depending on country and region of origin, health and safety appears to be a widespread and systematic issue, particularly in relation to mining activities. An initial risk assessment based on

public sources has been performed in 2024. The countries of tier one suppliers, and where possible the origin countries of certain materials, were assessed in terms of "human rights risks and ethics risks", as well as "labour rights risks", which act as proxies to assess child labour and forced labour. This assessment showed that high risk geographies in terms of labour rights and human rights included: Bahrain, Malaysia, Turkey, China, and India. NKT will use this risk assessment in its future due diligence work.

In terms of health and safety in production processes, the negative impacts relate to individual incidents. However, further into the value chain issues become widespread and systemic both for health and safety in production processes, but especially in mining. This also depends on the country and region sourced from.

Affected communities

NKT includes all affected communities likely to be materially impacted

within the scope of its reporting. These materially impacted communities include those located near mining activities at the endpoint of NKT's value chain and indigenous communities within the value chain.

Given the presence of mining activities in NKT's value chain, NKT can be linked to impacts on these communities.

The negative impacts on affected communities are widespread and systemic, including reduced water availability, displacement, and land impacts. None of NKT's material risks arise from dependencies on these affected communities.

To better understand and mitigate the risks faced by these communities, NKT engages in dialogues with proxies such as IRMA, the Copper Mark, and the Danish Institute for Human Rights.

General information**General disclosures****Information on MDR-P for sustainability matters**

This section outlines information based on the minimum disclosure requirements for policies in the ESRS.

An overview of the policies relating to NKT's material sustainability matters is provided in the table. For further details on these policies, see the topical sections of this sustainability statement.

Accountability

The NKT Executive Management is accountable for the implementation of all policies.

Communication

All policies are available on the NKT webpage.

Monitoring

All NKT policies are monitored and updated on a regular basis in an interval between 1-3 years for each policy.

Topical standard Material sustainability matter	IRO	Policies
Climate change		
Climate change mitigation	Actual negative impact Opportunity Risk	Climate change policy
Climate change adaptation	Risk	Climate change policy
Energy	Actual negative impact Risk	Climate change policy
Pollution		
Pollution of soils	Actual negative impact	Procurement sustainability policy
Pollution of water	Actual negative impact	Procurement sustainability policy
Pollution of air	Actual negative impact	Procurement sustainability policy
Water and marine resources		
Water	Actual negative impact	Procurement sustainability policy
Biodiversity		
Impacts on the extent and condition of ecosystems	Actual negative impact	Procurement sustainability policy
Direct impact drivers of biodiversity loss	Actual negative impact	Procurement sustainability policy
Impact on the state of species	Actual negative impact	Procurement sustainability policy
Resource use and circular economy		
Resource inflow including resource use	Actual negative impact	Procurement sustainability policy (VC) No policy
Waste	Actual negative impact	Procurement sustainability policy (VC) No policy
Resource outflow related to products and services	Actual negative impact Risk	Procurement sustainability policy (VC) No policy

Topical standard Material sustainability matter	IRO	Policies
Own Workforce		
Training and skills development	Actual positive impact	NKT training policy
Health and safety	Actual negative impact Risk	Human rights policy IMS policy
Workers in the value chain		
Working conditions	Actual negative impact	Human rights policy NKT Code of Conduct
Affected communities		
Communities civil and political rights	Actual negative impact	Human rights policy NKT Code of Conduct
Particular rights of indigenous communities	Actual negative impact	Human rights policy NKT Code of Conduct
Communities' economic, social, and cultural rights	Actual negative impact	Human rights policy NKT Code of Conduct
Business Conduct		
Corruption and bribery	Actual negative impact	NKT Code of Conduct
Political engagement and lobbying activities	Actual negative impact Actual positive impact	No policy

Environmental information

77 Climate change

88 EU Taxonomy

95 Resource use and circular economy

98 Other environmental responsibilities in the value chain

Environmental information

Climate change

Climate change

Impacts, risks, and opportunities

E1

In the following chapter, NKT will describe its work with climate change topics with focus on the material impacts, risks, and opportunities.

The material sustainability matters are:

- Climate change mitigation
- Climate change adaptation
- Energy

➤ To read more about the material sustainability matters, see: DMA results on page 65.

Transition plan for climate change mitigation

E1-1

NKT is dedicated to a future that follows the Paris Agreement, aiming to keep global warming below 1.5°C.¹ This goal is based on the Intergovernmental Panel on Climate Change's (IPCC) 1.5°C scenario, which stresses the need for quick and strong climate actions. The IPCC states that to limit global warming to 1.5°C, big changes in energy, land use, cities, infrastructure, and industry are essential.

NKT's transition plan has two main parts:

1. Handprint
2. Footprint

NKT's transition plan is a key element of the decarbonisation pillar of the sustainability strategy which is an integral part of the overall business strategy. Progress is tracked via the climate targets, plans, and associated metrics.

NKT climate-related handprint

Power cables are crucial for efficiently transmitting renewable energy, modernising the grid, and electrifying various sectors. NKT is well-positioned to strengthen the grid by providing cables for all voltage levels, including connecting assets to the grid, transmitting and distributing electricity, and supplying electricity to end-users.

The IEA states that to meet national goals, it is imperative to add or upgrade over 80 million kilometres of grids by 2040, which is as much as the entire existing global grid.² Grids are essential to decarbonise electricity supply and effectively integrate renewables.

Strategic implications

NKT's comprehensive product portfolio, ranging from low voltage to high voltage cables, is well-positioned to support the global energy sector transition to a net zero future. The NKT climate change policy includes the commitment to expand

NKT's handprint in line with the energy transition.

NKT climate-related footprint

NKT recognises the significant negative impact of its operations and value chain on the climate:

- Own Operations: NKT's manufacturing processes, facility operations, and transportation use energy, some of which is fossil fuel-based. This leads to GHG emissions, contributing to global warming and climate change.
- Supply Chain: Manufacturing NKT power cables involves materials such as copper, aluminium, steel, lead, XLPE, and PVC. The extraction, processing, and transportation of these materials generates considerable GHG emissions which are difficult to abate.

For more information on GHG emissions, see:

➤ [Gross Scopes 1, 2, 3 Total GHG emissions on page 85](#)

Strategic actions

- Decarbonising operations: Efforts are well underway to reduce emissions from NKT's own operations.
- Decarbonising products: There is a focus on reducing the embodied emissions from the product portfolio.

NKT's climate actions are guided by the NKT climate change policy, and aim to meet ambitious science-based targets. For more information on the progress in implementing the transition plan through policy, targets, and actions see:

➤ [Climate change policy on page 78](#)

➤ [Climate targets on page 81](#)

➤ [Climate action and resources on page 78](#)

¹ NKT is not excluded from the EU Paris-aligned Benchmarks

² IEA (2023), Electricity Grids and Secure Energy Transitions, IEA, Paris

Environmental information

Climate change

Resources

NKT's transition plan involves capital expenditures. Detailed information about these costs are available in the sections discussing NKT's decarbonisation programs, see:

➤ [Climate change actions on page 78](#)

The KPIs required under the EU Taxonomy including the methodology are outlined in the Taxonomy chapter:

➤ [EU Taxonomy on page 88](#)

Locked-in emissions

There is not deemed to be any locked-in emissions associated with NKT's assets or operations.

Alignment with Taxonomy

NKT will strive to increase the share of Taxonomy alignment with the climate change mitigation objective by strengthening the documentation necessary to claim alignment.

The NKT climate transition plan was approved by the Executive Management in 2024.

Climate adaptation

NKT has assessed six production sites as having very high or high climate-related risks. Climate risks to assets and operations are being addressed. These sites have either developed or are developing adaptation plans and measures to address these risks. For more information on climate risk assessment and resilience analysis, see:

➤ [Climate risk assessment on page 72](#)

➤ [Climate-related risks and opportunities on page 72](#)

Climate change policy

E1-2

NKT has in 2024 adopted a climate change policy to formalise its active and strategic work with climate change. The policy sets the framework and principles that guide the actions associated with NKT's climate-related impacts, risks, and opportunities. To read more, see:

➤ [Climate-related impacts, risks, and opportunities on page 72](#)

The climate change policy focuses on the:

- Handprint: The positive impact of power cables to achieve a NZE future
- Footprint: The negative impact of NKT's operations and value chain

Additionally, the policy describes NKT's commitment to renewable energy deployment and management of all its climate-related impacts, risks, and opportunities including climate change adapta-

tion, climate change mitigation, and energy efficiency.

Key content

The climate change policy outlines the guiding framework on climate change mitigation, renewable energy, and climate change adaptation through the following principles and commitments:

- Setting science-based emission targets,
- Taking actions and integration,
- Stakeholder engagement, and
- Transparent reporting

The climate change policy also recognises that climate mitigation actions shall go hand in hand with safeguards for nature and people.

Scope

The climate change policy applies to all entities in the scope of the sustainability statement.

NKT also recognises that company activities can have an impact beyond immediate operations. As

such, the climate change policy extends throughout the upstream and downstream value chain. NKT is committed to collaborating with customers, suppliers, and third-party contractors to ensure a shared commitment to climate change and implement decarbonisation measures in their operations. This commitment is also incorporated in NKT's Sustainable Procurement policy, which among others extends the climate change policy to NKT's value chain.

Action and resources

E1-3

Climate mitigation action in own operations

NKT has set a near-term target, verified and approved by Science Based Targets initiative (SBTi), to reduce Scope 1 and 2 emissions by 90% by 2030 from 2019. To achieve this target, the climate action programs for NKT's own operations focus on the largest emission sources:

- Conventional marine fuel: NKT operates own and contracted cable-laying vessels and has made an investment to add a second cable-laying vessel to the fleet. The use of conventional marine gas oil constitutes a significant part of NKT's total Scope 1.
- Natural gas: Some NKT production sites use natural gas to power facility heating, production processes, or both. The consumption of natural gas is a significant contributor to NKT Scope 1 emissions.
- Vehicle fuels: Forklifts, smaller trucks, and NKT's fleet of cars consume diesel and petrol. The overall contribution is less significant than other emission sources.

To meet these targets, NKT has established programs to operationalise actions needed. NKT allocated around 18 million EUR in significant CapEx¹ across the decarbonisation programs.²

¹ The stated CapEx does not relate to the stated CapEx in the EU taxonomy due to different definitions for CapEx and OpEx in the EU taxonomy, and the definitions relating to note 3.2 Property, plant and equipment in the financial statements. For details on the taxonomy-aligned CapEx and OpEx, see in the EU taxonomy section on page 88-94.

² Significance threshold: 1 mEUR.

Environmental information

Climate change

Decarbonisation programs

Program	Sourcing renewable electricity	Phasing out natural gas use	Sustainable marine fuels
Decarbonisation lever	Renewable energy adoption (on-site generation, Power Purchase Agreements (PPA), Energy Attribute Certificates (EACs).	Energy efficiency improvements (upgrading equipment, building retrofit) Electrification (electrifying processes).	Fuel switching.
Description	Source 100% renewable electricity for all sites using: - On-site renewable energy generation (solar panels) - PPAs - EACs	Phase out natural gas from production sites by 2030 Electrification of processes Energy efficiency measures	Use of alternatives such as Hydrated Vegetable Oil (HVO), e-methanol or bio-methanol for cable-laying vessels.
Target	100% renewable electricity by 2024 100% renewable electricity after 2024	0 MWH energy consumption from natural gas by 2030.	No target
Timeline for actions	2021-2024	2022-2030	2021-2030
Key Metrics	Percentage share of renewable electricity from total electricity consumption.	Natural gas consumption in MWh.	- CO₂e emissions from marine fuels % share of alternative fuel consumption
Progress	NKT sourced 100% renewable electricity in 2024 based on on-site renewable energy generation and EACs. More details on NKT energy consumption can be found in the section Energy consumption and mix.	The natural gas phase-out program was established in 2022 and has led to the development of production site-specific roadmaps, the execution of which was initiated in 2024. Details on natural gas consumption at NKT can be found in section Energy consumption and mix.	NKT's existing cable-laying vessel, Victoria, has been retrofitted to be able to use HVO fuel. NKT's second cable-laying vessel, Eleonora, which is under construction, will have a dual fuel system allowing the use of methanol. Dialogue with customers and potential users/suppliers regarding the use of alternative fuels is ongoing.
Challenges and barriers	There is increased scrutiny on the use of EACs. NKT purchases EACs matching country of consumption, and only from wind, solar, and hydro assets. Beyond purchasing EACs, NKT is committed to renewable electricity sourcing and to a future-fit approach by investing in on-site renewable energy generation and PPAs.		- The cost per unit of HVO, e-methanol or bio-methanol differs significantly in comparison to marine gas oil. - The high cost of switching to sustainable fuels presents an industry-wide challenge. NKT will offer and advocate for the use of sustainable fuels for both our vessels and calls on the industry to collaborate and overcome the switching challenge together.

Environmental information

Climate change

Climate mitigation actions in value chain

The majority of value chain emissions at NKT are categorised in two product-related Scope 3 categories:

- Purchased goods and services (Product upstream – material footprint)
- Use phase emissions (Product downstream)

Material footprint

Power cables consist of key commodities such as conductor metals – copper and aluminium, insulation material – XLPE and PVC, and protective layers using metals such as lead or steel. The upstream emissions of these key commodities combined constitute around 70% of the total material footprint.

Commodity priorities

NKT focuses on the decarbonisation of key commodities with a larger carbon footprint to achieve more significant reductions. Prioritising also helps to achieve a greater impact by:

- Concentrating resource allocation.
- Increasing feasibility and manageability.
- Allowing to foster stronger relationships with suppliers regarding more effective collaboration on decarbonisation initiatives.

Decarbonisation levers for supply chain emissions

Decarbonising the supply chain for conductor metals such as copper and aluminium, and insulation materials such as XLPE and PVC, involves several key pathways.

- Energy transition: Reduce fossil fuel use by cutting overall energy consumption and switching to renewable energy sources, such as electrifying mining operations and refining processes.

- Circular economy: Increase the use of recycled materials to reduce the carbon footprint.
- Material substitution: Replace virgin materials with bio-based alternatives to further lower emissions.

Value chain

decarbonisation approach

NKT's decarbonisation approach emphasises the importance of integrating efforts across the entire value chain to reduce emissions. This involves collaborating with suppliers and customers, among others, to jointly identify methods for achieving deep decarbonization.

NKT has outlined sustainable procurement programs to be implemented from 2024 to 2028. These programs are designed to support the achievement of NKT's value chain decarbonisation targets.

Suppliers

NKT's supplier engagement programme aims to build and maintain strong relationships with strategic suppliers through collaboration and ongoing dialogue. The programme is built on the following elements:

- Supplier Engagement Programme: The programme is based on collaboration with strategic partners in the supply chain and primarily targets suppliers of metals and plastics, identified as high-risk in terms of, among other aspects, climate.
- Gaining transparency: NKT assesses the maturity of its strategic suppliers' decarbonisation actions, such as their progress in setting targets aligned with the Paris Agreement, and their climate transition plans. By gaining transparency in this way, NKT can meet its strategic suppliers where they are and tailor joint decarbonisation efforts to their specific maturity levels.

- Establishing decarbonisation roadmaps: NKT sets specific requirements on decarbonisation which are aligned with sector decarbonisation approaches (SDA) for key commodities and NKT's own decarbonisation targets. NKT uses benchmarking as a tool in direct dialogue with suppliers and increasingly in sourcing decisions.
- Sustainable procurement: NKT strives to make the "sustainable choice" a part of its procurement processes by selecting suppliers and materials that support the continued lowering of NKT's carbon footprint. NKT is integrating sustainability criteria into procurement decisions.

Customers

NKT is increasing its focus on:

- Research and development: NKT is integrating eco-design principles into its technology roadmap and R&D processes helping to ensure that there is a continuous improvement of product sustainability and that NKT is at the forefront of technological advancement.
- Sustainable product offerings: NKT offers customers a range of sustainable solutions. By selecting these, customers can support the reduction of emissions in the product life cycle. This is facilitated, among other ways, through joint collaboration projects.

Environmental information

Climate change

Use phase emissions

Power cables carry electricity between two points. During this process, some energy is lost as heat due to the Joule effect, which occurs when the electric current flows through the conductor. This energy loss is not from the cable consuming energy directly, but from the inherent resistivity of the conductive material.

The attributed use-phase emissions from the power losses are connected to the emissions of electricity generation. The emissions attributed to power cables depends mainly on the grid electricity composition: Power cables transmitting electricity from renewable energy sources have near-zero emissions. However, power cables used in energy grids with higher shares of fossil-based electricity will be associated with higher use-phase emissions.

Use-phase emissions are significant for NKT and other power cable manufacturers because the use-phase emissions are accounted over their entire lifetime. The lifetime of a power cable, for example in transmission and distribution grids, is 40 years.

Reducing use-phase emissions for NKT relies on markets transitioning to decarbonised energy grids, which depends on countries fulfilling their pledged policies. While NKT minimises power losses technically, physics imposes limits. Therefore, NKT's key decarbonisation lever for use-phase emissions is to influence policy through advocacy, especially in slower-decarbonising markets.

This involves actively engaging with policymakers to promote faster adoption of renewable energy and supporting initiatives that align with global climate goals.

Targets

E1-4

NKT commits to reach net-zero greenhouse gas emissions across the value chain by 2050.

Target setting approach

The NKT climate targets have been validated by the SBTi in 2024, and are aligned with 1.5°C scenario.

The SBTi target has been set using the Absolute Contraction Approach (ACA). The ACA requires companies to reduce their total GHG emissions by a specific percentage over a set period, aligning with global decarbonisation pathways.

No specific sectoral decarbonisation approach (SDA) was selected, as NKT operates in a sector without a dedicated SDA.

The GHG emission reduction targets are consistent with the GHG inventory boundaries as defined by the ESRS E1-6. NKT's target boundaries follow the SBTi criteria and align with the NKT GHG inventory boundaries, ensuring that all significant emission sources are included.

Targets for climate change

Impact, risk and opportunity	Target
Climate change mitigation	SBTi near-term and long-term targets on Scope 1, 2 and 3 emissions
Energy	SBTi renewable electricity target
Climate change adaptation	No target set. Climate change adaptation not deemed a strategic priority.

Near-term targets

Scope 1 and 2	NKT commits to reduce absolute Scope 1 and 2 GHG emissions by 90% by 2030 from a 2019 base year. ¹
Renewable electricity	NKT also commits to increase active annual sourcing of renewable electricity from 18% in 2019 to 100% by 2024 and to continue active annual sourcing of 100% renewable electricity through 2030.
Scope 3	NKT further commits to reduce absolute Scope 3 GHG emissions by 27.5% from purchased goods and services and use of sold products by 2030 from a 2019 base year. ¹

Long-term targets

Scope 1 and 2	NKT commits to maintain a minimum of 90% absolute Scope 1 and 2 GHG emissions from 2030 through 2050 from a 2019 base year. ¹
Scope 3	NKT also commits to reduce absolute Scope 3 GHG emissions from purchased goods and services and use of sold products by 90% by 2050 from a 2019 base year. ¹

¹ The target boundary includes land-related emissions and removals from bioenergy feedstock.

Environmental information

Climate change

The targets are set for market-based GHG emissions. The Scope 3 target covers category 1 and category 11 as the two most significant Scope 3 categories, covering 93% (after restatement) of the Scope 3 emissions in the base year. The emission trajectory is significantly influenced by the significant growth in volumes of cables produced and installed.

To read more about the restatement, see:

> Gross Scopes 1, 2, 3, Total GHG emissions on page 84

Accounting policy

Emission reduction progress and expectations table

The emission reduction progress and expectations table presents historical progress from 2019 to 2024, and outlines expected emission reductions from 2024 through 2030 and 2050.

The progress on the emissions from the base year 2019 until the most recent year 2024 is based on the emissions by scope stated in E1-6.

Emission reduction progress (2019-2024) and expectations by scope and decarbonisation lever (2019-2050)

Decarbonisation program		Base year 2019	Most recent year 2024	Absolute change from base year	Relative change from base year	Expected absolute emissions in target year 2030	Expected relative change in target year from most recent year	Expected absolute emissions in target year 2050
Scope 1 (tCO2e)	-	23,784	23,626	-159	-0,7%	7,502	-68%	-
Scope 2 marked-based (tCO2e)	-	51,236	324	-50,913	-99%	324	0%	-
Total Scope 1 and 2 (tCO2e)	-	75,021	23,949	-51,071	-68%	7,502	-69%	7,502
Electric power	Sourcing renewable electricity	50,904	0	-50,904	-100%	0	0%	-
Natural gas	Phasing out natural gas	9,833	4,937	-4,896	-50%	0	-100%	-
Marine fuel	Sustainable marine fuels	12,320	14,977	2,657	22%	5,207	-65%	-
Total Scope 3 (tCO2e)	-	3,411,629	4,477,543	1,065,914	31%	2,532,326	-43%	533,911
Category 1 and category 11	Material efficiency and grid decarbonisation	3,197,465	3,971,250	773,785	24%	2,318,162	-42%	319,746

Significant estimates and judgements

The stated emission reduction level from marine fuels is based on the expectation that the gradual implementation of the EU Emissions Trading System (EU ETS) for shipping will narrow the price gap between conventional and alternative fuels, and create a more level playing field for sustainable fuels. The emission reduction for contracted vessels is uncertain, and a decarbonisation plan is pending.

The anticipated reduction level hinges on NKT's ability to integrate primary supplier emission data into its corporate accounts. Currently, the accounting method for emissions from purchased materials does not reflect the impact of sourcing materials with a lower carbon footprint. By incorporating primary data, NKT aims to demonstrate positive progress towards its targets. Additionally, the

expected reduction in use phase emissions is based on the projected average decarbonisation of energy grids, following the Carbon Risk Real Estate Monitor (CRREM) trajectory. Further details on Scope 3 and the use of CRREM can be found in the accounting policy of E1-6.

Environmental information

Climate change

Metrics

Energy consumption and mix

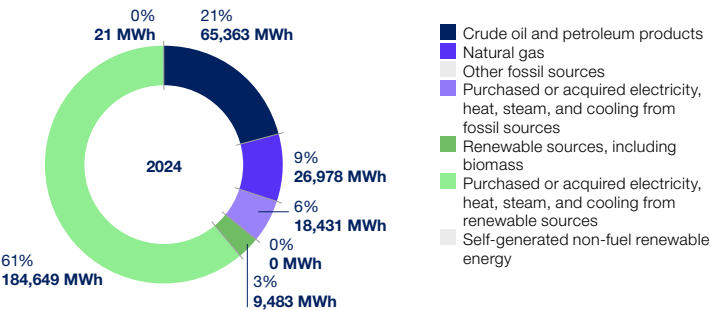
E1-5

NKT solely operates within sectors with high climate impact as its activities falls within the "Manufacturing" and "Electricity, gas, steam and air conditioning supply" sectors. These activities encompass providing power cable solutions for the development and maintenance of power grids, as well as manufacturing cables and cable accessories. As a result, the net revenue from sectors with high climate impact, used to calculate the energy intensity ratio,

directly corresponds to the net revenue presented in the financial statements.

NKT sourced 100% renewable electricity in 2024 and produced a total of 21 MWh renewable energy through its solar panels.

In 2024, NKT's energy intensity from activities in the high impact climate sectors was 123 MWh/mEUR with a total energy consumption in these sectors of 304,925 MWh.



Energy consumption and mix

	2024
Fuel consumption from crude oil and petroleum products (MWh)	65,363
Fuel consumption from natural gas (MWh)	26,978
Fuel consumption from other fossil sources (MWh)	-
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	18,431
Total fossil energy consumption (MWh)	110,772
Share of fossil sources in total energy consumption (%)	36%
Fuel consumption for renewable sources, including biomass (MWh)	9,483
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	184,649
The consumption of self-generated non-fuel renewable energy (MWh)	21
Total renewable energy consumption (MWh)	194,153
Share of renewable sources in total energy consumption (%)	64%
Total energy consumption (MWh)	304,925

Energy intensity per net revenue

Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWh/mEUR)	123
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Accounting policy

Energy consumption and mix

NKT's energy consumption includes all activities under NKT's financial and operational control, thus applying the same perimeter applied for reporting GHG Scopes 1 and 2 emissions. This mainly consists of fuel used for vessels during offshore operations, natural gas consumption at NKT's production sites, and electricity purchased for its offices, production sites, and warehouses.

This data originates from different sources, including marine gas oil, biogas, natural gas, district heating, and grid electricity, and is derived from NKT's ESG reporting tool. When applicable, NKT has utilised the conversion functionality in its dedicated ESG reporting tool.

Electricity from renewable sources includes electricity open market certificates as well as self-generated non-fuel renewable energy. NKT follows market-based accounting and thereby accounts for the purchase of green electricity by contractual agreement, i.e. certificates.

Biogas includes open market certificates provided by NKT's supplier.

Energy intensity ratio

The energy intensity ratio is calculated based on the consolidated revenue

presented in note 2.1: "Segment information and revenue" on page 125 in the financial statements, using the following formula:

$$\frac{\text{Total energy consumption from activities in high climate impact sectors (MWh)}}{\text{Net revenue from activities in high climate impact sectors (Std. metal prices, mEUR)}}$$

Significant estimates and judgements

To determine the scope of the vessels utilised in NKT's operations, an analysis of financial and operational control has been conducted in accordance with the guidance provided by the ESRS and the GHG Protocol. This assessment includes a review of vessel ownership and NKT's influence over the operations of vessels it does not own.

Energy consumption related to vessels under NKT's financial and/or operational control are included in the reporting of NKT's energy consumption and mix. Vessels that are neither under financial nor operational control are reported under Scope 3, category 1: Purchased goods and services.

Environmental information

Climate change

Gross Scopes 1, 2, 3

Total GHG emissions

E1-6

In 2024, NKT made significant changes to its reporting scope to comply with the requirements of the CSRD and the ESRS. This update has resulted in a decrease in reported emissions. Furthermore, with refined definitions of financial and operational control, emissions from several contractor cable-laying vessels have now been included in NKT's direct emissions.

The changes include an updated methodology for calculating Scope 3, category 11 emissions, where emission projections have now been incorporated. These adjustments have led to an increase in direct emissions and a decrease in indirect Scope 3 emissions.

NKT does not have any GHG emissions that are covered by regulated emission trading schemes. Cable-laying vessels will be covered by the EU ETS scheme from 2026.

The share of market-based Scope 2 emissions offset by EACs was 91%. The EACs fully comprised of unbundled Renewable Energy Certificates, Guarantees of Origin, Renewable Energy Guarantees of Origin for the United Kingdom and International Renewable Energy Certificates.

The GHG emissions intensity for location-based emissions in 2024 was 1,829 tCO₂e/mEUR, while the GHG emissions intensity for mar-

ket-based emissions in 2024 was 1,809 tCO₂e/mEUR.

Biogenic emissions, which are not included in the GHG emissions table on the next page, amounted to 23,306 tCO₂e. Of these, 2,058 tCO₂e were Scope 1, 21,248 tCO₂e were Scope 2, and 0 tCO₂e were Scope 3.



Accounting policy

GHG emissions intensity ratio

The GHG emissions intensity for location-based emissions is calculated using the following formula:

$$\frac{\text{Total GHG emissions, location-based (tCO}_2\text{e)}}{\text{Net revenue (Std. metal prices, mEUR)}}$$

Net revenue (Std. metal prices, mEUR)

The GHG emissions intensity for market-based emissions is calculated using the following formula:

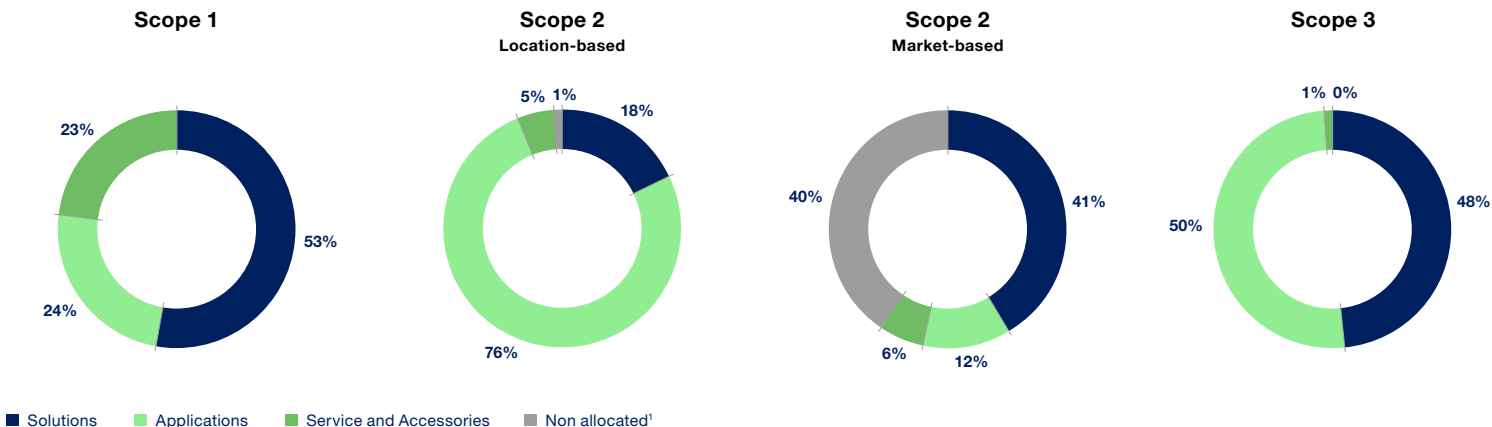
$$\frac{\text{Total GHG emissions, market-based (tCO}_2\text{e)}}{\text{Net revenue (Std. metal prices, mEUR)}}$$

Net revenue (Std. metal prices, mEUR)

The net revenue, which was used for the calculation of GHG emissions intensity, can be found in the consolidated revenue presented in note 2.1: "Segment information and revenue" on page 125 in the financial statements.

Biogenic carbon emissions

The biogenic carbon emissions from Scope 1, 2, and 3 are calculated by multiplying the volume of used biomass with the corresponding carbon emission factors from Department for Energy Security & Net Zero.



¹ Non allocated consists of activities related to NKT's headquarter.



Environmental information

Climate change

Gross Scopes 1, 2, 3 and Total GHG emissions

	Retrospective		Milestones and target years			
	2019	2024 ⁴	2025	2030	(2050)	Annual % target / Base year
Scope 1 GHG emissions						
Gross Scope 1 GHG emissions (tCO₂eq)	23,784	23,626	-	7,502 ¹	7,502 ¹	8% ²
NKT Group: Gross Scope 1 GHG emissions (tCO ₂ eq)	19,413	18,610	-	-	-	-
Assets under operational control: Gross Scope 1 GHG emissions (tCO ₂ eq)	4,371	5,016	-	-	-	-
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)						
NKT Group: Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	-	-	-	-	-	-
Assets under operational control: Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	-	-	-	-	-	-
Scope 2 GHG emissions						
Gross location-based Scope 2 GHG emissions (tCO₂eq)	52,230	50,659	-	-	-	-
NKT Group: Gross location-based Scope 2 GHG emissions (tCO ₂ eq)	52,230	50,659	-	-	-	-
Assets under operational control: Gross location-based Scope 2 GHG emissions (tCO ₂ eq)	-	-	-	-	-	-
Gross market-based Scope 2 GHG emissions (tCO₂eq)	51,236	324	-	-	-	-
NKT Group: Gross market-based Scope 2 GHG emissions (tCO ₂ eq)	51,236	324	-	-	-	-
Assets under operational control: Gross market-based Scope 2 GHG emissions (tCO ₂ eq)	-	-	-	-	-	-
Significant Scope 3 GHG emissions						
Total Gross indirect (Scope 3) GHG emissions (tCO₂eq)	3,411,629	4,477,543	-	2,318,162 ³	319,746 ³	3% ²
1 Purchased goods and services	1,447,999	2,252,754	-	-	-	-
2 Capital goods	5,003	9,922	-	-	-	-
3 Fuel and energy-related	10,647	6,576	-	-	-	-
4 Upstream transportation and distribution	37,913	167,717	-	-	-	-
5 Waste generated in operations	2,788	879	-	-	-	-
6 Business traveling	381	2,011	-	-	-	-
7 Employee commuting	6,574	10,271	-	-	-	-
9 Downstream transportation	2,761	2,691	-	-	-	-
11 Use of sold products (Indirect)	1,749,466	1,718,496	-	-	-	-
12 End-of-life treatment of sold products	148,097	306,226	-	-	-	-
Total GHG emissions						
Total GHG emissions (location-based) (tCO ₂ eq)	3,487,644	4,551,828	-	-	-	-
Total GHG emissions (market-based) (tCO ₂ eq)	3,486,650	4,501,492	-	-	-	-

¹ Combined Scope 1 and 2 target. ² Calculated on 2030 target. ³ Scope 3 target covering category 1 and 11. ⁴ Per the GHG Protocol, acquisitions like SolidAI must be included retrospectively for the entire year's emissions to align with base year recalculations. Consequently, 2024 emissions would be 25,887 tCO₂eq for Scope 1, 324 tCO₂eq for Scope 2 (market-based), and 4,566,958 tCO₂eq for Scope 3.

Environmental information

Climate change



Accounting policy

NKT accounts for emissions from the greenhouse gases covered by the Kyoto Protocol.

Scope 1 - direct emissions

NKT's direct emissions include all activities under its financial and operational control, which leads to Scope 1 GHG emissions. Assets under operational control include vessels not owned by NKT but utilised in its operations.

NKT's disclosure is based on the consumed fuel multiplied by the applicable emission factor from Department for Energy Security & Net Zero and IPCC. When applicable, NKT has utilised the conversion functionality in its ESG reporting tool.

Scope 2 – Indirect emissions

NKT's indirect Scope 2 emissions relate to the indirect emissions from energy purchases from all activities under its financial and operational control, which leads to Scope 2 GHG emissions. NKT discloses its emissions utilising both the location-based and market-based method to reflect the certificates purchased by NKT, which reduces NKT's indirect Scope 2 emissions.

NKT's disclosure is based on the consumed electricity multiplied by the

applicable emission factor from US EIA Emission Factors for Steam and Chilled Water, Department for Energy Security & Net Zero, Energiföretagen Sverige, Environment Canada, International Energy Agency, and United States Environmental Protection Agency Emissions & Generation Resource Integrated Database. The disclosure of NKT's indirect emissions includes the consumption of the renewable energy production from its installed solar panels, which is disclosed under ESRs E1-5.

The percentage of contractual instruments in NKT's Scope 2 GHG emissions is calculated by comparing its total electricity consumption to the amount covered by its purchase of Renewable Energy Certificates.

Scope 3 - Indirect emissions

Reporting is based on the GHG protocol and accordingly divided into 15 subcategories (Category 1-15) of which categories 8, 10, and 13-15 are in 2024 determined as not applicable to NKT's operations.

Scope 3 category 1: Purchased goods and services

Scope 3 emissions for purchased goods and services are calculated using a hybrid approach that combines two

methods: The activity average method and the spend-based method.

1. Activity average method: This method calculates Scope 3 emissions for key commodities from key suppliers, identified by economic relevance and volume. It multiplies purchased volumes (in metric tonnes) by lifecycle emission factors from ecoinvent 3.10 specific to the material supply chain and supplier, for both the base year and the most recent year. No primary emission data from suppliers have been used.

2. Spend-based method: This method applies to all other spend categories. Emissions are calculated by multiplying the spend amount by sector average emission factors. NKT uses the EPA Supply Chain Greenhouse Gas Emission Factors v1.2 by NAICS-6, mapping NAICS-6 codes to NKT's spend categories.

Scope 3 category 2: Capital goods

Scope 3 category 2 emissions are calculated using the spend-based method based on the EPA Supply Chain Greenhouse Gas Emission Factors v1.2 by NAICS-6. The spend-based method is adjusted for inflation and currency exchange rates.

Scope 3 category 3:

Fuel and energy-related activities

Scope 3 emissions for fuel- and energy-related activities are calculated using the average-data method, based on fuel quantities and types consumed. Emissions are determined using well-to-tank emission factors from the UK's Department for Energy Security and Net Zero for the respective reporting year. These calculations include in-scope biogenic fuel emissions. For renewable electricity, only transmission and distribution emissions are considered, with generation emissions set to zero.

Scope 3 category 4: Upstream transportation and distribution

Upstream transportation emissions are calculated using the spend-based method based on the EPA Supply Chain Greenhouse Gas Emission Factors v1.2 by NAICS-6. Upstream emissions are adjusted for and include also emissions from inbound transportation not paid for by NKT. NKT assumed that 75% of inbound transportation is paid by others.

Scope 3 category 5: Waste generated in operations

Scope 3 category 5 (Waste) emissions at NKT are based on actual waste quantities and treatment categories: Landfill, incineration with energy recov-

ery, and recycling. Emissions are based on the emission factors from the UK's Department for Energy Security and Net Zero for the reporting year.

Scope 3 category 6: Business travel

Scope 3 category 6 emissions are determined using the spend-based method based on EPA Supply Chain Greenhouse Gas Emission Factors v1.2 by NAICS-6.

Scope 3 category 7: Employee commuting

Scope 3 emissions for employee commuting (category 7) are calculated by multiplying the number of employees in head count in the reporting year with a conversion factor from the now-discontinued Quantis Scope 3 Evaluator tool. The methodology estimates that the average employee emits approximately 1,700 kg CO₂e per year.

Scope 3 category 9: Downstream transportation and distribution

Downstream transportation emissions are calculated using the spend-based method applied in calculating upstream transportation emissions (see Scope 3 category 4: Upstream transportation and distribution). Downstream emissions are calculated on the basis of spend for outbound transportation. NKT assumes that 90% of the outbound transportation is paid for

by NKT, while 10% is paid for by other non-NKT undertakings.

Scope 3 category 11: Use of sold products

Scope 3 category 11 emissions are calculated by multiplying the lifetime power losses of sold power cables by an emission factor reflecting the energy grid mix where the cable is used. These emissions are based on sales and project data from the reporting year. The power loss calculation method aligns with Europacable's joint information note on Category 11 "Use of sold products."

Power loss calculations use assumptions about cable use, including current load factor and lifetime (25-40 years), aligned with Europacable members. Emissions are calculated by multiplying the annual power losses of each cable sold or deployed by a projected emission factor for each year of the cable's assumed lifetime. The projected emission factor is based on lifecycle emission factors by voltage segment and country, sourced from ecoinvent 3.10 for 2024 and 3.6 for 2019. The forecasted emission factors follow the CRREM Global Pathways 1.5-degree trajectory. CRREM pathways provide a publicly available, regularly updated source with a long forecasting horizon until 2050.

Environmental information

Climate change

The NKT model uses a constant emission factor after 2050 for unbiased calculations. Ecoinvent emission factors include lifecycle emissions and transmission losses, while CRREM focuses on direct combustion for electricity generation. Therefore, forecasted ecoinvent emission factors are used to calculate absolute emissions of sold cables.

Until 2023, NKT used static emission factors for use-phase emissions. In 2024, the calculation switched to projected emission factors. The change resulted in a decrease of the baseline value of 66%.

Scope 3 category 12: End of life treatment of sold products

Scope 3 category 12 emissions are calculated using the activity average method. The volumes of materials entering and leaving the organisation are assumed equal, with metals recycled and insulation incinerated with energy recovery at the product end-of-life. Emissions are calculated based on material quantities and emission factors from the UK Department for Energy Security and Net Zero.

Effect of restatement on target and programs

The changes to the Scope 3 carbon inventory do not affect the decarbonisation target. The target is maintained. The decarbonisation programs remain valid, too.



Significant estimates and judgements

To determine the scope of the vessels utilised in NKT's operations, an analysis of financial and operational control has been conducted in accordance with the guidance provided by the ESRS and the GHG Protocol. This assessment includes a review of vessel ownership and NKT's influence over the operations of vessels it does not own.

Vessels under NKT's financial and/or operational control are included in the reporting of NKT's direct emissions. Conversely, vessels that are neither under financial nor operational control are reported under Scope 3, category 1: Purchased goods and services.

The calculation of use phase emissions use forecasted emission factors based on the CRREM Global Pathways 1.5-degree trajectory (see accounting policy on page 94 for details). CRREM's energy grid emission factor projections are subject to significant uncertainties due to model assumptions, technological progress, policy implementation, and economic factors. These optimistic decarbonization pathways may not fully capture real-world complexities, potentially causing discrepancies between projected and actual emission factors over time.

The use-phase emissions for the acquired site, SolidAI, have been estimated based on the share of use phase emissions of the Applications business line, proportional to SolidAI's revenue share in the Applications business line. For business travel, the emissions have been allocated based on the Group's emissions in this category and the proportion of the Group's revenue.

Internal carbon pricing

E1-8

NKT currently does not apply internal carbon prices.

Environmental information

EU Taxonomy

CapEx				Substantial contribution criteria						DNSH Criteria ('Do no significant Harm')									
Economic Activities (1)	Code (2)	CapEx (3)	Proportion of CapEx, year 2024 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1) or eligible (A.2) CapEx, year 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
		mEUR	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T

A. TAXONOMY-ELIGIBLE ACTIVITIES

A.1. Environmentally sustainable activities (Taxonomy-aligned)

3.1. Manufacture of renewable energy technologies	CCM 3.1	189	31%	Y	N	N/EL	N/EL	N/EL	N/EL	N/A	Y	Y	Y	Y	Y	Y	28%	E	N/A
4.9. Transmission and distribution of electricity	CCM 4.9	134	22%	Y	N	N/EL	N/EL	N/EL	N/EL	N/A	Y	N/A	Y	Y	Y	Y	28%	E	N/A
3.20 Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation	CCM 3.20	18	3%	Y	N	N/EL	N/EL	N/EL	N/EL	N/A	Y	Y	Y	Y	Y	Y	0%	E	N/A
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		341	56%	56%	0%	N/A	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	56%		
Of which enabling		341	56%	56%	0%	N/A	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	56%	E	
Of which transitional		0	0%	0%						N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		T

A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)

				EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL										
3.1. Manufacture of renewable energy technologies	CCM 3.1	0	0%	EL	N/EL	N/A	N/A	N/A	N/A								2%		
4.9. Transmission and distribution of electricity	CCM 4.9	7	1%	EL	N/EL	N/A	N/A	N/A	N/A								15%		
3.20 Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation	CCM 3.20	91	15%	EL	N/EL	N/A	N/A	N/A	N/A								12%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		98	16%	16%	0%	N/A	N/A	N/A	N/A								29%		
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		439	72%	72%	0%	N/A	N/A	N/A	N/A								84%		

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES

CapEx of Taxonomy-non-eligible activities (B)	172	28%
Total (A + B)	611	100%

Environmental information

EU Taxonomy

Row	Nuclear energy-related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Fossil gas-related activities		
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No



Environmental information

EU Taxonomy

EU Taxonomy Method statement

NKT has assessed and determined whether the financial activities of 2024 are:

- EU Taxonomy-eligible, meaning the economic activity meets the description of the listed economic activities.
- EU Taxonomy-aligned, indicating compliance with the criteria for substantial contribution to one or more of the six environmental objectives, ensuring Do No Significant Harm (DNSH) to the other five objectives, and adhering to Minimum Safeguards.

NKT identified relevant business activities against the EU Taxonomy eligibility criteria and Taxonomy alignment under:

- Regulation (EU) 2020/852
- Climate Delegated Act (Commission Delegated Regulation (EU) 2021/2139)
- Commission Delegated Regulation (EU) 2021/2178

- Complementary Climate Delegated Act (Commission Delegated Regulation (EU) 2022/1214)
- Environmental Delegated Act (Commission Delegated Regulation (EU) 2023/2486)

- Amendments to the Climate Delegated Act (Commission Delegated Regulation (EU) 2023/2485)

Three activities have been assessed as being eligible for NKT:

- 3.1. Manufacture of renewable energy technologies
- 3.20. Manufacture, installation, and servicing of high, medium, and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation

- 4.9. Transmission and distribution of electricity

NKT is a member of the Europacable task force on Taxonomy. The task force produced a Taxonomy note in 2024, which provides information on additional Taxonomy elements, i.e. alignment parameters, such as technical screening criteria. It also includes

reporting guidelines and regulatory mandatory requirements, necessary for all cable companies in order to comply with the regulation.

Eligibility

All projects and products that relate to manufactured cable systems for the renewable energy sector such as wind turbines, and other renewable energy applications, as well as products marketed to the renewable energy sector under NACE code C27.3 "Manufacture of wiring and wiring devices" have been deemed eligible under activity 3.1.

The assessment of eligible economic activities also included activities under 3.20: "Manufacture, installation, and servicing of high, medium, and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation".

Cables used for electricity transmission or distribution by definition fulfil the description outlined in activity 3.20 considering their role in improving electrification. Cables used specifically within buildings or telecommunication are not considered eligible for this classification. If the economic activity falls under 3.20 and 4.9, the activity has been allocated to 4.9.

Projects including both products and installation related to construction and installation of interconnectors or enforcement of the grid have been deemed eligible under 4.9. "Transmission and distribution of electricity".

Specifically:

- Engineering, procurement, construction, and installation services to transmission system operators and distribution system operators
- Products with installation services, dedicated to the land transmission & distribution network as market segments

The supply of equipment for electricity transmission and distribution networks, in case the contract does not include installation or project management services, has not been considered eligible.

Taxonomy alignment

Compliance with technical screening criteria for substantial contribution to climate change mitigation

The substantial contribution criteria to climate mitigation for activity 3.1 specifies that the activity "manufactures renewable energy technologies". This condition is met when the specific

project or product satisfies one of the below criteria:

- Cables dedicated for a given renewable energy application
- Customers who are dedicated to renewable energy
- Projects and/or installations dedicated to renewable energy

Economic activities allocated to 3.1 include primarily wind power projects. Corresponding information on projects and the respective customers are available publicly as public announcements by NKT or its customers.

Under 3.20, the economic activity has been deemed compliant with the substantial contribution to climate change mitigation criteria when the eligible activity encompasses the manufacturing, installation, maintenance, repair, and technical consulting services necessary for the operation throughout the lifespan of the following component:

- Transmission and distribution current-carrying wiring devices

These devices qualify if they contribute to enhancing the proportion of renewable energy within the system or improving energy efficiency. The former has been deemed satisfied when the

respective product has been sold to a market (country) with a higher or equal share of renewable energy consumption than the EU 2030 target of 42.5% of share from renewable energy in the Union's gross final energy consumption. Products sold to markets below this threshold have not been included. The renewable energy share per country is based on World Bank statistics on renewable energy consumption (% of total final energy consumption). This approach aligns with the EU's renewable energy target of 42.5% by 2030 based on the amended Renewable Energy Directive EU/2023/2413. Devices sold to markets below this threshold have not been included.

The economic activity satisfied the criteria for the substantial contribution to climate change mitigation for 4.9 when complying with at least one of the following criteria:

- The system is the interconnected European system, i.e. the interconnected control areas of EU Member States, Norway, Switzerland, and the United Kingdom, and its subordinated systems.
- Construction/installation and operation of equipment and infrastructure where the main objective is an increase of the generation or use of renewable electricity generation.

Environmental information

EU Taxonomy

The assessment of the substantial contribution criteria accounted for the type of project or product supplied. In 2024, these comprised primarily inter-connector cables including installation services.

The contribution of the disclosed activities is on climate change mitigation. The overall assessment concluded no contribution of activities against the substantial contribution criteria for climate change adaptation and that none of the activities are aligned under the other four environmental objectives across revenue, OpEx, and CapEx as per Environmental Delegated Act (Commission Delegated Regulation (EU) 2023/2486).

Compliance with DNSH

The economic activities have been included as aligned, if they comply with the relevant DNSH criteria for the categories 3.1, 3.20, and 4.9. NKT assessed DNSH criteria on:

- Manufacturing level
- Project and product level

The assessments are documented in either project or product specific documentation and/or the integrated management plans, processes, and procedures for the manufacturing sites. This approach has been devel-

oped to comply with the DNSH criteria on manufacturing, product, and project level.

Climate change adaptation

NKT has performed a physical climate risk assessment covering NKT's production sites, non-production sites and key suppliers' production sites. Asset resilience across different IPCC climate scenarios and time horizons has been assessed. Furthermore, NKT has conducted thorough assessments at the manufacturing site level, focusing on climate adaptation plans and measures. On project level, climate change adaptation documentation has been obtained.

Sustainable use and protection of water and marine resources

NKT adheres to regulatory requirements in its manufacturing operations ensuring responsible water management. The NKT's sites are not located in water-stressed areas. Project inclusion as part of the Taxonomy has been contingent upon successful environmental impact assessments (EIAs), providing essential insights into potential water and marine resource impacts. EIAs or EAARE's have also been requested from NKT's production sites, since NKT or its clients are legally obliged to conduct an environmental impact assessment.

Pollution prevention and control

NKT adheres to regulatory requirements within its manufacturing operations, ensuring responsible pollution prevention and control. Both NKT and its clients are legally obligated to conduct thorough environmental impact assessments. For NKT's production sites as well as on project level, all prohibited and restricted chemical substances being used have been identified, together with their purpose and place of use. If materials/substances from the EU ECHA Candidate list of Substances of very high concern are being used, it has been documented that there are no alternatives and that dispensation from local authorities or similar has been approved if required due to exceeding the threshold.

Protection and restoration of biodiversity and ecosystems

Both NKT and its clients adhere to legal obligations by conducting thorough EIAs. Only those projects that have successfully completed an assessment process have been deemed aligned.

Transition to circular economy

NKT promotes the transition to a circular economy. Key elements of this approach include:

- High-Quality and Durable Cables: NKT designs and manufactures cables to meet stringent quality and longevity standards. Some cables often serve for 40 years. Additionally, NKT's service and installation division swiftly repairs cable systems, minimising disruptions and extending their operational lifespan.
- Waste and Circularity Strategy: NKT has implemented a strategic waste and circularity plan, with the primary focus of increasing the amount of waste that is recycled. By optimising material usage and refining recycling processes, NKT contributes to resource efficiency while minimising waste generation.
- Recycled Content in Conductors: In alignment with circular economy principles, NKT is continuously investigating opportunities to produce cables with higher recycled content in their conductors. This reduces dependence on virgin resources and fosters sustainable material practices.

On project level, the economic activities have been deemed not aligned with the DNSH criteria if a project does not have the supportive documentation to comply with the set criteria. This can be the case if a project is new and thereby the necessary documentation has not been developed yet.

Compliance with Minimum Safeguards

The Minimum Safeguards have been assessed on a global company level with reference to the NKT Code of Conduct, the Human rights policy, Sustainable Procurement policy, and other related policies, processes, and governance. NKT aligns with the UN Guiding Principles on Business and Human Rights, as well as the Organisation for Economic Cooperation and Development's (OECD) guidelines for multinational enterprises. These principles extend to both the internal operations and supply chain.

In the alignment assessment process, all relevant aspects of the Minimum Safeguards have been taken into consideration. Topics related to fair competition and anti-corruption are addressed in the NKT Code of Conduct. Additionally, NKT's Tax Policy, which covers related taxation matters, is publicly accessible on NKT.com.

Abbreviations in the EU Taxonomy tables

CCM:	Climate change mitigation
Y:	Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N:	No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
EL:	Taxonomy-eligible activity for the relevant objective
N/EL:	Taxonomy-non-eligible activity for the relevant objective
E:	Enabling
T:	Transitional

Environmental information

EU Taxonomy



Accounting policy

The revenue (market prices), CapEx and OpEx related to Taxonomy-eligible/aligned activities have been determined based on the assessment of project and product eligibility and alignment. Revenue, CapEx, and OpEx that can be linked to identified Taxonomy-aligned activities are classified as Taxonomy-aligned. The proportion of revenue, CapEx, and OpEx that is associated with Taxonomy-eligible but not-aligned activities has been determined. This includes the eligible activities where NKT does not meet the technical screening criteria for substantial contribution, DNSH, or Minimum Safeguards for Taxonomy alignment. The proportion of revenue, CapEx, and OpEx that is associated with Taxonomy-non-eligible activities has been determined.

Taxonomy KPIs

Revenue (market prices), as presented in the income statement in the financial statements and in line with NKT's financial definition, includes only external revenue.

CapEx is defined as "Investments in property, plant, and equipment" and "Intangible assets and other investments" as reported in the cash flow

statement in the financial statements. It also includes additions of tangible and intangible assets resulting from business combinations along with the leasing additions reported in the right-of-use assets from leases included in property, plant and equipment.

OpEx has been defined as direct non-capitalised costs that relate to research and development, short-term lease, maintenance and repair.

The share of Taxonomy-eligible/aligned revenue is calculated as the revenue from Taxonomy-eligible/aligned projects and products as a proportion of total revenue.

The share of Taxonomy-eligible/aligned CapEx is calculated as the investments related to assets, processes, and technologies associated with Taxonomy-eligible/aligned economic activities as a proportion of the total CapEx.

The share of Taxonomy-eligible/aligned OpEx is calculated as the OpEx associated with processes and activities related to Taxonomy-eligible/aligned economic activities as a proportion of total OpEx.

Allocation key

The share of Taxonomy-eligible/aligned CapEx and OpEx has been assessed by applying the share of Taxonomy-eligible/aligned produced quantities per categories within specific business lines as an allocation key. The majority of investments and costs can and will be used to produce both eligible/aligned and non-eligible projects and products, and NKT considers that using an output-based approach represents a good proxy for the split between eligible/aligned and non-eligible activities.

Double counting

Revenue, CapEx, and OpEx have been allocated to a single applicable activity, either within the three key Taxonomy-eligible categories or the non-Taxonomy-eligible category, ensuring a clear and accurate distribution without the risk of double counting.

Restatement 2023

The comparative data of 2023 has been restated to incorporate the structural and methodological changes implemented to improve the accuracy and transparency of the 2024 EU Taxonomy disclosure.

The changes include:

- The allocation key for CapEx and OpEx is now based on quantities rather than revenue, ensuring compliance with the Taxonomy regulation.
- Short-term lease and R&D costs have been incorporated into the OpEx to provide a more comprehensive assessment of operational expenditures.
- Whenever business lines have revenue streams that cannot be directly allocated to specific projects or cable types, such as manual postings, NKT proportionally allocates this non-allocated revenue across Taxonomy categories. This is based on each business lines' percentage distribution of eligible/aligned and non-eligible revenue.
- The source for renewable energy statistics has shifted from EU Commission data to World Bank figures, thereby improving coverage by including non-EU countries.

- The technical screening criteria for substantial contribution to climate change mitigation have been distinctly separated from the eligibility assessment to enhance clarity in reporting.

These changes ensure the provision of more reliable and relevant information, as a result, prior-period figures have been restated to ensure consistency.

Environmental information

ESRS E5

Resource use and circular economy

Impacts, risks, and opportunities

E5

In the following chapter, NKT will describe its work with resource use and circular economy topics with a focus on the material impacts and risks.

The material sustainability matters are:

- Resource inflow including resource use
- Waste
- Resource outflow related to products and services

➤ To read more about the material sustainability matters, see: DMA results on page 65.

Policies

E5-1

NKT has not yet established a dedicated policy for resource use and circular economy. There are currently ongoing efforts to enhance and mature NKT's overall strategic circularity initiatives. NKT aims to finalise and disclose a comprehensive policy for resource use and circular economy in 2025.

Value chain IROs

Material sustainability matters in the value chain for resource use and circular economy are covered by the Procurement sustainability policy. To read more, see:

➤ [Procurement sustainability policy on page 98](#)

Actions and resources

E5-2

NKT is active with a number of activities within circularity covering areas such as waste minimisation, product lifetime extension, recycling, and recycled content. However, with the exemption of waste minimisation, these efforts have not been part of a cohesive strategic framework and therefore NKT has no actions to disclose for resource use and circular economy. NKT is currently in the process of maturing its overall strategic approach within the area of circularity which will help ensure the allocation of the necessary resources to specific strategic focus areas.

Targets

E5-3

Without a formal policy, NKT currently lacks specific targets for resource use and circular economy concerning market products. There are ongoing efforts to enhance and mature NKT's overall strategic circularity initiatives. NKT intends to develop and disclose targets for resource use and circular economy by 2026.

Environmental information

ESRS E5

Metrics

Resource inflows

E5-4

The main material inflows to produce NKT’s cable system products are:

- Copper
- Aluminium
- Lead
- Steel
- Cross-linked polyethylene (XLPE)
- Polyvinyl chloride (PVC)

These materials have complex value chains where the initial step is extraction of raw materials such as crude oil and metal ores, followed by refining processes and manufacturing into high-quality products that are then used in the manufacturing of cable systems by NKT. NKT uses copper and aluminium in the cable conductors for their electrical properties, where aluminium is processed from bauxite, a critical raw material, and copper from copper ore. The different plastics are used for their insulation and semi-conductive properties and critical to

keep the high performance of cable systems. The cascading principle is applied to these materials by maximising the use of resources as well as the fact that the materials are used to manufacture high-value cable products with a long lifetime that supports the green transition in society.

The main impacts of the core materials are in the value chain where mining and extraction of virgin materials contribute to resource depletion and carbon emissions through energy-demanding refining processes. This is also where waste is a material topic for NKT, since mining is a process where tailings and other waste flows such as scrap rocks are generated while the waste associated with the production of plastics is mainly plastic scrap not meeting quality requirements. Overall, increasing circularity in the value chain is an important decarbonisation and resource use lever to reduce the impacts. For the plastics, using sustainably sourced renewable feedstock such as bio-based plastics could be another

possibility to increase circularity and decarbonisation throughout the value chain. The percentage of sustainably sourced biological material contents in NKT’s cable systems was 0% in the reporting period, while the percentage of reused or recycled components used to manufacture NKT’s cables was 8%.

In addition to the main materials used for cable system production, NKT has a resource inflow of packaging materials. These packing inflows consist of pallets and plastic foils that materials are packaged in on delivery together with the out-bound packaging that NKT uses when placing produced cables on the market. NKT delivers part of the product portfolio with and in packaging such as drums in wood, steel, and plastics, as well as caddies.

To read about NKT’s material resource inflows with the full value chain, see:

 [Value chain on page 63](#)



Accounting policy

The disclosure is based on the recorded purchases of NKT’s main raw materials in the reporting period.

Percentage of sustainably sourced biological materials

The percentage of biological materials and biofuels used for non-energy purposes is calculated using the following formula:

$$\frac{\text{Total weight of sustainably sourced biological materials}}{\text{Total weight of raw materials}} \times 100$$

Percentage of reused or recycled components

The proportion of reused or recycled components in raw material purchased in 2024 is estimated using the global average data on recycled copper and steel supplied by the ecoinvent database.

The percentage of secondary reused or recycled components, secondary intermediary products, and secondary materials used for the manufacturing of products and packaging is calculated using the following formula:

$$\frac{\text{Total weight of reused/ recycled components}}{\text{Total weight of raw materials}} \times 100$$



Significant estimates and judgements

For the disclosures related to circularity, NKT assumes the total amount of purchased main raw materials to be consumed within the reporting period.

Sustainably sourced materials

For the disclosure on sustainably sourced biological materials, NKT relies on the availability and quality of data from its suppliers. In cases where NKT cannot obtain information on the amount of sustainably sourced biological materials from its suppliers, it assumes the share to be 0%.

Reused or recycled components

Due to inconsistencies in the data and to ensure transparency and consistency, NKT has opted to use the verified global average for recycled content available in the ecoinvent database. This approach allows NKT to present a more accurate and reliable assessment of its environmental impact.

In cases where NKT cannot obtain information on the amount of reused or recycled components from the ecoinvent database, it assumes the share to be 0%.

Environmental information

ESRS E5

Metrics

Resource outflows

E5-5

NKT promotes efficient resource use and circularity in both manufacturing and products placed on the market. In the following list, the key products – cable systems - that are being manufactured through NKT’s production processes are described together with how they integrate circular principles:

- Cable systems at NKT are designed with long lifetimes and high-quality assurance. In every aspect of the production process, NKT aims to maximise the use of materials, such as copper, aluminium, and plastics, which are critical for electrical conductivity and insulation properties. Since cable systems are built to last, the frequency of replacements and the associated environmental impact are low. The standard for lifetime of a cable is different depending on application, where energy distribution networks serve 40 years, building wires 30 years, and telecom networks 20 years.

- In NKT’s high voltage cable and accessories portfolio, life cycle solutions on repair and decommissioning services are offered which ensure that cable systems are repaired if faulting, extending the lifetime of the system.
- When considering product design, recycled content, i.e. the use of secondary resources instead of virgin resources, is an important criteria. NKT is continuously assessing opportunities to increase the recycled content of the cable.
- At the end of their life cycle, cables can be recycled to recover valuable metals. This reduces the demand for new raw materials and minimises waste. Advanced recycling techniques allow for the disassembly and recycling of metals, insulation, and other components. For some products in some markets, take-back systems are available to a limited extent. The rate of recyclable content in NKT’s cables is 42%.



Accounting policy

Rate of recyclable content

The material recovery rate for each raw material type, which is used for the calculation of the rate of recyclable content, is based on industry standard EN 50693:2019, product category rule for life cycle assessment for electronic and electrical products and systems.

The rate of recyclable content in products and packaging is calculated using the following formula:

$$\frac{\sum (\text{Material recovery rate (\%)} \text{ per raw material type} \times \text{Total weight of raw material type}) + \sum (\text{Material recovery rate (\%)} \text{ per packaging type} \times \text{Total weight of packaging type})}{\text{Total weight of raw materials} + \text{Total weight packaging}} \times 100$$

Lifetime of a cable

Lifetime of a cable is based on Europacable’s standard on carbon performance in the wire and cable industry and the PEP ecopassport Program PSR, Specific rules for Wires, Cables and Accessories.



Significant estimates and judgements

NKT assumes the total amount of purchased main raw materials to be consumed within the reporting period.

Recovery rate

NKT have opted to use the verified global average for recovery rates as stated in the industry standard EN 50693:2019. This approach allows NKT to present a more accurate and reliable assessment of its environmental impact.

In cases where NKT has no specific or representative data available, and where industry standard EN 50693:2019 does not provide guidance on the recovery rate, NKT assumes the share to be 0%.



Environmental information

Other environmental responsibilities in the value chain

Other environmental responsibilities in the value chain

Impacts, risks, and opportunities

E2, E3, E4

In the following chapter, NKT will describe its work with environmental topics in the value chain with a focus on the material impacts.

The material sustainability matters are:

- Pollution of soil
- Pollution of air
- Pollution of water
- Water
- Impacts on the extent and condition of ecosystems
- Direct impact drivers of biodiversity loss
- Impact on the state of species

To read more about the material sustainability matters, see: DMA results on page 65.

Policy

E2-1, E3-1, E4-1, E4-2

The Procurement sustainability policy is a key policy document related to due diligence in the value chain.

NKT has not assessed biodiversity related physical, transition, and systemic risks in relation to its strategy and business model. No resilience analysis in the context of biodiversity has been prepared.

Procurement sustainability policy

Key content

NKT is committed to sustainable procurement practices that minimise environmental impact and promote fair labour practices. NKT will collaborate with suppliers who share its commitment to high ESG standards and contribute to NKT's sustainability objectives. Through the Procurement sustainability policy, NKT ensures that it sources and procures goods and services in a manner that is ethical, sustainable, and environmentally and socially responsible.

The objectives of the policy:

- Compliance with environmental legislation: Require suppliers and service providers to comply with all local and international environmental legislations and regulations.
- Sourcing low negative-impact materials: Collaborate with suppliers and service providers to source materials and products such as recycled and renewable materials with low negative-impact on the environment.
- Reducing GHG emissions: Collaborate with suppliers and service providers to actively reduce and set public commitments for their GHG emissions across their operations and supply chains.
- Energy efficiency: Encourage suppliers to use renewable energy sources and adopt energy-efficient practices.
- Reducing pollution of air, water, and soil: Encourage suppliers to reduce pollution in their own operations and their supply chains.
- Reducing water: Encourage suppliers to reduce water usage in their own operations and their supply chains.
- Waste reduction: Promote waste reduction, recycling, and responsible waste handling practices with the suppliers and service providers and their operations.
- Supporting ecosystem restoration: Work with suppliers and service providers on initiatives to support and restore degraded ecosystems and avoid, minimise, and restore biodiversity loss in their supply chains.
- Engaging with local communities: Encourage suppliers and service providers to engage with local communities to minimise negative impacts related to environment from their operations and contribute to local initiatives.

Limitations

The policy does not address the following topics:

- Traceability of products, components, and raw materials with significant impacts on biodiversity and ecosystems along the value chain.
- Consumption from ecosystems that are managed to maintain or enhance conditions for biodiversity.
- Social consequences of biodiversity and ecosystem-related impacts.
- Sustainable land practices, sustainable oceans practices and deforestation or biodiversity and ecosystem protection covering operational sites.

Scope

The policy is applicable for employees and sets guidelines for suppliers and service providers.

Environmental information

Other environmental responsibilities in the value chain

Due diligence

E2-2, E2-3, E3-2; E3-3, E4-3, E4-4

NKT is actively strengthening its due diligence process with a focus on specific environmental steps. At this stage, NKT has no specific actions or targets for biodiversity, water and marine resources, or pollution of air, soil, and water.

While NKT acknowledges the importance of the material topics, specific steps to address these gaps have not yet been implemented. The effectiveness of the existing environmental due diligence policies is monitored through ongoing activities within the existing process.

NKT will leverage the results of its materiality assessment to shape its mitigation and remediation strategies, focusing on impacts that are significant to the supply chain. NKT is committed to continuously improving and strengthening its due diligence process to address these identified environmental impacts and risks.

Committed to high ethical standards, NKT expects and requires all business partners to meet those same standards. NKT has committed to comply with UNGC and integrate recommendations by OECD in its internal ways of working and while working with business partners and suppliers

are required to report their sustainability efforts and progress toward meeting environmental, social, and ethical standards. This information is incorporated into NKT's overall sustainability disclosures.

Grievance and remediation

To read more about the grievance mechanism and remedy see:

[Grievance mechanism and remedy on page 107](#)

Compliance

NKT will conduct regular assessments, including audits, site visits, self-assessment questionnaires, and support from third-party certification bodies and standards to follow up on due diligence activities. Suppliers and service providers who fail to meet the policy requirements will face corrective actions, which may include remediation plans, warnings, or termination of the business relationship.

NKT is committed to working collaboratively with suppliers and service providers to continuously improve their sustainability practices and support them in meeting higher sustainability standards. Additionally, suppliers and service providers



Social information

101 Own workforce

107 Social responsibility in the value chain

Social information

Own workforce

Own workforce

Impacts, risks, and opportunities

S1

In the following chapter, NKT will describe its work with own workforce topics with focus on the material impacts and risks.

The material sustainability matters are:

- Health and safety
- Training and skills development

[To read more about the material sustainability matters, see: DMA results on page 65.](#)

Policies

S1-1, S1-3

Health and safety

The area of health and safety is covered by the Group Integrated Management System (IMS) policy:

Key content

The policy's main objective within the area of health and safety is to ensure safe and healthy working conditions in NKT. NKT strives to ensure a secure work environment. The material impacts and risks covered by the policy are work-related injuries, occupational diseases, potential hazard of external threats, and physical and psychological well-being.

The policy highlights NKT's commitment to respecting human rights, aligning with international standards and guidelines such as the International Bill of Human Rights, International Labour Organisations (ILO's) Declaration, OECD Guidelines, and UN Guiding Principles.

To ensure a safe working environment, NKT has a workplace management system in place: ISO 45001. As per 2024, 80% of production sites are ISO45001 certified.

Scope

The IMS policy covers the NKT workforce as well as contractors.

Training and skills development

The area of training and skills development is covered by NKT's training policy. NKT considers developing employees important in making NKT an attractive place for employees to invest their career and to ensure NKT continuously performs as an organisation and remains competitive.

Key content

The key content of the policy is to ensure effective processes for investing in employee development. The policy covers individual development, functional and cross-functional training programs, leadership development, EMBA's, and other executive programs.

Scope

The NKT training policy applies to all NKT employees including subsidiaries. The policy regulates white collar training only.

Human rights policy and grievance mechanism:

A description of NKT's human rights policy and the whistleblower hotline can be found here:

[Human rights policy on page 107](#)

Data on trainings and number of grievances received through the whistleblower hotline can be found here:

[Incidents, complaints, and severe human rights impacts on page 106](#)

[Code of Conduct training on page 112](#)

Engagement with own workforce

S1-2

NKT values its employees and it is therefore important to engage with them on sustainability-related impacts, risks, and opportunities. This is done on a regular basis through engagement surveys and structured feedback dialogues. Engagement occurs both with the employees directly and with their representatives through department meetings and in meetings with union representatives.

The GLT has operational responsibility for ensuring that engagement with NKT's employees take place.

The effectiveness of engagement is assessed through surveys and specific management fora. NKT uses an engagement survey to ensure that employees have an opportunity to be heard.

The engagement with employees is based on all categories of employees. NKT covers all vulnerable employee groups with a range of different policies, guidelines, and trainings.

Social information

Own workforce

Action

S1-4

Health and safety

A Health, Safety, and Environment (HSE) strategy for 2023-2026 was developed to strengthen safety through three main pillars: Behavioural safety, site maturity, and NKT global standards. These pillars were further developed in 2024:

- Behavioural safety: The SafeStart initiative aims to reduce safety incidents by training employees to recognise and mitigate risky behaviours. This programme includes workshops, online training, and is supervised by a steering committee.
- Site maturity roadmap: Some sites are audited using the Safety Culture Ladder to ensure consistent safety practices. NKT will roll out more Safety Culture Ladder audits for sites in the coming years.
- NKT global standards: Global standards are being developed and some standards are currently

being rolled out, covering areas such as electrical safety, use of knives, and forklift operations.

GLT plays an important role as safety ambassadors, fostering a visible sense of ownership for safety. The effectiveness of actions and initiatives in the HSE strategy is tracked and assessed through several key mechanisms:

- Regular audits: Some sites are audited using the Safety Culture Ladder to ensure compliance with safety standards and identify areas for improvement.
- Incident reporting system: The incident reporting system is used for risk observation and incident reporting, helping to track incidents, analyse root causes, and implement corrective actions.
- Monthly HSE council meetings: The HSE council meets on a monthly basis to review progress, discuss updates, and drive actions, ensuring continuous

monitoring and improvement of safety practices.

- Progress tracking: Regular updates and progress tracking are integral to the strategy, involving monitoring the implementation of initiatives, assessing their impact, and making necessary adjustments.
- Feedback mechanisms: Feedback from employees and safety ambassadors is collected to assess the effectiveness of training programs such as SafeStart and other safety initiatives.
- Action plans: Specific action plans are developed to address identified gaps and tracked through HSE council meetings, with immediate actions agreed upon and followed up to ensure timely resolution. This includes enabling remedy where necessary. No remedy has been provided in 2024.

The HSE strategy for 2023-2026 has allocated resources to enhance

safety through leadership involvement and a strengthened HSE team to drive improvements and maintain safety standards.

Training and skills development

In 2024 employees have participated in the following programmes:

- NKT Trainee Programme
- Advanced Talent Programme
- Fast Track Emerging Talent Programme (for female employees)
- Advanced Leadership Programme (for female employees)
- License to Lead Others Programme

For training and skills development NKT has allocated a team on global level, working on training programmes. In 2025, NKT will work on gaining more transparency in terms of trainings and skills development, the actual resources allocated, and tracking the effectiveness.

With the established programmes NKT aims to allow employees to develop skills and become an attractive employer.



Social information

Own workforce

Targets

S1-5

Health and safety targets

NKT has set specific, measurable goals for the RWA to reduce incidents and enhance safety practices.

Safety (RWA)

The RWA is a key metric used to measure workplace safety, representing the number of recordable incidents per 1,000,000 hours worked¹. The targets for RWA are designed to encourage continuous improvement in safety performance.

RWA target

The 2024 RWA target was 6. The 2028 RWA target is 3 or below, reflecting a reduction in the number of incidents, indicating better safety performance. It underscores the importance placed on reducing workplace incidents and improving overall safety. The progress on the RWA metric can be found here:

[Health and safety metrics on page 105](#)

The target is currently on track. Progress on the RWA metric is being monitored monthly and progress on the target is being monitored annually.

Setting targets

The target for health and safety has been developed and set by Group Health and Safety and NKT Leadership. The base year for the target is 2022 and the baseline value is 5.65. While the workforce was not directly involved in setting the target, they play a crucial role in implementing measures and monitoring performance to achieve it.

Tracking performance and identifying lessons

The HSE Council plays an important role in enhancing safety and ensuring continuous improvement within the organisation. The council oversees safety audits, incident reporting, and the implementation of training programs such as Safe-Start and develops and rolls out global standards for critical safety areas. The council also tracks safety

performance and progress towards targets. Chaired by the Group HSE Director, the council includes HSE managers, leadership representatives, and employee representatives, ensuring a comprehensive approach to safety. The regular feedback from employees helps identify lessons learned and areas for improvement.

Training and skills development targets

NKT is currently working on being able to track the effectiveness of trainings which in turn will enable the setting of targets for training and skills development.



¹ NKT has previously calculated work-related accidents based on 200,000 workhours. NKT has now aligned this with ESRS to disclose its RWA based on 1,000,000 workhours. Targets and base year value have been adjusted accordingly.

Social information
Own workforce

Metrics

Characteristics of employees
S1-6

The following section provides an overview of the characteristics of NKT's employees. For related information, refer to the note 2.2: "Staff costs" on page 128 in the financial statements.

Employees by country

Country	Number of employees (head count)
Sweden	2,264
Germany	1,327
Czech Republic	632
Poland	443
Portugal	430
Denmark	388
India	173
Lithuania	152
United Kingdom	88
Netherlands	82
Other	78
Total	6,057

Employees by gender and contract type

	Number of employees (head count)
Female	1,181
Male	4,875
Other	0
Not disclosed	1
Total number of employees	6,057
Female	1,097
Male	4,575
Other	0
Not disclosed	1
Total number of permanent employees	5,673
Female	84
Male	300
Other	0
Not disclosed	0
Total number of temporary employees	384
Female	3
Male	20
Other	0
Not disclosed	0
Total number of non-guaranteed hours employees	23

§ Accounting policy

Gender categories

NKT's employees may choose a gender category, which is aligned with their identity or decide not to disclose their gender. As such NKT operates with four categories; female, male, other, and not disclosed.

Total head count

The total number of employees is determined by the head count at the end of the reporting period. This figure includes temporary and permanent employees, as well as those on leave. The data is sourced from the Group's registration systems. Employees who have been made redundant or have resigned are counted until the end of their notice period, regardless of whether they have been released from their duties.

Breakdown of employees

The employee breakdown is based on the total head count at the end of the reporting period. Countries where NKT has at least 10% of its total workforce, exceeding 50 employees, are disclosed separately. The remaining NKT employees are consolidated under the category "Other." The geographical assignment of NKT employees is determined by their contractual affiliations.

Social information

Own workforce

Employee turnover

	2024
Number of employees who have left NKT (head count)	606
Percentage of employee turnover	10%
Number of permanent employees who have left NKT (head count)	447
Percentage of permanent employee turnover	8%
Number of temporary employees who have left NKT (head count)	159
Percentage of temporary employee turnover	37%

Accounting policy

Employee turnover

The employee turnover rate is calculated using the “average number of employees” to account for fluctuations in head count. To accurately reflect NKT’s turnover rate, two distinct figures are reported: One for permanent employees and one for temporary employees. This distinction is necessary due to the inherently higher turnover rate among temporary employees. The turnover rate includes all employees leaving NKT during the reporting period.

The turnover rates are calculated using the following formulas:

Total number of terminated permanent employees

Average number of permanent employees

**100*

Total number of terminated temporary employees

Average number of temporary employees

**100*

Average number of employees

The average number of employees is determined by calculating the average head count over the reporting period, based on the head count at the end of each month.

Health and safety metrics

S1-14

	2024
Percentage of employees covered by health and safety management system	100%
Number of fatalities among NKT's employees	0
Number of fatalities of other workers working on NKT's sites	0
Number of recordable work-related accidents	52
Rate of recordable work-related accidents (RWA)	5.24
Number of days lost	827

Accounting policy

Coverage of health and safety management system

The percentage of NKT’s employees who are covered by the health and safety management system is calculated using the following formula:

Total head count of employees covered

Total head count of employees in NKT

**100*

Fatalities

Fatalities are the number of NKT's employees and other workers working on NKT's sites who lost their lives as a result of a work-related incident or work-related ill health. Fatalities are included in the rate of recordable accidents.

Recordable work-related incidents

The total recordable work-related incidents include any incidents which resulted in medical treatment, reduced work, lost time, or fatalities as reported in an internal system.

Rate of recordable work-related accidents

The calculation of rate of recordable work-related accidents (RWA) for own workforce is based on number of work hours derived partly from payroll information and partly from estimates using the contractual hours.

The rate of recordable work-related accidents for own workforce is calculated using the following formula:

*Number of recordable work-related accidents for NKT's workforce * 1,000,000*

Total number of hours worked by NKT's workforce

Lost days

The number of days lost to work-related injuries are the total number of calendar days lost to work-related injuries and fatalities from work-related accidents in NKT’s own workforce. This includes the first full day and last day of absence.

The number of days lost due to fatalities will be assessed individually, considering the circumstances leading up to each fatality.

Social information

Own workforce

Incidents, complaints, and severe human rights impacts

S1-17

NKT has not identified any cases of severe human rights incidents (e.g. forced labour, human trafficking, or child labour) during 2024 nor paid any fines, penalties, or compensation for damages as a result of discriminations for complaints.

Incidents and complaints

2024

Complaints	
Number of complaints filed through NKT's whistleblower hotline	19
Number of complaints to National Contact Points for OECD Multinational Enterprises	0
Discrimination and harassment	
Total number of incidents of discrimination (including harassment)	5
Fines, penalties, and compensation	
Total amount of fines and penalties and total amount of compensation for damages	0



Accounting policy

Number of complaints

The number of complaints filed through grievance mechanism or the National Contact Points for OECD Multinational Enterprises (NCPs for OECH Multinational Enterprises) is derived from the whistleblower hotline and the NCPs for OECH Multinational Enterprises. It encompasses complaints related to social topics such as working conditions and equal treatment, but excludes incidents of discrimination (including harassment).

Number of incidents

The number of discrimination and severe human rights incidents affecting NKT's employees is derived from the whistleblower hotline.

NKT's Corporate Affairs monitors any complaints filed with NCPs for OECD Multinational Enterprises, along with any incident from the whistleblower hotline.

Fines

The total amount of fines, penalties, and compensation paid for damages related to incidents of discrimination, including harassment and complaints and severe human rights abuses/ breaches filed during the reporting period.

Compensation for damages

The total amount of compensation paid for damages related to incidents of discrimination, including harassment and complaints filed during the reporting period.

Social information

Social responsibility in the value chain

Social responsibility in the value chain

Impacts, risks, and opportunities

S2, S3

In the following chapter, NKT will describe its work with social topics in the value chain with a focus on the material impacts.

The material sustainability matters are:

- Working conditions
- Communities and civil political rights
- Particular rights of indigenous communities
- Communities' economic and social rights

➤ To read more about the material sustainability matters, see: DMA results.

Policies for social impacts in the value chain

NKT has two key policy documents and one statement related to human rights. These documents apply across the business and all suppliers and subcontractors working on behalf of NKT:

➤ [NKT Code of Conduct on page 111](#)

➤ [Human rights policy](#)

➤ [Modern slavery statement](#)

The NKT Code of Conduct is outlined in a different chapter of the sustainability statement. The following section will therefore outline the human rights policy.

Human rights policy

S2-1, S3-1, S2-2, S3-2, S2-3, S3-3

Key content

The NKT Human rights policy emphasises the importance of respecting and protecting human rights in addressing climate change and promoting sustainability. It sets guiding principles for ensuring

human rights for employees, communities where NKT operates, and workers in the value chain. The policy aligns with international human rights standards and is monitored through the grievance mechanism.

NKT's commitment to human rights aligns with recognised international human rights standards including the International Bill of Human Rights and the eight ILO's fundamental core conventions forming the basis of ILO's Declaration on Fundamental Principles and Rights at Work. NKT's approach to human rights is guided by the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles.

Scope

The scope of the policy is NKT's own operations as well as upstream and downstream supply chain, involving employees, customers, suppliers, and third-party contractors. It aims to ensure these partners share NKT's commitment to human rights and implement measures to respect and promote these rights. NKT collaborates with supply

chain partners and uses proxies when direct dialogue is not possible to identify and address human rights risks and impacts. The policy includes references to the Modern Slavery Statement and NKT Code of Conduct, highlighting a zero-tolerance stance on child and forced labour. Indigenous people are not explicitly mentioned in the policy, but NKT considers indigenous people in all human rights work.

Tracking performance and transparency

NKT will continuously strengthen its human rights reporting and measure the impact of its actions on people. Data on trainings and number of grievances received through the whistleblower hotline can be found here:

➤ [Incidents, complaints, and severe human rights impacts on page 106](#)

➤ [Code of Conduct training on page 112](#)

Grievance mechanism and remedy

NKT has established a grievance mechanism through its whistleblower hotline, which provides a safe channel to raise concerns about illegal or unethical behaviour, including human rights and environmental grievances. This hotline is open to all individuals or groups and is embedded in the NKT Code of Conduct. NKT takes all reports seriously and investigates them thoroughly to ensure appropriate action is taken.

To ensure secure and confidential reporting, the system is hosted by an external professional partner, EQS Group, and is accessible via the NKT intranet or website (NKT.com). Individuals can choose to remain anonymous, though they are encouraged to identify themselves to support the investigation. Regular communication about the hotline is maintained with employees, business partners, and other parties. NKT acknowledges that some individuals may be unaware of the grievance mechanism or

Social information

Social responsibility in the value chain

choose not to use it, and efforts are ongoing to close these gaps. In cases of human rights violations, NKT ensures access to appropriate remedies, taking responsibility for resolving issues when NKT is responsible and engaging with third parties in the value chain when they are responsible. NKT has a strict non-retaliation policy. To read more, see:

➤ [Non-retaliation on page 111](#)

In cases where individuals' human rights have been violated, it is essential to ensure they have access to appropriate remedies. When NKT is responsible for the impact, accountability is taken for resolving the issue and providing remedies through a dedicated grievance mechanism. If a third party in the value chain is responsible, NKT engages with them to address the remedy and assess the effectiveness of their human rights due diligence processes. In case the negative impact has happened in the value chain, NKT uses leverage

with multiple stakeholders to work towards remediation.

Engagement with workers in the value chain and affected communities

NKT is working with customers, suppliers, and third-party contractors to ensure they share NKT's commitment to human rights and implement measures to respect and promote these rights. NKT collaborates with supply chain partners and uses proxies, when direct dialogue with value chain workers and affected communities is not possible, to identify and address human rights risks. These dialogues take place at a regular frequency, at least once a year through the DMA process. To read more, see:

➤ [Stakeholder involvement in the DMA on page 66](#)

NKT will also provide support and guidance to help partners meet its human rights expectations and ensure effective policy implementation throughout the supply chain.

NKT does not have any general processes to engage with workers in the value chain and affected communities beyond these measures. The GLT has operational responsibility for ensuring that engagement with workers in the value chain and affected communities takes place.

Due diligence

S2-4; S2-5; S3-4, S3-5

NKT recognises the complexities of its supply chain, particularly in relation to the procurement of materials often sourced from countries where human rights are under pressure. This puts NKT at risk of potentially being complicit in human rights violations. The Group Procurement department is working with social and environmental due diligence in the supply chain.

Action and targets

NKT is strengthening its due diligence process with a focus on specific human rights steps. The current process does not include any specific actions and targets for human rights issues and material impacts.

Specific steps to address these gaps have not yet been implemented. The effectiveness of the existing human rights due diligence policies is monitored through ongoing actions within the existing process.

NKT will leverage the results of its DMA to shape its mitigation and remediation strategies, focusing on impacts that are significant to the supply chain.

NKT takes measures to avoid causing or contributing to negative impacts on value chain workers through our business practices. This includes sustainability procurement practices, risk assessments, and trainings.

No cases of non-respect of the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises that involve value chain workers or affected communities, as well as no severe

human rights issues and incidents connected to its upstream and downstream value chain workers or affected communities have been reported in through the whistleblower hotline.

For more details on Code of Conduct trainings, see:

➤ [Code of Conduct training on page 112](#)

When conflicts arise, balanced solutions are considered in collaboration with suppliers to uphold the commitment to human rights and the NKT Code of Conduct.

Social information

Social responsibility in the value chain

Due diligence processes for social matters

Due diligence element	Status
Risk assessment	Human rights risk assessment: In 2023, NKT conducted a human rights risk assessment to evaluate actual and potential risks to its own workforce and the value chain, focusing on strategic suppliers, particularly in the metals value chain. The assessment followed the UN Guiding Principles on Business and Human Rights (UNGPR). The results from this assessment have also been used for the DMA, to further identify material human rights topics. Activities to enhance due diligence process: NKT has various ongoing activities to further enhance due diligence and human rights management in general. These ongoing activities are detailed below: ▪ Reviewing existing due diligence processes to identify opportunities to strengthen ▪ Embedding human rights policy in existing policies, staff handbooks, and procedures and thereby strengthen internal awareness ▪ Developing process for external audit ▪ Developing a human rights training program ▪ Implementing a risk tool Assessment: NKT is in the process of further assessing the salient human rights risks. Relevant external collaboration partners and stakeholders are being included. Group Procurement role: Group Procurement drives an aligned strategic supplier due diligence approach.
Mitigating actions	No specific mitigation actions for social topics have currently been defined. NKT is committed to addressing the root causes of negative impacts on people, society, and the environment, whether caused or contributed to by the company.
Tracking	Commitment to addressing impacts: NKT is committed to addressing the root causes of negative impacts on people, society, and the environment, whether caused or contributed to by the company. Monitoring effectiveness of actions: NKT is using appropriate qualitative feedback and dialogues from both internal and external sources (including affected stakeholders) to monitor the effectiveness of the actions.
Communication	Policy: NKT communicates the contents of the policy to all suppliers and service providers, ensuring they understand NKT’s sustainable procurement approach, practices, and expectations. Annual reporting: NKT’s efforts on due diligence, focus areas, and mitigation measures to address salient risks are reported once a year in the sustainability statement, available on NKT’s webpage.

Governance information

Business conduct

Impacts, risks, and opportunities

G1

In the following chapter, NKT will describe its work with business conduct topics with a focus on the material impacts.

The material sustainability matters are:

- Corruption and bribery
- Political engagement and lobbying activities

➤ To read more about the material sustainability matters, see: DMA results on page 65.

NKT Code of Conduct

G1-1

The NKT Code of Conduct sets out the overarching ethical values, principles, and standards which guide global operations and sustainable practices.

Key content

The NKT Code of Conduct emphasises ethical and responsible business practices, focusing on integrity, compliance with laws, and promoting a culture of openness. It prioritises health and safety, and prohibits bribery, corruption, and fraud. It outlines the commitment to environmental responsibility and upholding human rights standards, including fair labour practices and prohibiting child and forced labour. Employees are expected to act responsibly, complete training, and support ethical decision-making. Compliance is monitored through internal reviews, with appropriate measures for violations. Multiple channels are available for reporting concerns, including a confidential whistleblower hotline.

➤ [Grievance mechanism and remedy on page 107](#)

Employees are instructed not to contribute to or support political parties, candidates, or committees in the name of NKT.

Scope

The NKT Code of Conduct sets ethical standards that apply to all employees and all company operations and the entire value chain. It covers suppliers, vendors, customers, distributors, and other business partners, ensuring they meet the same ethical standards and legal requirements as NKT. The NKT Code of Conduct is globally applicable, ensuring compliance with local and international laws and regulation. All employees and business partners must comply with the NKT Code of Conduct.

Political engagement and lobbying activities

NKT currently has no separate policy for political engagement and lobbying activities as there are existing procedures in place that effectively

guide the topic. However, the NKT Code of Conduct emphasises the importance of separating personal political activities from professional responsibilities at NKT.

Non-retaliation

NKT has a strict non-retaliation policy, ensuring no individual faces retaliation for raising concerns or reporting misconduct in good faith. Retaliation includes adverse actions such as termination, demotion, disciplinary sanctions, changes in assignments, wages, working hours, negative performance evaluations, or public badmouthing.

NKT takes all allegations of retaliation seriously, with separate investigations by the Compliance function. Reporters should inform the whistleblower hotline if they experience retaliation. This protection extends to those assisting the reporter, third parties connected to the reporter, and entities associated with the reporter. These rights also apply to individuals accused in the report and those cooperating with investigations.

NKT is subject to the Whistleblower Protection Act (the Danish national law transposing Directive (EU) 2019/1937).

Management of relationships with suppliers

G1-2

NKT is strengthening its due diligence process. Here, material business conduct matters in the value chain will also be evaluated and included into the due diligence process.

NKT is consistently enhancing its ESG requirements throughout its supply chain. NKT expects and mandates that business partners adhere to these standards and comply fully with all applicable laws, statutes, international regulations, and the NKT Code of Conduct. NKT works with approximately 5,500 suppliers, utilising a segmentation model to determine the level of engagement necessary for managing supplier due diligence and strategies.

Governance information

Business conduct

All strategic suppliers must go through NKT’s corporate supplier due diligence process. This process includes a self-assessment questionnaire which is structured around five key topics:

- General information
- Compliance and governance
- Human rights
- Environment
- Quality

These five topics are combined to give a full overview of the suppliers performance to become a qualified supplier for NKT.

Targets

NKT has not set specific targets for business conduct, as activities here are continuous and not tied to strategic initiatives. The effectiveness of policies and actions is measured through different metrics, including the Code of Conduct trainings, with a goal of achieving a high training coverage percentage. This ambition is not based on a specific base period, as the activities are continuous.

Metrics

Prevention and detection of corruption and bribery

G1-3
NKT does not tolerate any form of bribery or corruption. To ensure compliance with anti-corruption and bribery regulations, all white-collar employees are designated as functions-at-risk as they can potentially be at risk of bribery and corruption. These employees undergo mandatory, annual (re)certification for the Code of Conduct e-learning training.

The members of the Board are not subject to the e-learning training. They are the overseeing body and approver of the NKT Code of Conduct prior to the group-wide implementation of the policy.

The NKT Code of Conduct covers guidelines for identifying and managing corrupt practices, including fraud, bribery, conflicts of interest, and the exchange of gifts and entertainment.

The training sessions are automatically assigned upon the expiration of their current certifications.

To effectively address corruption and bribery within the value chain, it is crucial that the functions most involved with the value chain (functions-at-risk) are thoroughly trained and educated on these issues. In order to prevent, detect, and address incidents of corruption or bribery, NKT has several procedures in place in addition to training of relevant employees:

- Screening of third parties
- Enhanced due diligence on agents and distributors
- Written policies and guidelines
- Reporting of gifts and entertainment to/from public officials
- Whistleblower hotline

NKT operates a compliance program driven by the Compliance Function to uphold commitments to anti-corruption and anti-bribery.

The Compliance Board oversees the initiatives outlined in the compliance program with ultimate oversight provided by the Audit Committee, on behalf of the BoD.

To ensure transparency and accountability, NKT has implemented a whistleblower policy, along with a detailed guide on how investigations are conducted. Additionally, there is a clear procedure in place for managing conflicts of interest within the investigation team. Whistleblower reports are presented to both the Compliance Board and the Audit Committee, in anonymised format.

Code of Conduct training

	At-risk functions
Training coverage	
Total no. of employees	2,958
Total receiving training	2,703
Training coverage percentage	91%
Frequency	
How often training is required	Annually

§ Accounting policy

Training percentage

The number of employees in functions-at-risk and the number of valid certificates related to the Code of Conduct training were derived from the training platform.

The percentage of functions-at-risk, defined as all white-collar employees at NKT, covered by training programmes was calculated using the following formula:

Valid certificate for the period

Total number of employees in functions-at-risk

*100

Governance information

Business conduct

Political influence and lobbying activities

G1-5

The transition to a low-carbon society necessitates well-established political frameworks and investments in both infrastructure and emerging technologies. Furthermore, it relies on collective efforts of all stakeholders to drive a broader commitment to actively contribute to a fossil fuel-free future. NKT plays an important role in these efforts, actively advocating for policy changes to accelerate the energy transition and participating in dialogues, advocating for new policies. Through lobbying activities, NKT focuses on key areas that are important for achieving a sustainable future:

- Competitiveness
- Clean Industrial Deal
- Carbon Border Adjustment Mechanism (CBAM)
- Temporary Crisis and Transition Framework (TCTF)
- Renewable energy and net-zero ambitions of the EU

NKT is registered in the EU Transparency Register. Number: 186550449159-84

NKT has not made and does not make any financial or in-kind contributions to political parties, their elected representatives, or persons seeking political office.

NKT is a member of various industry associations with Europacable, Confederation of Danish Industry (DI), Green Power Denmark, and the Association of the Electrical and Digital Industry (ZVEI) being the most significant memberships.

In 2024, NKT's CCO joined the Board of DI. No members of the BoD or GLT have held roles in public administration or regulatory bodies in the two years prior to the reporting period.

Supply chain

NKT's supply chain may face human rights and environmental issues due to insufficient government oversight, potentially leading to labor rights violations and environmental degradation. To address these challenges, NKT advocates for different initiatives such as the Clean Industrial Deal, which aims to maintain social and environmental standards and promote sustainable industrial practices. Additionally, the EU's Renewable Energy and Net-Zero Ambitions involve significant investments in renewable energy, aiming to reduce environmental degradation associated with fossil fuels. However, it is crucial to ensure that these renewable energy projects respect human rights, particularly in sourcing materials and impacting local communities. NKT is committed to participating in advocacy and dialogues within initiatives that address both human rights and environmental issues, striving to create a more sustainable and ethical supply chain.



Accounting policy

Political contributions

NKT's Code of Conduct, specifically the section on Anti-Corruption, prohibits political contributions, which are defined as contributions to politicians, political campaigns, and political parties.

Lobbying activities

Member fees for industry associations are registered separately on a legal entity level.



06

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Income statement

1 January – 31 December

EURm	Note	2024	2023
Revenue	2.1	3,252	2,567
Costs of raw materials, consumables and goods for resale		-2,215	-1,747
Staff costs	2.2/2.3	-393	-308
Other costs	2.4/6.1/7.1	-310	-261
Other operating income		9	4
Earnings before interest, tax, depreciation and amortisation (EBITDA)		343	255
Depreciation and impairment of property, plant and equipment	3.2	-82	-71
Amortisation and impairment of intangible assets	3.1	-21	-19
Earnings before interest and tax (EBIT)		240	165
Financial income	5.5	49	11
Financial expenses	5.5	-15	-27
Earnings before tax (EBT)		274	149
Tax	2.5	-38	-30
Net result - continuing operations		236	119
Net result - discontinued operations	6.2	101	5
Net result		337	124
<i>To be distributed as follows:</i>			
Equity holders of NKT A/S		326	113
Hybrid capital holders of NKT A/S		11	11
Net result		337	124
Basic earnings - continuing operations, EUR, per share (EPS)		4.2	2.2
Diluted earnings - continuing operations, EUR, per share (EPS-D)		4.2	2.1
Basic earnings, EUR, per share (EPS)		6.1	2.3
Diluted earnings, EUR, per share (EPS-D)		6.1	2.3

The Board of Directors proposes a dividend for the year of DKK 0 per share (DKK 0 per share in 2023) for approval at the Annual General Meeting.

Statement of comprehensive income

1 January – 31 December

EURm	2024	2023
Net result	337	124
Other comprehensive income		
<i>Items that may be reclassified to income statement:</i>		
Foreign exchange adjustment, foreign companies	-22	7
Reclassification to profit or loss on disposal of NKT Photonics	-1	0
Cash flow hedges:		
Value adjustment for the year	118	51
Transferred to revenue	6	14
Tax on cash flow hedges	-32	-5
Cost of hedging:		
Value adjustment for the year	-8	25
Transferred to profit or loss	2	3
Tax on cost of hedging	1	-10
<i>Items that may not be reclassified to income statement:</i>		
Actuarial gains/losses on defined benefit pension plans	-3	1
Tax on actuarial gains/losses	1	0
Total other comprehensive income	62	86
Comprehensive income for the year	399	210
<i>To be distributed as follows:</i>		
Equity holders of NKT A/S	388	199
Hybrid capital holders of NKT A/S	11	11
Comprehensive income for the year	399	210

Balance sheet

31 December

EURm	Note	2024	2023
Assets			
Goodwill	3.1	405	351
Other intangible assets	3.1	241	193
Property, plant and equipment	3.2	1,464	1,014
Derivate financial instruments	5.6	39	41
Investments in associated companies		8	9
Other investments and receivables		5	1
Deferred tax	2.5	21	13
Total non-current assets		2,183	1,622
Inventories	4.2	424	311
Trade and other receivables	4.3	423	340
Derivate financial instruments	5.6	131	144
Contract assets	4.5	143	107
Income tax receivable		37	15
Cash and cash equivalents		1,518	888
Assets held for sale	6.2	0	177
Total current assets		2,676	1,982
Total assets		4,859	3,604

EURm	Note	2024	2023
Equity and liabilities			
Share capital	5.1	144	144
Reserves		-17	28
Retained earnings		1,571	1,248
Equity attributable to equity holders of NKT A/S		1,698	1,420
Hybrid capital	5.3	155	155
Total equity		1,853	1,575
Deferred tax	2.5	34	36
Pension liabilities	3.6	42	40
Provisions	3.5	35	11
Interest-bearing loans and borrowings	5.4	221	196
Contract liabilities	4.5	1,016	324
Derivate financial instruments	5.6	51	48
Total non-current liabilities		1,399	655
Interest-bearing loans and borrowings	5.4	17	11
Trade payables	4.4	534	364
Other liabilities	5.4	291	145
Derivate financial instruments	5.6	51	46
Contract liabilities	4.5	626	713
Income tax payable		60	27
Provisions	3.5	28	30
Liabilities associated with assets held for sale	6.2	0	38
Total current liabilities		1,607	1,374
Total liabilities		3,006	2,029
Total equity and liabilities		4,859	3,604

Cash flow statement

1 January – 31 December

EURm	Note	2024	2023
Earnings before interest, tax, depreciation and amortisation (EBITDA)		343	255
<i>Non-cash operating items:</i>			
Change in provisions, gain and loss on sale of assets, etc.		8	8
Changes in working capital	4.1	711	320
Cash flow from operations before financial items, etc.		1,062	583
Financial income received		45	89
Financial expenses paid		-30	-105
Income tax paid		-38	-38
Income tax received		0	13
Cash flow from operating activities from continuing operations		1,039	542
Acquisition of subsidiaries	6.1	-144	0
Acquisition of associated companies	6.1	0	-9
Investments in property, plant and equipment		-463	-205
Intangible assets and other investments		-32	-33
Cash flow from investing activities from continuing operations		-639	-247
Free cash flow from continuing operations		400	295

EURm	Note	2024	2023
Changes in loans	5.4	-8	-1
Repayment of lease liabilities	5.4	-6	-6
Capital increase	5.1	0	357
Purchase of treasury shares		-2	-7
Coupon payments on hybrid capital	5.3	-11	-9
Cash flow from financing activities		-27	334
Net cash flow for the year from continuing operations		373	629
Net cash flow for the year from discontinued operations	6.2	248	-1
Net cash flow for the year		621	628
Cash and cash equivalents, 1 January		890	262
Currency adjustments		7	0
Net cash flow for the year		621	628
Cash and cash equivalents, 31 December		1,518	890
Of which classified as assets held for sale		0	2
Cash and cash equivalents from continuing operations, 31 December		1,518	888

The above cannot be derived directly from the income statement and the balance sheet.

Statement of changes in equity

1 January – 31 December

EURm

	Share capital	Treasury shares	Foreign exchange reserve	Cash flow hedge reserve	Cost of hedging reserve	Retained earnings	Total	Hybrid capital	Total equity
Equity, 1 January 2024	144	-4	-56	89	0	1,247	1,420	155	1,575
<i>Other comprehensive income:</i>									
Foreign exchange translation adjustments			-22				-22		-22
Reclassification to profit or loss on disposal of NKT Photonics			-1				-1		-1
Value adjustment of hedging instruments:									
Value adjustment for the year				118	-8		110		110
Transferred to revenue				6	2		8		8
Actuarial gains/losses on defined benefit pension plans						-3	-3		-3
Tax on other comprehensive income				-32	1	1	-30		-30
Total other comprehensive income	0	0	-23	92	-5	-2	62	0	62
Net result						326	326	11	337
Comprehensive income for the year	0	0	-23	92	-5	324	388	11	399
Deferred hedge gains and losses transferred to inventory, net of tax				-106	-5		-111		-111
<i>Transactions with owners:</i>									
Purchase of treasury shares		-2					-2		-2
Exercise of performance shares		3				-3	0		0
Share-based payment						3	3		3
Coupon payments, hybrid capital							0	-11	-11
Total transactions with owners in 2024		1	0	0	0	0	1	-11	-10
Equity, 31 December 2024	144	-3	-79	75	-10	1,571	1,698	155	1,853

Statement of changes in equity

1 January – 31 December

EURm	Share capital	Treasury shares	Foreign exchange reserve	Cash flow hedge reserve	Cost of hedging reserve	Retained earnings	Total	Hybrid capital	Total equity
Equity, 1 January 2023	115	-1	-63	146	-13	806	990	154	1,144
<i>Other comprehensive income:</i>									
Foreign exchange translation adjustments			7				7		7
Value adjustment of hedging instruments:									
Value adjustment for the year				51	25		76		76
Transferred to revenue				14	3		17		17
Actuarial gains/losses on defined benefit pension plans						1	1		1
Tax on other comprehensive income				-5	-10		-15		-15
Total other comprehensive income	0	0	7	60	18	1	86	0	86
Net result						113	113	11	124
Comprehensive income for the year	0	0	7	60	18	114	199	11	210
Deferred hedge gains and losses transferred to inventory, net of tax				-117	-5		-122		-122
<i>Transactions with owners:</i>									
Capital increase*	29					328	357		357
Purchase of treasury shares		-7					-7		-7
Exercise of performance shares		4				-4	0		0
Share-based payment						3	3		3
Coupon payments, hybrid capital							0	-10	-10
Total transactions with owners in 2023	29	-3	0	0	0	327	353	-10	343
Equity, 31 December 2023	144	-4	-56	89	0	1,247	1,420	155	1,575

* Transaction costs related to the rights issued in 2023 was EUR 5m and are accounted for as a deduction from equity in the capital increase line in the table above.

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Significant estimates and judgements

Significant estimates and judgements made by Management are included in the notes to which they relate with the purpose to increase legibility.



Accounting policy

Accounting policies are included in the notes to which they relate in order to facilitate understanding of the contents and the accounting treatment applied. Accounting policies not relating directly to individual notes are stated in note 1.1 Material Accounting Policy Information.

1. Basis of preparation

This section provides the overall reporting framework applied in our consolidated financial statements. Specific accounting policies applied are described in the relevant notes, while new and upcoming legislation is presented in note 1.2 Implementation of new and amended accounting standards and interpretations, and significant estimates and judgements exercised by management as part of the preparation of this Annual Report, is described in note 1.3 Significant estimates and judgements.

1.1 Material Accounting Policy Information

Introduction

The 2024 Annual Report for NKT Group, comprising both the consolidated financial statements for NKT A/S and its subsidiaries (NKT Group), as well as the separate financial statements for the parent company, has been prepared in accordance with IFRS Accounting Standards, as adopted by the EU and additional Danish disclosure requirements for annual reports for listed companies.

The Annual Report has been approved by the Board of Directors and Executive Management on 21 February 2025, and will be presented for approval by the shareholders at the Annual General Meeting on 19 March 2025.

Basis for preparation

The Annual Report is presented in EUR rounded to the nearest EUR 1,000,000. The Annual Report is prepared according to the historical cost principle with the exception that derivatives and financial instruments, classified as fair value through profit loss (FVTPL), are measured at fair value.

The accounting policies described below and in the individual sections have been applied consistently during the financial year and for the com-

parative figures. For standards implemented prospectively, the comparative figures have not been restated.

Principles of consolidation

The consolidated financial statements comprise the financial statements of the parent company (NKT A/S) and the individual subsidiaries' financial statements prepared according to NKT Group's accounting policies. Subsidiaries are fully consolidated from the date of acquisition, being the date on which NKT obtains control, until the date that such control ceases.

All intercompany balances, income and expenses, unrealised gains and losses and dividends resulting from intercompany transactions are eliminated in full.

Foreign currency translation

Transactions in foreign currencies are initially recognised in the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate at the reporting date. All adjustments are recognised in the income statement.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The assets and liabilities of foreign subsidiaries are translated into EUR at the rate of exchange prevailing at the reporting date, and their income statements are translated at average exchange rates. Exchange rate adjustments arising on translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that operation is recognised in the income statement.

Alternative performance measures (APMs)

The consolidated financial statements include financial performance measures that are not defined according to IFRS Accounting Standards.

These measures are considered to provide valuable information to stakeholders and Management. Since other companies might calculate these differently from NKT Group, they may

not be comparable to the measures applied by NKT Group. These financial measures should therefore not be considered a replacement for performance measures as defined under IFRS Accounting Standards, but rather as supplementary information. Alternative performance measures are defined in note 7.5 Definitions in more detail and some are reconciled to IFRS measures in note 2.1 Segment information and revenue.

Reporting under the ESEF regulation

The Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) has introduced a single electronic reporting format for the annual financial statements of issuers with securities listed on the EU regulated markets.

The applied tagging by the Group has been prepared in accordance with the ESEF taxonomy included in the ESEF regulation and developed based on the IFRS taxonomy published by the IFRS Foundation. The Annual Report submitted to the Danish Financial Supervisory Authority consists of the XHTML document together with the technical files included in the ZIP file nkt-2024-12-31-en.zip.

Presentation in the notes

Accounting policy

Apart from the more general Accounting policy items presented to the left, specific accounting policies are included in the notes to which they relate in order to facilitate a better understanding of the contents and the accounting treatment applied.

1. Basis of preparation

1.2 Implementation of new and amended accounting standards and interpretations

New standards, interpretations and amendments adopted by NKT Group

As of 1 January 2024, NKT Group adopted all relevant new or revised IFRS® Accounting Standards and IFRIC® Interpretations with effective date 1 January 2024 or earlier.

The new or revised standards and interpretations did not affect recognition and measurement materially nor did they result in any material changes to disclosures in the notes.

Apart from this, the annual report is presented in accordance with the accounting policies applied in previous years' annual reports.

New standards, interpretations and amendments not yet adopted by NKT Group

IASB has issued a number of new or amended accounting standards and interpretations, some of which are not yet endorsed by the EU, and which are not mandatory for reporting periods ending at 31 December 2024. The NKT Group expects to implement these new and amended standards when they become mandatory.

Apart from IFRS 18 Presentation and Disclosure in Financial Statements none of the standards and interpretations are expected to have a material impact on the NKT Group.

The group's assessment of the impact of IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027) is set out below.

IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, it is expected to impact presentation and disclosure and in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the group's consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

- IFRS 18 introduces a defined structure for the statement of profit or loss. The structure is composed of categories and required subtotals. Items in the statement of profit or loss will need to be classified into one of five categories: operating, investing, financing, income taxes and discontinued operations. The main change regarding subtotals is the mandatory inclusion of 'Operating profit or loss'. Additional subtotals can be presented in the statement of profit or loss.
- The group expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit will be calculated and reported compared to the current EBIT subtotal. From the high-level impact assessment that the group has performed, the following items might potentially impact the new operating profit compared to the current EBIT:
 - IFRS 18 has specific requirements on the category in which derivative gains or losses are recognised – which is the same category as the income and expenses affected by the risk that the derivative is used to manage. The group currently recognises some gains or losses in operating profit (currently EBIT) and others in financial items, and there might be a change to where these gains or losses are recognised, and the group is currently evaluating the need for change.
 - Share of profit from associated companies currently included in EBIT needs to be presented as part of the investing category below Operating profit.
 - For management-defined performance measures it will be required to include new disclosures and reconciliations to IFRS specified subtotals.
 - From a cash flow statement perspective, there will be changes to how interest received and interest paid are presented. Interest paid will be presented as financing
- Foreign exchange differences currently included in financial items might need to be disaggregated, with some foreign exchange gains or losses presented above operating profit.

cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows. Furthermore, the cash flow statement will start with operating profit or loss instead of EBITDA.

The group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18.

1. Basis of preparation

1.3 Significant estimates and judgements

When preparing this Annual Report, Management has made a number of judgements in applying the accounting policies, which form the basis for the recognition and measurement of assets, liabilities and disclosures provided. Further, Management provides significant estimates regarding future developments. These are regularly reassessed based on historical experience and other factors, which Management assesses to be reliable, but which, by their nature, are associated with uncertainty and unpredictability.

Significant estimates and judgements are predominantly applied in relation

to the recognition of revenue from construction contracts, assessing the value of contract assets and liabilities, and assessing the value of deferred tax assets. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise, but the assumptions are considered reasonable and reliable under the circumstances.

From Management's perspective, the following estimates and judgements are considered significant and the applied estimates and judgements are further described in the respective notes.

Presentation in the notes

Significant estimates and judgements

A description of the significant judgements and estimates provided by Management are included in the respective notes to which they relate.

Note		Significant estimate and judgement	Estimate/ Judgement	Impact assessment ¹
2.1	Segment information and revenue	Determine revenue recognition for projects (PoC)	Judgement and estimate	■ ■ ■ ■ ■
4.5	Contract assets and liabilities	Valuation of construction contracts	Estimate	■ ■ ■ ■ ■
2.5	Tax	Valuation of deferred tax assets	Judgement and estimate	■ ■ ■ ■
3.4	Impairment of assets	Estimate the value-in-use of intangible and tangible long-term assets	Estimate	■ ■ ■
3.5	Provisions	Determine likelihood and value of provisions	Judgement and estimate	■ ■ ■
6.1	Aquisition of companies	Determine value of acquired assets and liabilities	Estimate	■ ■ ■
7.3	Contingent liabilities	Determine recognition and measurement of obligations	Judgement and estimate	■ ■ ■

¹ The numbers of boxes in the above assessment indicate the level of estimates and judgment applied, where five being the highest.

2. Profit for the year

This section relates to profit for the year, including revenue, segment information, staff costs, share-based payments, research and development costs, and tax.

NKT

Operational EBITDA

344m

(255m in 2023)

Solutions

Operational EBITDA

252m

(182m in 2023)

Applications

Operational EBITDA

64m

(59m in 2023)

Service & Accessories

Operational EBITDA

25m

(19m in 2023)

2.1 Segment information and revenue

EURm	Solutions	Applications	Service & Accessories	Non allocated	Intersegment transaction	Total NKT
2024						
Income statement						
External revenue goods ¹⁾	33	1,224	114	0	0	1,371
Intersegment revenue goods ¹⁾	3	1	47	0	-51	0
External revenue service, etc. ^{1) 2)}	22	0	10	0	0	32
Intersegment revenue service ^{1) 2)}	3	0	2	0	-5	0
External revenue construction contracts ²⁾	1,783	0	66	0	0	1,849
Intersegment revenue construction contracts ²⁾	-22	12	19	0	-9	0
Revenue (market prices)	1,822	1,237	258	0	-65	3,252
Adjustment of market prices to std. metal prices	-224	-548	-1	0	10	-763
Revenue (std. metal prices)³⁾	1,598	689	257	0	-55	2,489
Costs of raw materials, consumables and goods for resale	-1,206	-974	-114	10	69	-2,215
Other costs and income, net (excl. one-off items)	-364	-199	-119	-7	-4	-693
Operational EBITDA³⁾	252	64	25	3	0	344
Depreciation, amortisation and impairment	-71	-23	-6	-3	0	-103
Operational EBIT³⁾	181	41	19	0	0	241
Working capital³⁾	-1,546	51	21	42	0	-1,432
Reconciliation to net result						
Operational EBITDA						344
One-off items ³⁾						-1
EBITDA						343
Depreciation, amortisation, and impairment						-103
EBIT						240
Financial items, net						34
EBT						274
Tax						-38
Net result - continuing operations						236
Net result - discontinued operations						101
Net result						337

¹⁾Revenue recognised at a point in time. ²⁾Revenue recognised over time. ³⁾Refer to note 7.5 Definitions.

2. Profit for the year

2.1 Segment information and revenue – continued

EURm	Solutions	Applications	Service & Accessories	Non allocated	Intersegment transaction	Total NKT
2023						
Income statement						
External revenue goods ¹⁾	42	1,097	125	0	0	1,264
Intersegment revenue goods ¹⁾	0	19	36	0	-55	0
External revenue service, etc. ^{1) 2)}	25	0	8	0	0	33
Intersegment revenue service, etc. ^{1) 2)}	1	0	2	0	-3	0
External revenue construction contracts ²⁾	1,255	0	15	0	0	1,270
Intersegment revenue construction contracts ²⁾	-10	0	14	0	-4	0
Revenue (market prices)	1,313	1,116	200	0	-62	2,567
Adjustment of market prices to std. metal prices	-162	-478	0	0	0	-640
Revenue (std. metal prices)³⁾	1,151	638	200	0	-62	1,927
Costs of raw materials, consumables and goods for resale	-852	-884	-83	4	68	-1,747
Other costs and income, net (excl. one-off items)	-279	-173	-98	-9	-6	-565
Operational EBITDA³⁾	182	59	19	-5	0	255
Depreciation, amortisation, and impairment	-69	-15	-5	-1	0	-90
Operational EBIT³⁾	113	44	14	-6	0	165
Working capital³⁾	-739	39	31	-40	0	-709
Reconciliation to net result						
Operational EBITDA						255
One-off items ³⁾						0
EBITDA						255
Depreciation, amortisation and impairment						-90
EBIT						165
Financial items, net						-16
EBT						149
Tax						-30
Net result - continuing operations						119
Net result - discontinued operations						5
Net result						124

¹⁾Revenue recognised at a point in time. ²⁾Revenue recognised over time. ³⁾Refer to note 7.5 Definitions.

2. Profit for the year

2.1 Segment information and revenue – continued

Geographical information

EURm	Revenue		Property, plant and equipment and intangible assets	
	2024	2023	2024	2023
Denmark	124	110	26	12
Germany	906	764	363	332
Sweden	127	122	1,329	995
UK	448	399	19	18
Poland	295	257	24	22
USA	613	391	2	4
Norway	170	84	76	82
Czech Republic	72	77	96	83
France	71	26	0	0
Netherlands	75	28	8	7
Portugal	2	0	165	0
Other	349	309	2	3
Total	3,252	2,567	2,110	1,558

Intersegment transactions are performed on market terms. One customer in the Solutions segment comprises more than 10% of the group's total revenue amounting to EUR 612m (391m in 2023). The geographical disclosure of revenue is based on the country of delivery.



Accounting policy

Segment information

The segment information is based on internal management reporting and is presented in accordance with the Group's accounting policies.

Segment income and expenses and segment working capital comprise those items that are directly attributable to the individual segment and those items that can be reliably allocated to it. Other items are shown as non-allocated.

The operating segments are generally referred to as business lines. The business lines consist of Solutions, Applications and Service & Accessories. For further details please refer to the Business review section of each business line in Management's review. The Board of Directors assesses the operating results of the business lines separately to enable decisions concerning allocation of resources and measurement of performance.

Revenue from goods and short-term service contracts (less than three months) are recognised at a point in time while revenue from construction contracts and long-term service contracts are recognised over time.

Other operating income comprises items of a secondary nature relative to the operations of the Group, including grant schemes, reimbursements and gains on sale of non-current assets.

Costs of raw materials, consumables and goods for resale refer to purchases and changes during the year in inventory levels, including shrinkage, waste production and any write-downs for obsolescence.

Other costs comprise external costs relating to production, sale and administration, as well as losses on disposal of tangible and intangible assets. Write-downs of receivables from sales are also included.

Revenue from construction contracts with customers with a high degree of individual customisation and no alternative use, are recognised as revenue over time, provided that NKT Group has secured an enforceable right to payment for work performed at any time. The revenue therefore corresponds to the sales price of work performed during the year (the percentage-of-completion method). See note 4.5 Contract assets and liabilities for further information concerning construction contracts.

Revenue from sale of goods for resale and finished goods is recognised in the income statement when control of the goods has transferred to the buyer, normally at delivery, and it is probable that the income will be received.

Revenue from services that include service packages and extended warranties relating to products and contracts is recognised over time with the supply of those services.

Revenue is measured at the fair value of the expected consideration excluding VAT and taxes charged on behalf of third parties. In determining the transaction price, revenue is reduced by probable penalties and other claims and discounts that are payments to the customers. The transaction price is further adjusted for any variable elements of the transaction price. The variable amount is estimated at contract inception and revisited throughout the contract period. Variable income is recognised as revenue when it is highly probable that a significant reversal will not occur.

Projects

Revenue from the sale of cable projects accounted for as construction contracts comprises sale of onshore and offshore highly customised cables in Solutions, and delivery of highly customised spare cables in Service.

Projects are usually significant in amount, have a long lead time affecting the financial statements of more reporting periods, and have a high degree of project management.

Each project is normally considered one performance obligation as each project comprises highly interrelated and interdependent physical assets and services, such as production, installation and project management.

However, depending on the contract structure, the performance obligation may consist of more than one contract.

Cable projects are often sold as fixed price contracts and revenue from these are therefore recognised over time by applying the percentage of completion cost-to-cost method.

2. Profit for the year

2.1 Segment information and revenue – continued

Payment terms of a cable project contract usually comprise the following payments:

- Prepayment from the customer at contract inception,
- progress payments, linked to project milestones,
- final payment upon completion and customer acceptance.

NKT Group will usually obtain payment guarantees to minimise counterparty risk during the execution of cable projects.

Sale of products

Sale of products relates to the sale of smaller less customised cable projects, standardised cables and equipment. Small cable projects with little or no customisation usually have a short lead time of less than one year. Each delivered product is considered one performance obligation. Most of the products are sold at a fixed price and revenue is usually recognised at the point in time when the control of the products transfers to the customers, usually upon delivery.

For standardised products, NKT Group is usually entitled to payment upon delivery, and payment terms vary by market but are usually between 0-60 days.

Service contracts

Service contracts comprise various service elements to support power cable efficiency and prevent or mitigate power cable failures and can include up to round-the-clock, 365 days/year support. Service delivered according to the contracts is considered as one performance obligation delivered over time. Revenue is accordingly recognised over the life of the contract using the the percentage of completion cost-to-cost method. NKT Group is either entitled to payment once the service has been provided or on a periodic basis.

Spare parts and other repair work contracts are determined as one performance obligation. The transaction price is usually variable, depending on the produced output, and revenue is recognised over time, using the cost-to-cost method. In case of significant uncertainties related to measuring the revenue reliably, revenue is recognised according to payments. NKT Group is entitled to payment once the work or spare parts are delivered.

Providing new highly customised spare cables is defined as one performance obligation. The transaction price is usually fixed and revenue is typically recognised over time using the percentage of completion cost-to-

cost method. However, if the production time is less than one month, revenue is recognised at a point in time.

The payment pattern for spare cables is similar to the pattern for cable projects described above and NKT Group will usually obtain payment guarantees to minimise the risk during the execution of the cable project.

Significant estimates and judgements

Cable projects are to a certain degree measured based on management judgement in terms of when to recognise revenue and how to calculate the revenue in terms of percentage-of-completion and estimated profit on each project. The estimates include a risk provision, which is based on an assessment of the specific risks that each project is exposed to as well as assessment of cost development over the project lifetime. The percentage-of-completion is based on costs incurred against estimated total project costs. Cost estimates include assessment of short and long term development of cost levels over the project lifetime. In essence, the total project costs are therefore to a large extent based on estimates.

Assumptions for the recognition of revenue over time regarding larger cable projects are determined contract by contract. Control is transferred as the project progresses, based on assumptions such as:

- Deliveries being approved on an ongoing basis,
- NKT Group's ability to provide products according to specification and the risk that the cable is rejected.

2.2 Staff costs

EURm	2024	2023
Wages and salaries	335	265
Social security costs	73	60
Defined contribution plans	19	14
Staff costs capitalised as assets	-34	-31
Total	393	308
Average number of full-time employees	5,409	4,473

EURk	2024	2023
Remuneration to Executive Management		
Salary	1,411	1,344
Short-term bonus	1,085	722
Pension	96	85
Long-term incentive programs	962	903
Other benefits	120	117
Severance payments	0	1,334
Executive Management in total	3,674	4,505
Remuneration to Board of Directors	735	756
Total	4,409	5,261

Key management personnel consist of Executive Management which is the CEO and the CFO. Remuneration to Executive Management comprises fixed salary, short- and long-term incentive programs and other customary benefits. Long-term incentive programs consist of share-based pay-

ment programs. The accounting for share-based payments is presented in detail in note 2.3 Share-based payment. For more information on the development, refer to the Remuneration Report available at NKT's website <https://investors.nkt.com/corporate-governance/statutory-reports>

2. Profit for the year

2.2 Staff costs – continued



Accounting policy

Staff costs comprise wages and salaries, remuneration, pensions, etc., and share-based payment for NKT Group's employees, including Group Management. The Board of Directors does not receive share-based payment.

Wages and salaries, social security contributions, leave and sick leave, bonuses and non-monetary benefits are recognised in the financial year in which services are rendered by the employee. When NKT provides long-term employee benefits, the costs are accrued to match the rendering of services.

Termination benefits are recognised when an agreement has been reached between NKT and the employee and no future service is rendered by the employee in exchange for the benefits.

2.3 Share-based payment

Long-term incentive programs for Executive Management and Group Leadership Team

The decision to award performance shares to the Executive Management, the Group Leadership Team (GLT) and selected employees is made each year at the discretion of the Board of Directors after recommendation from the Remuneration Committee. The awarded shares represent a conditional right to receive shares after a three-year performance period at nil payment. The Board of Directors may decide to make cash awards in a given year. The performance shares vest subject to continued employment and the achievement of certain performance targets over a three-year period.

For more information on the grant of performance shares, refer to the Group's Remuneration Report available on NKT's website.

In 2024, a new performance share program was awarded to 23 participants (20 in 2023) with a vesting period of three years. All programs contain two key performance targets, one relating to operational EBITDA, and one relating to Total Shareholder Return (TSR). The total market value at award date was EUR 3m (EUR 3m in 2023).

For the 2022 program, both the TSR target and EBITDA target were met and 50,513 shares will vest in February 2025.

Costs relating to share-based payments in 2024 was EUR 3m (EUR 2m in 2023). The lower costs in 2023 was mainly due to the former CEO forfeiting the 2022 program.

Remaining value to be expensed relating to current programs is EUR 4m (EUR 3m in 2023). The weighted average remaining contractual life of performance shares at the end of the period was 1.2 years (1.1 years in 2023).

Assumptions

At grant date the fair value of awarded Performance shares has been calculated based on the number of awarded shares, the percentage of shares expected to vest as well as the share price at grant date. As dividends are not expected they have not been incorporated into the measurement of fair value.

Performance shares outstanding	Executive management	Other employees	Total
1 January 2023	87,916	134,524	222,440
Shares granted during the year	24,357	37,182	61,539
Shares vested during the year and other movements	-65,598	-39,929	-105,527
31 December 2023	46,675	131,777	178,452
1 January 2024	46,675	131,777	178,452
Shares granted during the year	17,519	37,284	54,803
Shares vested during the year and other movements	-8,642	-57,758	-66,400
31 December 2024	55,552	111,303	166,855



Accounting policy

The share-based payments contain internal performance measures and external market return measures. At the grant date the value of services received in exchange for share-based payments are measured at the fair value. The fair value of share-based payments is estimated using a valuation model that takes into account the terms and conditions upon which granting took place. During the vesting

period, the costs related to the plans are recognised as staff costs and an equal amount is recognised in equity. For the internal performance targets, costs are recognised over the vesting period based on the number of shares expected to vest, whereas for the market return elements, costs are recognised over the vesting period disregarding any changes in the number of shares expected to vest.

2. Profit for the year

2.4 Research and development

EURm	2024	2023
Research and development costs – staff costs	7	6
Research and development costs – other costs	36	32
Total research and development costs	43	38
<i>Recognised as follows:</i>		
Expensed in the income statement	11	7
Capitalised in the balance sheet	32	31
Total research and development costs	43	38



Accounting policy

Research costs are expensed in the income statement as they occur. Clearly defined and identifiable development projects are recognised as intangible assets provided that certain

requirements are met refer to note 3.1 Intangible assets. Other development costs are expensed in the income statement as incurred.

2.5 Tax

EURm	2024	2023
<i>Tax recognised in the income statement</i>		
Current tax	59	25
Current tax, adjustment prior years	-12	4
Deferred tax	-20	8
Deferred tax, adjustment prior years	11	-7
	38	30
Tax rate for the year	14%	20%
<i>Reconciliation of tax:</i>		
Calculated 22% tax on earnings before tax	60	33
<i>Tax effect of:</i>		
Foreign tax rates relative to Danish tax rate	-4	-5
Non-taxable income/non-deductible expenses, net	0	4
Adjustment for prior years	-1	-3
Value adjustment of tax assets	-17	1
	38	30

EURm	2024	2023
Deferred tax, 1 January, net	-24	-43
Tax recognised in other comprehensive income	-31	-15
Tax recognised on deferred hedge gains and losses transferred from equity to inventory	38	35
Addition from acquisitions	-6	0
Deferred tax recognised in income statement	9	-1
Foreign exchange adjustment	1	0
Deferred tax, 31 December, net	-13	-24
<i>Recognised deferred tax:</i>		
Deferred tax assets, 31 December	21	12
Deferred tax liabilities, 31 December	-34	-36
Deferred tax, 31 December, net	-13	-24
<i>Specification on deferred tax assets and liabilities:</i>		
Intangible assets	-40	-26
Tangible assets	-26	-11
Other non-current assets	4	0
Current assets	-50	-53
Non-current liabilities	8	5
Current liabilities	8	6
Tax losses	155	149
Unrecognised tax assets	-73	-94
Other	1	0
Deferred tax, 31 December, net	-13	-24

2. Profit for the year

2.5 Tax – continued

Tax Approach

NKT Group complies with the tax legislation of the countries in which it operates and seeks to pay the right amount of tax in the countries where it is applicable.

NKT Group only uses business structures that are driven by commercial consideration and have a genuine substance.

NKT Group does not operate in tax havens. In accordance with NKT Group's tax policy, any future operations in tax havens will be purely for commercial reasons.

NKT Group believes in collaboration and transparency regarding its tax matters and actively pursues opportunities to engage with tax authorities and other relevant stakeholders with the purpose of building trust through collaboration and openness.

NKT Group realised earnings before tax (EBT) of EUR 274m (EUR 149m in 2023), which resulted in a reported tax rate of 14% (20% in 2023).

The reported tax rate of 14% was primarily impacted by additional tax losses carried forward being capitalised in Germany.

OECD Pillar 2 had a limited impact on NKT Group in 2024 of around EUR 0m.

In 2024, NKT Group paid a net amount of EUR 38m in corporate income tax compared to paying a net amount of EUR 25m in 2023.

Earnings realised in NKT Group's Danish companies resulted in a corporate tax receivable of EUR 4m (Corporate tax receivable of EUR 11m in 2023).

The majority of the deferred tax assets relate to NKT Group's German tax unit. The business outlook and operational execution have improved significantly during 2024, which has led to further capitalisation of tax losses carried forward. The tax losses carried forward from the German tax unit increased from EUR 449m in 2023 to EUR 480m in 2024. The total deferred tax value amounts to EUR 154m. NKT Group has recognised a deferred tax asset of EUR 87m at year-end 2024 (EUR 50m in 2023). Tax losses in Germany have no expiry date.

Interests carried forward in the Swedish tax unit were fully utilised during 2024.

Tax losses in Danish tax units have been fully utilised in 2024.

NKT Group reported a net deferred tax liability of EUR 13m (EUR 24m in 2023). The development mainly relates to deferred tax liability from the acquisition of SolidAI, and deferred tax liability related to hedge accounting recognised in other comprehensive income. Furthermore, the development relates to revenue recognition in Germany as well as recognition of deferred tax assets related to tax losses carried forward in Germany.

The measurement of deferred tax assets and liabilities is based on the corporate tax rate applicable in the years when the assets and liabilities are expected to be utilised. The measurement of the tax assets is based on budgets and estimates for the coming years, which by nature are subject to uncertainty. As a result, there can be a substantial difference between the expected use of the tax asset and actual use of the tax asset related to previous years in the consolidated income statement.



Accounting policy

Current income tax

Tax for the period, consists of the year's current tax, change in deferred tax and adjustments related to previous years. Tax for the period is recognised in the income statement including the effect of coupon payments on the hybrid capital. Tax relating to other items is recognised in other comprehensive income.

Current tax payable and receivable is recognised in the balance sheet as tax estimated on taxable income for the year, adjusted for tax on taxable income for previous years and for tax paid on account.

Deferred tax

Deferred tax is measured according to the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on taxable temporary differences relating to goodwill and on temporary differences arising on the initial recognition of an asset and liability which affects neither accounting profit nor taxable income and does not result in a deductible and taxable temporary difference of the same amount. Where alter-

native taxation rules can be applied to determine the tax base, deferred tax is measured according to Group Management's planned use of the assets or settlement of the liabilities, respectively.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are recognised at their expected utilisation value within the foreseeable future.

Deferred tax assets and tax liabilities are offset if the company has a legal right to offset current tax assets and liabilities and intends to settle current tax assets and liabilities on a net basis or to realise the assets and liabilities simultaneously.



Significant estimates and judgements

Management judgements and estimates regarding deferred tax assets and provisions for uncertain tax positions

Deferred tax assets relating to tax losses carried forward are recognised when Management assesses that these can be utilised in the foreseeable future. The assessment of possible utilisation include significant estimates and judgements, and the

assessment is based on budgets and business plans for the following years, including the development in revenues based on the high-voltage order backlog. The assessment is performed at the reporting date considering local tax legislation and Management's business plans, and are only recognised if it is probable that future taxable profit will allow the deferred tax asset to be recovered.

As the NKT Group conducts business around the world, tax and transfer pricing disputes with local tax authorities may occur. When assessing the expected outcome of these possible disputes, NKT Group applies IFRIC 23 'Uncertainty over Income Tax Treatments' and methods directed herein when making provisions for uncertain tax positions. As this is an assessment, the actual obligations may deviate and will depend on the result of litigations and settlements with the tax authorities. Any taxes relating to tax disputes are included in Income tax receivables, Income tax payables or deferred tax based on an assessment of the most likely outcome of the disputes.

3. Non-current assets and liabilities

NKT Group's investments in non-current assets form a basis for the Group's operation and non-current liabilities arising as a result thereof. The non-current liabilities in this section are regarded as non interest-bearing.

Intangible assets

New investments

71m

(hereof EUR 39m from business combinations)

Tangible assets

New investments

551m

(hereof EUR 53m from business combinations)

3.1 Intangible assets

EURm	Goodwill	Trademarks, patents and licences etc.	IT software	Development projects completed	Intangible assets under development	Total Intangible assets
Cost, 1 January 2023	350	66	77	63	88	644
Additions	0	0	0	0	33	33
Transferred between classes of assets	0	0	0	25	-25	0
Exchange rate adjustments	1	0	0	0	1	2
Costs, 31 December 2023	351	66	77	88	97	679
Amortisation and impairment, 1 January 2023		-27	-45	-44	0	-116
Amortisation for the year		-4	-8	-7	0	-19
Exchange rate adjustments		0	0	0	0	0
Amortisation and impairment, 31 December 2023		-31	-53	-51	0	-135
Carrying amount, 31 December 2023	351	35	24	37	97	544
Cost, 1 January 2024	351	66	77	88	97	679
Additions	0	0	0	0	32	32
Additions through business combinations	66	37	2	0	0	105
Transferred between classes of assets	0	0	0	24	-24	0
Exchange rate adjustments	-12	-1	0	-2	-2	-17
Costs, 31 December 2024	405	102	79	110	103	799
Amortisation and impairment, 1 January 2024		-31	-53	-51	0	-135
Amortisation for the year		-6	-7	-7	0	-20
Impairment		0	0	0	-1	-1
Exchange rate adjustments		1	1	0	1	3
Amortisation and impairment, 31 December 2024		-36	-59	-58	0	-153
Carrying amount, 31 December 2024	405	66	20	52	103	646

3. Non-current assets and liabilities

3.1 Intangible assets – continued



Accounting policy

Goodwill is initially recognised in the balance sheet at cost. Subsequently, goodwill is measured at cost less accumulated impairment losses and is not amortised.

The carrying amount of goodwill is allocated to NKT Group’s cash-generating units at the acquisition date. Cash-generating units are based on the managerial structure and internal financial control. As a result of the integration of acquisitions in the existing NKT Group, and identification of operating segments based on the presence of segment managers, Group Management finds that the smallest cash-generating units to which the carrying amount of goodwill can be allocated during testing for impairment are identical to the operating segments.

Other intangible assets, which include IT software, trademarks, patents and licences, are measured at cost less accumulated amortisation and impairment losses and are amortised on a straight-line basis over the remaining patent or contract period or the useful life, whichever is the shorter.

Expected useful life is determined as follows:

Trademarks, patents and licences, etc.	3-15 years
IT software	3-8 years
Completed development projects	2-8 years

Intangible assets under development consists of clearly defined and identifiable development projects where the following requirements are met: The technical feasibility, adequacy of resources and a potential future market can be demonstrated, it is intended to manufacture, market or utilise the project, the cost can be reliably determined, and there is reasonable certainty that the future earnings or net selling prices can cover the carrying amount as well as the development costs necessary to finalise the project as incurred. Intangible assets under development are measured at cost less accumulated impairment losses. The cost includes wages, amortisation and other costs relating to the Group’s development activities. On completion the development work is transferred to Development projects completed or IT software.

3. Non-current assets and liabilities

3.2 Property, plant and equipment

EURm	Land and buildings	Manufacturing plant and machinery	Fixtures, fittings, tools and equipment	Property, plant and equipment under construction	Total property, plant and equipment
Cost, 1 January 2023	418	727	129	209	1,483
Additions	32	13	4	187	236
Disposals	-18	-8	-2	0	-28
Transferred between classes of assets	67	108	20	-195	0
Exchange rate adjustments	2	6	1	0	9
Cost, 31 December 2023	501	846	152	201	1,700
Depreciation and impairment, 1 January 2023	-126	-429	-84	0	-639
Depreciation for the year	-16	-42	-13	0	-71
Disposals	18	8	2	0	28
Exchange rate adjustments	0	-3	-1	0	-4
Depreciation and impairment, 31 December 2023	-124	-466	-96	0	-686
Carrying amount, 31 December 2023	377	380	56	201	1,014
Cost, 1 January 2024	501	846	152	201	1,700
Additions	15	28	19	436	498
Additions through business combinations	14	0	34	5	53
Disposals	-2	-5	-3	0	-10
Transferred between classes of assets	10	35	25	-70	0
Exchange rate adjustments	-8	-9	-3	-7	-27
Cost, 31 December 2024	530	895	224	565	2,214
Depreciation and impairment, 1 January 2024	-124	-466	-96	0	-686
Depreciation for the year	-18	-47	-17	0	-82
Disposals	2	5	3	0	10
Exchange rate adjustments	1	5	2	0	8
Depreciation and impairment, 31 December 2024	-139	-503	-108	0	-750
Carrying amount, 31 December 2024	391	392	116	565	1,464

In 2024, borrowing costs of EUR 10m have been capitalised as part of property, plant and equipment under construction.



Accounting policy

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

The cost comprises the purchase price and any costs directly attributable to the acquisition. Borrowing costs directly attributable to assets under construction with a lengthy construction period are recognised in costs during the construction period. The cost of self-constructed assets comprises costs of materials, components, subcontractors and wages. The cost is supplemented by the present value of estimated liabilities related to dismantling and removing the asset and restoring the site on which the asset was utilised.

Subsequent costs, e.g. relating to replacement of parts of an item of property, plant and equipment, are recognised in the carrying amount of the asset if it is probable that the costs will result in future economic benefits for the Group. All other costs relating to ordinary repair and maintenance are recognised in the income statement as incurred.

Depreciation is done on a straight-line basis over the expected useful life of the assets, as follows:

Buildings	10 – 50 years
Manufacturing plant and machinery	4 – 20 years
Fixtures, fittings, tools and equipment	3 – 15 years
Vessel	20 years
Land	not depreciated

If individual parts of an item of property, plant and equipment have different useful lives, they are depreciated separately.

The basis of depreciation is calculated according to the residual value less impairment losses. The residual value is determined at the acquisition date and reviewed annually. If the residual value exceeds the carrying amount, depreciation is discontinued.

3. Non-current assets and liabilities

3.3 Leases

Right-of-use assets from leases included in property, plant and equipment

EURm	Land and buildings	Manufacturing plant and machinery	Fixtures, fittings, tools and equipment	Total property, plant and equipment
Carrying amount, 1 January 2023	29	6	1	36
Additions	32	0	0	32
Depreciation of right of use assets	-4	-1	-1	-6
Carrying amount, 31 December 2023	57	5	0	62
Carrying amount, 1 January 2024	57	5	0	62
Additions through business combinations	12	0	0	12
Additions	3	20	0	23
Depreciation of right of use assets	-6	-1	0	-7
Exchange rate adjustments	-1	0	0	-1
Carrying amount, 31 December 2024	65	24	0	89

Leases mainly consist of office buildings and production facilities. Lease additions in 2023 and 2024 are driven by the general increase in activity and investment in production capacity.

NKT have entered into a number of lease agreements, that are not recognised as right-of-use assets due to the low-value or the short-term nature of the asset. The table to the right shows the total expense of low value and short-term leases, together with the interest expenses of lease debt. For specification of contractual maturity of lease liabilities refer to note 5.4 Net interest-bearing debt.

Amounts expensed in the income statement and total cash outflow

EURm	2024	2023
Interest expense on lease liabilities	0	2
Expenses for low-value assets and short-term leases	15	11
Cash outflow regarding lease liabilities	9	8

In 2024 interest expenses of EUR 3m on lease liabilities have been capitalised as part of assets under construction.

Accounting policy

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Assets and liabilities arising from a lease are initially measured at present value. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate,

- amounts expected to be payable by the lessee under residual value guarantees,
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Right-of-use

assets are measured at cost, comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases have a lease term of 12 months or less. Low-value assets comprise e.g. cars, forklifts, IT-equipment and small items of office furniture.

3. Non-current assets and liabilities

3.4 Impairment test

Result of the annual impairment test

On 31 December 2024 goodwill was tested for impairment. The impairment test did not identify any impairment (none in 2023).

The lowest level at which goodwill is monitored is equal to the cash generating units.

Goodwill has been allocated to the cash-generating units according to the split presented below. In 2024, SolidAI was acquired and added to the Applications business line. The carrying amount of goodwill was:

EURm	2024	2023
Solutions	289	299
Applications	72	6
Service & Accessories	44	46
Total goodwill	405	351

Cash-generating units

Cash-generating units identified in NKT Group are similar to the operating segments, being Solutions, Applications and Service & Accessories. These are considered to be the lowest level of cash-generating units as defined by management.

The definition of cash-generating units is based on the smallest identifiable group of assets that together generate

cash inflows from continued use and which are independent of the cash flows from other assets or groups of assets.

The definition of cash-generating units aligns with the managerial structure and the internal financial reporting in NKT Group. For impairment test purposes, tangible assets and intangible assets are allocated to the respective cash-generating units.

Key Assumptions

The recoverable amount is based on a value-in-use calculation. For all cash-generating units, the calculation uses cash flow projections (budget period) based on the financial budget for 2025 and financial forecasts for 2026–2029, hence a 5-year budget period. Significant parameters in these estimates are revenue growth, discount rate before tax, and growth expectations for the terminal period.

The discount rate before tax has been revised for each cash-generating unit to reflect the latest market assumptions for the risk-free rate based on a 10-year German government bond, the equity risk premium and the cost of debt.

The long-term growth rate for the terminal period is based on the expected growth in the world economy as well as long-term development for the industries and markets in which the cash-generating units operate.

Group Management determines the expected annual growth rate in the budget period and in the terminal period based on historical experience and the assumptions about expected market developments.

Solutions

No reasonably possible change in assumptions could lead to an impairment in Solutions.

In 2024, Solutions was awarded high-voltage projects with a combined value of EUR 1.7bn, resulting in a high-voltage order backlog of EUR 10.6bn at the end of the year. This was a positive addition to 2023 record high order intake, maintaining the order backlog at the same level as 2023, despite delivering 1.8bn of revenue during the year. NKT remains firmly entrenched as a key supplier of high-voltage DC technology, and will play a key role in enabling the transition to renewable energy, especially across Europe. The need for more modern and interconnected power

grids, capable of meeting structurally higher demand for electricity, continues to be a key growth driver for Solutions. As the investment programme related to new high-voltage capacity and capabilities in Karlskrona has progressed, NKT has identified additional opportunities and risks as well as general cost inflation. Therefore, investments related to this programme are expected to increase by approximately EUR 300m, and it remains accretive to NKT's medium-term financial ambitions of a RoCE >20%. The expected timeline is unchanged and the new assets will be operational from 2027.

Following a record-high level of awards in 2022 and 2023, NKT anticipates that its average addressable high-voltage market will be above EUR

10.0bn per year between 2024 and 2030. Assessing future awards to NKT is by nature subject to uncertainty, and the value-in-use calculation of the Solution cash-generating unit is sensitive to changes in the actual share of projects awarded to NKT. However, the high-voltage order backlog at end-2024 provides higher certainty regarding future revenue and earnings.

Applications

No reasonably possible change in assumptions could lead to an impairment in Applications.

The Applications business line is also positively affected by the power and grid modernisation and extensions that drives growth in Solutions and Service & Accessories.

	2024			2023		
	Budget period		Terminal period	Budget period		Terminal period
	Average revenue growth rate	Discount rate before tax	Growth rate	Average revenue growth rate	Discount rate before tax	Growth rate
Solutions	10%	12%	2%	12%	13%	2%
Applications	10%	11%	2%	7%	11%	2%
Service & Accessories	9%	12%	2%	6%	13%	2%

3. Non-current assets and liabilities

3.4 Impairment test – continued

In 2024, SolidAI was acquired by NKT and added to the Applications business line, which means that the carrying amount of goodwill is now at a material level, compared to 2023. With several frame agreements secured during 2024 and expansion plans across several sites in place the outlook for Applications provides solid headroom, despite the increased Goodwill.

In 2024, Applications was positively impacted by increased demand on MV and 1 kV, while the construction related segment remained subdued. As a result, Applications reported marginal organic growth in 2024, while revenue was affected positively by the acquisition of SolidAI in Q2 2024.

Service & Accessories

No reasonably possible change in assumptions could lead to an impairment in Service & Accessories.

Power cable services and accessories are crucial aspects of the power cable value chain. The Service & Accessories business line is - to a large degree - dependent on the same market drivers as Solutions. Power grid modernisation and extensions and growth in the installation of high-voltage power cable systems, as well as ageing infrastructure are expected to

drive demand for Service. In Accessories, the transition to renewable energy and the continued electrification of societies are driving strong demand for high- and medium-voltage power cable accessories. These trends are set to continue and the market outlook for the segment is positive in the years to come.

In 2024, Service & Accessories achieved revenue growth, driven partially by offshore repairs within the Service business which increased as a result of the higher revenue, underlining that the segment is becoming more robust, and less dependent on service repairs. Other segments continued to perform positively, including NKT's onshore business, where NKT performed well across the majority of its addressable markets. This included onshore service repair work, as well as a steady level of maintenance projects throughout the year. Structural growth trends continue to positively impact NKT's Accessories business, which sustained revenues and operational EBITDA in 2024.

No sensitivity analysis has been presented due to no reasonably possible change in assumptions that could lead to an impairment. Changes in more assumptions at once is not considered.

It is Management's assessment that likely changes in the key assumption will not cause the carrying amount of goodwill to exceed the recoverable amount.

Other non-current assets

No trigger event indicating an impairment of other non-current assets has occurred in 2024. Therefore, no impairment test has been performed in 2024.



Accounting policy

Goodwill and intangible assets

Goodwill, intangible assets with indefinite useful lives, and development projects are tested at least annually for impairment, and furthermore when a trigger event occurs.

The carrying amount of goodwill is tested for impairment together with the other non-current assets in the cash-generating unit to which goodwill is allocated. The recoverable amount is generally computed as the present value of the expected future net cash flows from the business or activity (cash-generating unit) to which goodwill is allocated.

Other non-current assets

The carrying amount of other non-current assets is tested when a trigger event occurs which could indicate an impairment, in which case, the recoverable amount of the asset is determined. The recoverable amount is the fair value of the asset less anticipated cost of disposal, or its value-in-use, whichever is higher.

The value-in-use is calculated as the present value of expected future cash flows from the asset or the cash-generating unit of which the asset is part.

Recognition of impairment loss in the income statement

Impairment is recognised if the carrying amount of an asset or a cash-generating unit exceeds the respective recoverable amount. The impairment is recognised in the income statement and impairment of goodwill is recognised in a separate line item in the income statement.

Impairment of goodwill is not reversed. Impairment of other assets is reversed in the event of changes having taken place in the conditions and estimates on which the impairment calculation was based. Impairment is only reversed if the new carrying amount of the asset does not exceed the carrying amount that would have applied after amortisation if the asset had not been impaired.



Significant estimates and judgements

For goodwill impairment testing, a number of estimates are made on the development in revenues, gross profits, conversion ratios, future capital expenditures, discount rates and growth expectations in the terminal period. These are based on an assessment of current and future developments

in the three cash-generating units and on historical data and assumptions of future expected market developments, including expected long-term average market growth rates. Data includes both internal and external data sources.

3. Non-current assets and liabilities

3.5 Provisions

EURm	Warranty provision	Restructuring provision	Other provisions	Total
Provisions, 1 January 2024	8	5	28	41
Acquisition of subsidiaries	0	0	4	4
Additions in the year	5	0	31	36
Used during the year	-2	-2	-7	-11
Reversed during the year	0	0	-7	-7
Provisions, 31 December 2024	11	3	49	63
Provisions are recognised in the balance sheet as:				
Non-current liabilities	0	1	34	35
Current liabilities	11	2	15	28
Total	11	3	49	63

Other provisions mainly include provisions for onerous contract, court cases and retirement obligations. EUR 18m of other provisions is related to the present value of retirement obligations related to buildings on leased land in Cologne. Of the additions in the year to other provisions, EUR 12m relate to retirement obligations.



Accounting policy

The provisions recognised are Management's best estimate of the amount required to settle the obligation. Warranty provisions are recognised in connection with the sale of goods and services based on the level of warranty expenses incurred in previous years. Restructuring costs are recognised under liabilities when a detailed, formal restructuring plan is announced to the affected parties on or before the balance sheet date. A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the Group's unavoidable costs for meeting its contractual obligations. Provisions for dismantling are measured at the present value of the expected cost at the balance sheet date. The present value of the costs is included in the cost of the relevant tangible assets and depreciated accordingly. The addition of interests on provisions are recognised in the income statement under financial expenses.



Significant estimates and judgements

Provisions, including contingencies and the likely outcome of pending and potential legal proceedings are continuously assessed. The outcome of such proceedings depends on future events, which are, by nature, uncertain. When considering provisions involving significant estimates, opinions and estimates by internal experts, external legal experts as well as existing case law are applied in assessing the probable outcome.

3. Non-current assets and liabilities

3.6 Pension liabilities

EURm	Pension liabilities, net
Pension liabilities, 1 January 2024	40
Service cost and Interest on obligation	1
Benefits paid to employees	-2
Actuarial gains/losses on defined benefit pension plans	3
Pension liabilities, 31 December 2024	42
Pension liabilities, 1 January 2023	41
Service cost and Interest on obligation	2
Benefits paid to employees	-2
Actuarial gains/losses on defined benefit pension plans	-1
Pension liabilities, 31 December 2023	40

In NKT Group, most employees are covered by pension schemes, primarily in the form of defined contribution-based plans managed by independent pension funds.

NKT Group's defined benefit plans, primarily relating to the activities in Germany, are recognised at the present value of the actuarially measured obligations. If a plan is not fully covered by plan assets, a plan liability is recognised in the balance sheet. Expenses relating to pension benefits are recognised as staff costs in the income statement.

Actuarial gains related to the pension liabilities are recognised in other comprehensive income. The pension liability also include other long term benefits relating to anniversary bonuses, etc., amounting to EUR 2m (EUR 2m in 2023). At the end of 2024, there were no plan assets to be offset in the present value of the liability.

Actuarial assumptions applied	2024	2023
Discount rate	3%	4%
Future salary increases	3%	3%
Future pension increases	2%	2%

The table below shows the sensitivity of the liability to changes in key assumptions for the measurement of the pension liabilities, net. The analysis is based on the changes in the applied key assumptions considered reasonably likely provided the other parameters in the calculation are unchanged.

EURm	2024	2023
+0.5%-point in discount rate	-2	-2
-0.5%-point in discount rate	2	2
+0.5%-point in future pension increase	2	2
-0.5%-point in future pension increase	-2	-2

A change in the salary increase of 0.5%-points is not considered to have a material effect.



Accounting policy

For the Group's defined benefit plans, an annual actuarial calculation (the Projected Unit Credit Method) of the present value of future benefits payable under the plan is provided. The present value is determined based on assumptions about the future development in variables such as salary levels, interest rates, inflation and mortality. The present value is determined only for benefits earned by employees from their employment within the Group. The actuarial present value less the fair value of any plan assets is recognised in the balance sheet under pension liabilities.

Pension expenses and other long-term employee benefits are recognised in the income statement based on actuarial estimates and financial expectations at the start of the year. Actuarial gains or losses are recognised in other comprehensive income.

If a pension plan constitutes a net asset, the asset is only recognised if it offsets cumulative actuarial losses or future refunds from the plan, or if it will lead to reduced future payments to the plan.

4. Working capital

NKT Group’s working capital represents the assets and liabilities necessary to support the day-to-day operations. Working capital is defined as current assets less current liabilities, excluding interest-bearing items and provisions.

NKT
Working capital
-1,432m
(-709m in 2023)

Solutions
Working capital
-1,546m
(-739m in 2023)

Applications
Working capital
51m
(39m in 2023)

Service & Accessories
Working capital
21m
(31m in 2023)

4.1 Changes in working capital in cash flow

EURm	2024	2023
Inventory	-65	11
Trade receivables and other receivables	-90	-60
Contract assets and contract liabilities	569	350
Trade payables and other liabilities	297	19
Total	711	320

The numbers in the table above cannot be derived directly from the balance sheet.

EURm	2024	2023
Reconciliation of changes in working capital in cash flow statement to balance sheet		
Working capital 1 January	-709	-303
Working capital 31 December	-1,432	-709
Change in working capital based on balance sheet		
	723	406
Acquisition/disposal of activities, derivatives and foreign exchange effects on working capital	-12	-86
Change in working capital based on cash flow statement		
	711	320

4.2 Inventories

EURm	2024	2023
Raw materials, consumables and goods for resale	165	145
Work in progress	124	76
Finished goods	135	90
Inventories, 31 December	424	311
Write-down of inventories, 1 January	14	8
Write-down of inventories for the year	5	8
Reversal of write-down	-1	0
Scrapping	-7	-2
Write-down of inventories, 31 December	11	14

 Accounting policy

Inventories are measured at cost in accordance with the FIFO method or at a weighted average. If the net realisable value is lower than cost, inventories are written down to this lower value.

Finished goods and work in progress are measured at cost, comprising direct costs and production over-heads.

Raw materials, consumables and goods for resale are measured at cost, comprising purchase price plus delivery costs.

4. Working capital

4.3 Trade and other receivables

In NKT Group, receivables comprise trade and other receivables from external companies, other receivables from derivative financial instruments and prepayments. Receivables are measured at amortised cost, which in all material respects corresponds to fair value and nominal value.

EURm	2024	2023
Trade receivables	256	234
Other receivables	134	89
Prepayments	33	17
Trade and other receivables	423	340

Other receivables comprise primarily of VAT and prepaid expenses.

Trade receivables age profile

EURm	2024	2023
Not overdue	225	214
Overdue by less than 30 days	25	14
Overdue by between 30 and 60 days	2	4
Overdue by between 60 and 120 days	2	1
Overdue by more than 120 days	2	1
Total trade receivables	256	234

Development in the allowance for credit losses

EURm	2024	2023
Trade receivables, gross	258	235
<i>Allowance for credit losses</i>		
Allowance for credit losses, 1 January	1	3
Additions during the year	1	0
Reversed during the year	0	-1
Used during the year	0	-1
Allowance for credit losses, 31 December	2	1
Trade receivables, net	256	234

In 2024, credit losses recognised in the income statement correspond to 0% of total revenue (0% of total revenue in 2023).

Accounting policy

Trade receivables are at initial recognition measured at their transaction price less allowance for expected credit losses over the lifetime and are subsequently measured at amortised cost adjusted for changes to the expected credit losses. Expected credit losses at initial recognition are calculated for portfolios of receivables that share credit risk characteristics and is based on historical experience and, when applicable, adjusted for factors that are specific to the debtors and general economic conditions. The expected loss rates are updated at every reporting date. The portfolios are primarily based on the debtor's domicile and credit rating in accordance with NKT Groups credit risk management policy. See note 5.6 Financial risks and financial instruments.

When there is an indication of impairment, expected credit losses are calculated at individual level and when there are no reasonable expectations of recovering, the receivable is written off in part or entirely.

The allowances for expected credit losses and write-offs for trade receivables are recognised in the income statement as Other costs.

4. Working capital

4.4 Trade payables

One of NKT's suppliers has entered into a receivables purchase agreement with a bank whereby the bank has agreed to buy invoices issued to NKT and potentially other companies. Participation in the arrangement is at the supplier's own discretion. NKT has separately agreed with the bank to assignment and transfer of certain invoices to the bank. If the goods have been received and the invoices have been approved by NKT, the supplier will receive early payment from the bank. NKT settles the original invoices by paying the bank after an agreed number of days.

Trade payables under supplier finance arrangements

	2024
Range of payment due dates	
Trade payables under supplier finance arrangements	90-120 days
Comparable trade payables that are not part of the supplier finance arrangement	0-45 days
Carrying amount of liabilities under supplier finance arrangement, 31 December (EURm)	
Trade payables under supplier finance arrangements	145
of which the supplier has received payment from the finance provider	145

The carrying amounts of liabilities under the supplier finance arrangements are considered to be reasonable approximations of their fair values, due to their short-term nature.

4.5 Contract assets and liabilities

Contract assets comprise the sale value of work performed on construction contracts, where NKT Group does not yet possess an unconditional right to payment, as the work per-

formed has not been approved by the customer. Contract liabilities comprise contractual unconditional invoicing for work not yet performed.

EURm	2024	2023
<i>Construction contracts</i>		
Contract value of work in progress	4,142	2,876
Progress billing	-5,200	-3,607
	-1,058	-731
Recognised as contract assets	143	107
Recognised as contract liabilities	-1,201	-838
	-1,058	-731
Construction contracts	1,201	838
Prepayments for construction contracts	427	185
Other prepayments from customers	14	10
Deferred income	0	4
Total contract liabilities	1,642	1,037

EURm	2024	2023
Contract assets, 1 January	107	98
Addition from revenue recognised	133	85
Transferred to receivables	-95	-76
Exchange rate adjustments	-2	0
Contract assets, 31 December	143	107
Contract liabilities, 1 January	1,037	678
Decrease from revenue recognised	-616	-445
Prepayments received	1,232	806
Exchange rate adjustments	-11	-2
Contract liabilities, 31 December	1,642	1,037
Contract liabilities are recognised in the balance sheet as:		
Non-current liabilities	1,016	324
Current liabilities	626	713
Total	1,642	1,037

4. Working capital

4.5 Contract assets and liabilities – continued

Expected execution of the remaining performance obligations in the awarded high-voltage contracts (order backlog):

	Market prices in EURm	Std. metal prices in EURm	Expected execution	
			1-2 years	More than 2 years
31 December 2024	10,600	9,300	29-30%	Remaining order backlog
31 December 2023	10,800	9,500	26-29%	Remaining order backlog



Accounting policy

Construction contracts

Construction contracts are measured at the selling price of the work performed less progress billings and anticipated losses. If the value of work performed exceeds progress billings, the excess is recognised as contract assets. and if progress billings exceed the value of work performed, the deficit is recognised as contract liabilities. Prepayments from customers are recognised under contract liabilities.

Construction contracts are characterised by a high degree of customisation in the design of the cables produced. It is furthermore a requirement that before commencement of the work, a binding contract is signed that will result in a fine or compensation in

case of subsequent cancellation. The contract value is measured according to the percentage-of-completion, which is determined on the basis of an assessment of the work performed, calculated as the ratio of expenses incurred compared to total anticipated expenses on the contract concerned. When it is probable that the total contract costs will exceed the total contract revenue, the anticipated loss on the contract is immediately recognised as a provision.

When income and expenses on a construction contract cannot be determined reliably, the contract value is measured as the costs incurred which are likely to be recoverable.



Significant estimates

The recognition of revenue and related contract assets and liabilities are subject to uncertainty. Construction contracts are measured based on Management's judgement in terms of percentage-of-completion and estimated profit on a project-by-project approach to estimate the expected selling prices which affect the value recognised in the balance sheet. The estimate includes a risk provision, which is based on an assessment of the specific risk that each project is exposed to. Management's estimates are based on the most likely outcomes of the projects.

5. Capital structure and financial risk management

NKT's Capital structure targets are related to solvency (ratio of minimum 30%) and NIBD relative to operational EBITDA (ratio up to 0.0x).

Financial risk management mainly relates to managing the risks related to currency, commodities and interest rates relating to the financing.

NKT

Solvency ratio

38%

(44% in 2023)

NIBD relative to
operational EBITDA

-3.7x

(-2.6x in 2023)

5.1 Share capital

NKT A/S' share capital consists of shares with a nominal value of DKK 20 each. No shares carry special rights. NKT A/S' Articles of Association specify no limits in respect of ownership or voting right, and Group Management is unaware of any agreements in this regard.

Distribution of dividend to shareholders of NKT A/S has no tax consequences for the company.

In July 2023 NKT A/S completed a rights issue resulting in 10,744,009 new shares. As a result of the issue the Company's share capital as of 31 December 2023 amounts to DKK 1,074,400,900 (approximately EUR 144m) divided into 53,720,045 shares with a nominal value of DKK 20 each. As per 31 December 2024 the share capital compared to 31 December 2023 is unchanged.

During 2024, 31,000 treasury shares were purchased (150,000 during 2023) of which 50,649 are held at 31 December 2024 (87,113 at 31 December 2023).



Accounting policy

Dividend is recognised as a liability at the date of adoption at the Annual General Meeting (declaration date). Proposed dividend payments for the year are disclosed as a separate item under equity.

Acquisition costs, consideration received, and dividends relating to treasury shares, are recognised directly in retained comprehensive income in equity.

5.2 Earnings per share

	2024	2023
Profit attributable to equity holders (EURm)	326	113
Weighted average number of shares	53,720,045	50,102,581
Dilutive effect of Performance share programs	74,160	94,568
Diluted weighted average number of shares	53,794,205	50,197,149
Basic earnings - continuing operations, EUR, per share (EPS)	4.2	2.2
Diluted earnings - continuing operations, EUR, per share (EPS-D)	4.2	2.1
Basic earnings per share, EUR	6.1	2.3
Diluted earnings per share, EUR	6.1	2.3

5. Capital structure and financial risk management

5.3 Hybrid capital

Hybrid capital comprises issued bonds from September 2022 of EUR 150m. The issued hybrid capital is accounted for as a hybrid capital reserve in equity. The classification is based on the special characteristics of the hybrid bond, where the bondholders are subordinate to other creditors, and NKT A/S may defer and ultimately decide not to pay the coupon. Any deferred coupons outstanding in 3022 will be cancelled. However, deferred coupon payments become payable if NKT A/S decides to pay dividends to shareholders. Coupon payments

are recognised in equity. For further details on the hybrid capital, please see table below.

As the principal of the securities ultimately falls due in 3022, its discounted fair value is zero due to the terms of the securities. Therefore, a liability of zero has been recognised in the balance sheet, and the full amount of the proceeds have been recognised as equity. Coupon payments are recognised in the statement of cash flows in the same way as dividend payments within financing activities.



Accounting policy

Hybrid capital is treated in accordance with the rules on compound financial instruments based on the characteristics of the bonds. The notional amount, which constitutes a liability, is recognised at present value, and equity has been increased by the difference between the net proceeds received and the present value of the discounted liability. The part of the hybrid capital that is accounted for as a liability is measured at amortised cost. The carrying amount is zero on initial recognition and due to the 1,000-year term of the hybrid capital, amortisation charges will only have an impact on the income statement for the years at the end of the 1,000-year term of the hybrid capital.

Coupon payments are accounted for as dividends and are recognised directly in equity when the obligation to pay arises.

The obligation to pay coupon payments is at the discretion of Group Management and deferred coupon lapses upon maturity of the hybrid capital. Coupon payments are recognised in the statement of cash flows in the same way as dividend payments within financing activities.

On redemption of the hybrid capital, the payment will be distributed between liability and equity, applying the same principles as used when the hybrid capital was issued. The difference between the payment on redemption and the net proceeds received on issue is recognised directly in equity as the debt portion of the existing hybrid issues will be nil during the first part of the life of the hybrid capital.

On the date on which the Board of Directors decides to exercise an option to redeem the hybrid capital, the part of the hybrid capital that will be redeemed will be reclassified to loans and borrowings. The reclassification will be made at the market value of the hybrid capital at the date the decision is made. Following the reclassification, coupon payments and exchange rate adjustments will be recognised in the income statement as financial income or expenses.

Hybrid bonds	2024	2023
Nominal value of hybrid capital	EUR 150m	EUR 150m
Classification in financial statement	Equity	Equity
Issued	Sept. 2022	Sept. 2022
Maturing	July 3022	July 3022
First call date	1 July 2026	1 July 2026
<i>Interests:</i>		
For the first four years	7.24%	7.24%
For the following years	Resets to the 4-year EUR swap rate prevailing at that time plus 5%	Resets to the 4-year EUR swap rate prevailing at that time plus 5%

5. Capital structure and financial risk management

5.4 Net interest-bearing debt

Net interest-bearing debt

Net interest-bearing debt at 31 December 2024 was EUR -1,280m (EUR -671m at 31 December 2023 including liabilities associated with assets held for sale), corresponding to a decrease of EUR 609m.

The decrease was driven by milestone payments received in Solutions and improved results.

EURm	2024	2023
<i>Net interest-bearing debt comprises:</i>		
Non-current loans	221	196
Current loans	17	11
Interest-bearing debt, gross	238	207
Demand deposits	668	438
Termed deposits (3 months or less)	850	450
Cash and cash equivalents	1,518	888
Net interest-bearing debt	-1,280	-681
Net interest-bearing debt presented as assets held for sale	0	10
Net interest-bearing debt including assets held for sale	-1,280	-671

Changes in current loans, non-current loans and lease liabilities

EURm	1 January	Cash flows	Additions during the period	Additions from business combinations	Effect of changes in exchange rates	31 December
2024						
Loans	143	-8	0	12	-1	146
Lease liabilities	64	-6	23	12	-1	92
2023						
Loans	158	-1	0	0	-14	143
Lease liabilities	38	-6	32	0	0	64

5. Capital structure and financial risk management

5.4 Net interest-bearing debt – continued

Contractual undiscounted cash flows

EURm	Carrying amount	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total cash flows
2024						
Interest-bearing loans and borrowings (excl. lease liabilities) ¹	146	11	26	38	99	174
Lease liabilities ²	92	15	21	16	82	134
Trade payables	534	534	0	0	0	534
Derivative financial liabilities	102	51	50	1	0	102
Other liabilities	291	291	0	0	0	291
Total	1,165	902	97	55	181	1,235
2023						
Interest-bearing loans and borrowings (excl. lease liabilities) ¹	143	12	22	31	119	184
Lease liabilities ²	64	9	15	11	62	97
Trade payables	364	364	0	0	0	364
Derivative financial liabilities	94	46	45	3	0	94
Other liabilities	145	145	0	0	0	145
Total	810	576	82	45	181	884

¹ The principal of the hybrid capital is not included in the contractual maturities as it is due in year 3022.

² Lease liabilities are recognised in the balance sheet excluding short-term and low-value leases (refer to note 3.3 Leases).

The forward contracts are presented at fair value as the discount element is considered insignificant.

Interest-bearing loans and borrowings are predominantly based on floating interest rates and are measured at amortised cost. The carrying amount therefore in all material aspects corresponds to fair value and nominal value.



Accounting policy

Interest-bearing loans and borrowings are recognised at the amount of proceeds received at the date of borrowing, net of transaction costs paid. In subsequent periods the financial liabilities are measured at amortised cost using 'the effective interest method', and the difference between the proceeds and the nominal value is therefore being recognised in the income statement under financial expenses over the term of the loan.

Interest-bearing loans and borrowings also include lease liabilities recognised in the balance sheet measured at amortised cost.

5. Capital structure and financial risk management

5.5 Financial items

EURm	Financial income		Financial expenses		Net financial items	
	2024	2023	2024	2023	2024	2023
Interest etc. relating to financial assets/liabilities measured at amortised cost	41	11	-8	-8	33	3
Interest expenses on leases	0	0	-0	-2	0	-2
Total interest	41	11	-8	-10	33	1
Foreign exchange gains/losses, net	8	0	0	-2	8	-2
Gains/losses on derivative financial instruments, net	0	0	-7	-15	-7	-15
Total currency gains/losses	8	0	-7	-17	1	-17
Total financial items	49	11	-15	-27	34	-16

The development in financial items in 2024 is mostly affected by the development in interest income. The increasing interest income is a result of an excess cash position in the year as well as increase of interest rates.



Accounting policy

Financial income and expenses comprise interest income and expenses, dividends received, net exchange gains or losses on balances denominated in foreign currencies, amortisation of financial assets and liabilities, allowances under the Danish tax prepayment scheme, as well as changes in the fair value of derivative financial instruments not designated as hedges.

5. Capital structure and financial risk management

5.6 Financial risks and financial instruments

Financial risk management policy

NKT is exposed to several financial risks due to its operations, investments and financing activities. NKT has centralised management of the Group's financial risks. The overall objectives and policies for financial risk management are outlined in the internal Group Treasury Policy, which is approved by the Board of Directors. The risk policy does not allow for speculation in financial risks.

The risk management policy is managed by Group Treasury. All known risks are hedged, though with acceptance of an open position within a defined and monitored threshold. The risk thresholds are defined at a level that ensures NKT is sufficiently protected against any risk, while providing Group Treasury room for managing risks efficiently.

NKT uses financial instruments, such as forwards, swaps and options to hedge exposures relating to currency, interest rates, and commodities.

The financial risks, as described further below, are divided into:

- Currency risks
- Interest rate risks
- Raw material price risks
- Credit risks
- Liquidity risks

Currency risks

With presence in several countries NKT is exposed to currency risks that may have considerable influence on the income statement and balance sheet. Currency risks refer to the risks of losses (or opportunities for gains) resulting from changes in currency rates. Currency risks arise through transactions, financial assets and liabilities denominated in currencies other than the functional currency of the individual subsidiaries. Quantification and identification of existing and anticipated currency risks are the responsibility of the individual subsidiaries, while the actual hedging is executed by Group Treasury.

NKT does not hedge the currency risks related to net investments in foreign subsidiaries. Gains and losses relating to unhedged net assets in foreign subsidiaries are accounted directly in other comprehensive income.

The principal currency exposure relates to sales and purchases in currencies other than the functional currency of the businesses. Hedging of these currency risks are based on an assessment of the likelihood of the future transaction being performed and materiality.

Expected cash flows with significant currency risk are hedged as they become known. Currency risks from project-related sales are considered on an individual basis. The fair value of the effective portion of the hedge is recognised in other comprehensive income on a continuous basis.

The table on the next page shows the net outstanding forward exchange hedging contracts as of 31 December 2024 for NKT, which are used for and fulfil the conditions for hedge accounting of future transactions.

The fair value of the total portfolio of currency hedge contracts will impact other comprehensive income if currency rates change. The effect of reasonably possible changes based on past experience in selected currency rates is shown in the table to the right.

As NKT largely uses forwards and spots to hedge the FX risks, and only designates the spot element, the likelihood of inefficiency is low, though possible if changes in expected cashflows from projects are not reflected correctly in the hedges.

Interest rate risks

Interest rate risks refer to the influence of changes in market interest rates on future cash flows concerning interest-bearing assets and liabilities. NKT's exposure to interest rate risk is considered to be low due to the capital structure.

An increase in variable interest rates of 1 percentage point would result in an increase in the earnings before tax of EUR 13m (2023 EUR 7m). Refer to note 5.4 Net interest-bearing debt for a specification of the interest bearing assets and liabilities.

Sensitivity analysis - financial instruments

EURm		2024		2023	
Risk	Price change	Effect on earnings before tax	Effect on equity before tax	Effect on earnings before tax	Effect on equity before tax
SEK	+7%	69	11	9	27
	-7%	-59	-12	-9	-27
GBP	+5%	0	2	0	-8
	-5%	0	1	0	8
NOK	+8%	-2	5	1	2
	-8%	2	-4	-1	-2
USD	+8%	0	-17	-2	-19
	-8%	0	17	2	19
PLN	+6%	-6	0	-1	0
	-6%	6	0	1	0
CAD	+7%	0	-2	0	-3
	-7%	0	2	0	3
Copper	+21%	0	128	0	107
	-21%	0	-128	0	-107
Lead	+22%	0	14	0	6
	-22%	0	-14	0	-6
Aluminium	+18%	0	9	0	1
	-18%	0	-9	0	-1
Gas-oil	+28%	0	6	0	4
	-28%	0	-6	0	-4

The table above shows a sensitivity analysis of the exposures in currencies and commodities assuming effective hedge accounting continued to be applied. The presented effects are from the derivative financial instruments only (all things being equal). When also considering the development of the underlying exposure, the future income statement effects will be fully or partially offset as hedge accounting is applied.

5. Capital structure and financial risk management

5.6 Financial risks and financial instruments – continued

Cash flow hedges related to the most significant currencies			Average exchange rate ¹		Notional value		Notional value		Fair value	
					Hedged currency in million		EURm		EURm	
Hedged currency			31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
USD	Buy	Less than 1 year	1.0736	1.0834	834	798	777	737	44	-26
		More than 1 year	1.0685	1.1004	542	592	507	538	20	-24
	Sell	Less than 1 year	1.0695	1.0815	991	883	926	816	-51	24
		More than 1 year	1.0685	1.0939	610	779	571	712	-26	30
GBP	Buy	Less than 1 year	0.8458	0.8788	325	125	384	142	13	-2
		More than 1 year	0.8620	0.8972	185	195	214	218	11	-2
	Sell	Less than 1 year	0.8438	0.8713	462	250	548	287	-22	-3
		More than 1 year	0.8459	0.8765	64	201	76	230	-4	0
NOK	Buy	Less than 1 year	11.4521	11.3211	489	311	43	27	0	0
		More than 1 year	11.5122	11.1675	547	208	48	19	-1	0
	Sell	Less than 1 year	11.6490	11.3589	260	159	22	14	0	0
		More than 1 year	11.4376	11.6299	173	109	15	9	0	0
CAD	Buy	Less than 1 year	1.4932	1.4630	8	16	5	11	0	0
		More than 1 year	0	0	0	0	0	0	0	0
	Sell	Less than 1 year	1.4805	1.3743	46	68	31	50	0	1
		More than 1 year	0	0	0	0	0	0	0	0
Cash flow hedges reported as assets									91	71
Cash flow hedges reported as liabilities									107	73

¹ EUR/CCY, to make average exchange rates comparable a theoretical EUR/CCY have been calculated for hedges made against non-EUR currencies.



Accounting policy

NKT mainly applies hedge accounting for financial instruments related to currency, raw materials, and interest rates for loans. The hedges normally hedge the risk one-to-one with the hedged item. Only gas-oil hedges for the hedging of the price risk of plastic differs from this principle, as here Group Treasury determines the ratio necessary to hedge the price risk for plastic.

The Group designates the share of the fair value of a forward contract that is related to spot price for metals and spot price for FX hedges (i.e. excluding the forward elements) as the hedging instrument for all of its hedging relationships involve forward contracts. In accordance with the cost of hedging principle all fair values related to the forward element of the hedging contract is recognised in other comprehensive income and accumulated in the cost of hedging reserve. As the hedged items are transaction-related, the forward element is reclassified to the profit or loss when the hedged

item affects profit or loss, and in the same line item as the hedged item.

Fair value changes for cash flow hedges considered effective, are recognised in other comprehensive income in the hedging reserve. At each reporting date, effectiveness is considered and if the future cash flows are no longer expected to materialise, the accumulated value reported in the hedge reserve is reclassified to financial items in the income statement. In other cases the accumulated value is reclassified to the income statement in the same line as the hedged item.

Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred forward points are included within the initial cost of the asset. The deferred amounts are ultimately recognised in the income statement, when the hedged item affects profit or loss (for example, through cost of goods sold).

5. Capital structure and financial risk management

5.6 Financial risks and financial instruments – continued

Raw material price risks

Raw material price risks primarily relate to metals and plastics used in the cable production. When changes in raw material prices cannot be transferred to customers, NKT uses financial instruments to hedge the price risks. NKT has, due to the larger order backlog, a high amount of raw material derivatives to hedge the risks related to the large future purchases of copper in particular. Current and expected future raw material exposures are managed by the subsidiaries and hedging is managed by Group Treasury according to the Group's Treasury Policy. Hedging of awarded projects are done at the time of award and adjusted according to changes in production plans.

NKT hedges raw materials by purchasing hedging instruments on London Metal Exchange via financial counterparties. Changes in the fair value of the hedging instrument should offset changes in the value of the underlying item because the reference prices are the same for the hedging instrument and the hedged item. NKT applies cost of hedging, whereby the forward points are recog-

nised in other comprehensive income and transferred with the effective hedge when the hedged transaction occurs. For the hedge of plastic, ineffectiveness could arise as this is hedged via a gas-oil proxy hedge. Ineffectiveness because of differences in the change between gas-oil and plastic are considered insignificant.

As at 31 December 2024, NKT A/S had current financial hedging instruments relating to future raw material supplies with a net notional value of EUR 944m (EUR 1,084m in 2023) and a net positive fair value of EUR 79m (positive value of EUR 77m in 2023).

The table to the right provides an overview of the cash flow hedges related to raw materials.

As at 31 December 2024 accumulated basis adjustments included in the carrying amount of inventory from fair value hedges was EUR 0m (EUR 0m in 2023). The ineffectiveness recognised in the statement of profit or loss was immaterial.

Cash flow hedges related to raw material			Average rate EUR/ton		Notional value EURm		Fair value EURm	
Commodity			31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Copper	Buy	Less than 1 year	7,321	6,652	531	579	82	84
		More than 1 year	8,347	7,915	108	254	1	-13
	Sell	Less than 1 year	8,367	7,112	-116	-69	-3	5
		More than 1 year	7,326	0	0	0	0	0
Lead	Buy	Less than 1 year	1,987	1,903	34	26	-1	-1
		More than 1 year	2,020	1,996	41	59	-2	-3
	Sell	Less than 1 year	1,979	1,804	-5	-1	0	0
		More than 1 year	0	0	0	0	0	0
Aluminium	Buy	Less than 1 year	2,390	2,051	34	9	0	0
		More than 1 year	2,480	2,459	29	39	-1	0
	Sell	Less than 1 year	2,420	2,000	-23	-12	0	1
		More than 1 year	0	0	0	0	0	0
Gas-oil	Buy	Less than 1 year	523	550	16	19	4	4
		More than 1 year	617	615	4	12	0	0
	Sell	Less than 1 year	514	669	-3	-4	-1	0
		More than 1 year	0	847	0	-1	0	0
Cash flow hedges reported as assets							92	84
Cash flow hedges reported as liabilities							13	7



Accounting policy

Fair value changes of financial instruments used to hedge the change in fair value of an asset or liability are recorded in the income statement in the same line item as the changes in value of the hedged asset or liability is recognised in.

In a fair value hedge where the hedged item is a non-financial item such as inventory, the changes in fair value attributable to the risk being hedged are adjusted against the carrying value of inventory. The basis adjustment remains part of the carrying value of inventory and is recognised in the income statement when the inventory is sold.

Hedging of currency risk is not performed for net assets (equity) in foreign subsidiaries. Gains and losses relating to unhedged net assets in foreign subsidiaries are accounted for directly in other comprehensive income.

5. Capital structure and financial risk management

5.6 Financial risks and financial instruments – continued

EURm	Cash flow hedge reserve			Cost of hedging reserve	Total hedging reserve
	Foreign exchange risk hedging	Interest rate risk hedging	Commodity risk hedging		
Balance at 1 January 2023	0	6	140	-13	133
Gain/(loss) arising from changes in fair value of hedging instruments	22	-2	31	25	76
(Gain)/loss reclassified to profit or loss - hedged items have affected profit or loss	14	0	0	3	17
Deferred hedging gains and losses transferred to inventory	-16	0	-135	-6	-157
Deferred tax	1	1	27	-9	20
Balance at 31 December 2023	21	5	63	0	89
Gain/(loss) arising from changes in fair value of hedging instruments	-35	0	153	-8	110
(Gain)/loss reclassified to profit or loss - hedged items have affected profit or loss	9	-3	0	2	8
Deferred hedging gains and losses transferred to inventory	-4	0	-138	-7	-149
Deferred tax	7	1	-4	3	7
Balance at 31 December 2024	-2	3	74	-10	65

The fair values in the total hedging reserve (excluding tax) is expected to be recorded in the following line items in the income statement: Revenue EUR -36m (EUR 6m in 2023), Inventory/Cost of raw materials EUR 115m (EUR 102m in 2023), and Financial items EUR 3m (EUR 5m in 2023).

Categories of financial instruments

EURm	2024	2023
Financial assets		
<i>Measured at amortised costs:</i>		
Trade and other receivables	423	340
Contract assets	143	107
Interest bearing receivables	0	0
Cash at bank and in hand	1,518	888
<i>Measured at fair value through profit /loss:</i>		
Other investments and receivables	5	1
Derivative financial instruments	170	185
Financial liabilities		
<i>Measured at amortised costs:</i>		
Trade payables and other liabilities	825	509
Interest-bearing loans and borrowings	238	207
<i>Measured at fair value through profit /loss:</i>		
Derivative financial instruments	102	94

In the table above, financial instruments are presented in the categories which determine how they will be measured in the financial statements.

5. Capital structure and financial risk management

5.6 Financial risks and financial instruments – continued

Measuring fair value

Financial instruments measured at fair value in the balance sheet are designated as belonging to one of the following three categories (the 'fair value hierarchy'):

Level 1: Listed prices (unadjusted) in active markets for identical assets and liabilities

Level 2: Input, other than listed prices on Level 1, which is observable for the asset or liability either directly (as prices) or indirectly (derived from prices)

Level 3: Input for the asset or liability which is not based on observable market data (non-observable input)

Financial instruments measured at fair value consist of derivative financial instruments. The fair value on 31 December 2024 and 2023 of NKT Group's forward transactions are measured in accordance with Level 2 as the fair value is calculated based on official exchange rates and forward rates at the balance sheet date.

The fair value of commodity forwards is measured as the present value of future cash flows based on forward rates and official exchange rates on the

balance sheet date. The fair value of foreign currency forwards is measured as the present value of future cash flows based on the forward exchange rates at the balance sheet date.

No financial instruments were moved from one level to another in the year (no move in 2023 either).

Liquidity risks

It is NKT Group's policy to maintain adequate liquidity resources to implement planned operating activities and to be able to operate effectively in the event of unforeseen fluctuations in liquidity. NKT Group's liquidity resources consist of cash, cash equivalents and undrawn committed credit facilities, which have a maturity of more than 12 months.

The revolving credit facility of EUR 200m matures in November 2026. The mortgage loan portfolio matures in 2032, 2033 and 2037.

NKT has financial covenants and change of control clause on certain financial agreements. The latter comes into effect if a shareholder or shareholder group gains control over NKT A/S or if NKT A/S is no longer listed at Nasdaq Copenhagen.

It is Group Management's opinion that the financial headroom is sufficient to manage the level of activity expected in 2025 for the NKT Group.

Credit risks

Credit risk arises from the possibility that transactional counterparties may default on their obligations causing financial losses for the Group.

NKT's credit risks relate partly to receivables, contract assets and cash at bank and in hand, and partly to derivative financial instruments with positive fair value. The maximum credit risk attached to financial assets correspond to the values recognised in the balance sheet.

To manage credit risk regarding financial counterparties, NKT only enters into derivative financial contracts and money market deposits with financial counterparties possessing a long-term credit rating of 'A-' from at least one out of the following three selected rating agencies: Standard and Poor's, Moody's or Fitch.

NKT has no material risks relating to a single customer or partner. NKT's policy for acceptance of credit risks entails ongoing monitoring and credit rating of important customers and other partners. NKT historically has had only a few material losses related to customers.

Liquidity resources

EURm	2024	2023
Committed facilities (1-3 years)	200	200
Committed facilities (<1 year)	0	0
Total committed facilities	200	200
Uncommitted facilities	0	0
Total facilities	200	200
Cash	1,518	888
Utilised facilities	0	0
Cash classified as assets held for sale	0	2
Liquidity resources	1,718	1,090

Credit exposure for cash at bank and derivative financial instruments (fair value)

EURm	Cash at bank	Derivative financial instruments	Total
2024			
AA range	413	42	455
A range	1,099	128	1,227
BBB range	4	0	4
Not rated or below BBB range	2	0	2
Total	1,518	170	1,688
2023			
AA range	140	25	165
A range	744	160	904
BBB range	4	0	4
Total	888	185	1,073

6. Group structure

6.1 Acquisition of companies

On 21 June 2024 NKT acquired 100% of SolidAI, a Portugal-based power cable manufacturer, from Njord Partners, adding medium- and high-voltage capacity to meet the growing

demand for power grid upgrades and renewable energy projects across Europe. The considerations were transferred in full and there are no contingent considerations.

EURm	Fair value
Intangible assets	39
Property, plant, and equipment	53
Other non-current assets	4
Inventories	37
Trade and other receivables	10
Cash and cash equivalents	5
Non-current liabilities	-22
Current liabilities	-43
Acquired net assets	83
Goodwill	66
Purchase price	149
Acquired cash and cash equivalents	-5
Net cash transferred to seller	144

The acquisition consists of net assets of EUR 83m predominantly related to property, plant, and equipment, intangible assets, and working capital. Acquired intangible assets are related to technology and customer relations. EUR 66m is recognised as goodwill reflecting expected synergies from the acquisition. The goodwill is not expected to be deductible for tax

purposes. Acquisition-related costs of EUR 1m are recognised in other costs.

From the acquisition date to 31 December 2024 the impact on revenue was EUR 75m while EBITDA was impacted by 5m. EBITDA was negatively impacted by EUR 4m related to inventory purchase price allocation. Had the acquisition occurred on

1 January 2024, the impact for the period until 31 December 2024 on revenue and EBITDA would have been approximately EUR 138m and EUR 16m, respectively.

Investments in associated companies in 2023

On 22 May 2023, NKT acquired 10% of interest in Walsin Energy Cable System Co., Ltd., a Taiwan-based company, for EUR 9m with the option to acquire additional interest. NKT is considered to have significant influence on the company.

Walsin Energy Cable System Co., Ltd. is a plant under construction that will manufacture high-voltage cables. The acquisition is for a greenfield investment and consequently, the net assets predominantly related to cash and cash equivalents, which will be used to construct the plant.

The impact on revenue and profit from the acquisition date to 31 December 2023 was immaterial.

Accounting policy

Enterprises acquired during the year are recognised in the consolidated financial statements from the date of acquisition. The acquisition date is the date when the parent company effectively obtains control of the acquired enterprise.

For acquisitions of new enterprises in which the parent company can exercise control over the acquired enterprise, the purchase method is used. The acquired enterprises' identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax on revaluations is recognised.

Any excess of the cost over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill under intangible assets. Goodwill is not amortised but is tested at least annually for impairment. The first impairment test is performed within the end of the acquisition year. Upon acquisition, goodwill is allocated to the cash-gen-

erating units, which subsequently form the basis for the impairment test.

The cost of a business combination comprises the fair value of the consideration agreed upon. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the amount of that adjustment is included in the cost of the combination if the adjustment is probable and can be measured in a reliable manner. Subsequent changes to contingent considerations are recognised in the income statement. If uncertainties regarding measurement of identifiable assets, liabilities and contingent liabilities exist at the acquisition date, initial recognition will take place based on preliminary fair values. If identifiable assets, liabilities, and contingent liabilities are subsequently determined to have different fair value at the acquisition date than first assumed, goodwill is adjusted up until twelve months after the acquisition. The effect of the adjustments is recognised in the opening balance of equity and the comparative figures are re-stated accordingly.

Significant estimates and judgements

In applying the purchase method of accounting, estimates are an integral part of assessing fair values of identifiable assets acquired and liabilities assumed, as observable market prices are typically not available. Valuation techniques where estimates are applied typically relate to determining the present value of future uncertain cash flows or assessing other events in which the outcome is uncertain at the date of acquisition. Significant estimates are typically applied in accounting for property, plant and equipment, customer relationships, deferred tax debt and provisions. As a result of the uncertainties inherent in fair value estimation, measurement period adjustments may be applied.

6. Group structure

6.2 Discontinued operations

In June 2022, NKT entered into an agreement to divest NKT Photonics to Photonics Management Europe S.R.L, a 100% owned subsidiary of Hamamatsu Photonics K.K. Closing of the transaction was subject to regulatory approvals which were obtained from Germany, the United Kingdom, and the United States; however, not approved in Denmark in May 2023. After refiling the application in July 2023 the sale was approved in April 2024 and NKT Photonics was sold with effect from 31 May 2024.

Discontinued operations and information on discontinued operations below solely relates to NKT Photonics.

EURm	2024	2023
Profit for the year – discontinued operations		
Revenue	28	88
Costs and other income, net	-38	-81
Earnings before interest, tax, depreciation, and amortisation (EBITDA)	-10	7
Depreciation, amortisation and impairment	0	0
Earnings before interest and tax (EBIT)	-10	7
Financial items, net	2	-1
Gain from sale of discontinued operations, net	107	0
Earnings before tax (EBT)	99	6
Tax	2	-1
Net result - discontinued operations	101	5
NKT's share hereof	101	5
Basic earnings - discontinued operations, EUR, per share (EPS)	1.9	0.1
Diluted earnings - discontinued operations, EUR, per share (EPS-D)	1.9	0.1

EURm	2024	2023
Cash flows from discontinued operations		
Cash flow from operating activities	-3	4
Cash flow from investing activities	241	-15
Cash flow from financing activities	10	10
Net cash flow from discontinued operations	248	-1
Balance sheet items comprise		
Non-current assets	0	119
Current assets	0	58
Assets held for sale	0	177
Non-current liabilities	0	18
Current liabilities	0	20
Liabilities associated with assets held for sale	0	38

EURm	2024	2023
Consideration received or receivable:		
Cash	254	0
Total disposal consideration	254	0
Intangible assets	85	0
Property, plant, and equipment	41	0
Inventories	29	0
Trade and other receivables	19	0
Cash and cash equivalents	3	0
Trade payables	-5	0
Provisions	-10	0
Other liabilities	-19	0
Carrying amount of net assets sold	-143	0
Transaction costs	-3	0
Gain on sale before income tax and reclassification of foreign currency translation reserve	108	0
Reclassification of foreign currency translation reserve	-1	0
Gain on sale before income tax	107	0
Income tax expense on gain	0	0
Gain on sale after income tax	107	0
Cash effect:		
Cash received	254	0
Cost related to transaction	-3	0
Cash and cash equivalents disposed of	-3	0
Net cash effect	248	0

6. Group structure

6.2 Discontinued operations – continued



Accounting policy

Discontinued operations represent a separate major line of businesses intended to be disposed within 12 months. The results of discontinued operations are presented separately in the income statement and the cash flow statement with restatement of comparative figures.

Assets and liabilities held for sale from discontinued operations are presented as separate items in the balance sheet with no restatement of comparative figures. Elimination between continuing and discontinued operations is presented to reflect continuing operations as post-separation, which includes elimination of interest and loans.

Assets and liabilities from discontinued operations and assets held for sale are measured at the lower of carrying amount and fair value less cost of disposal. Impairment test is performed immediately before classification as held for sale. Non-current assets held for sale are not depreciated or amortised.

Enterprises disposed of are recognised in the consolidated income statement until the disposal date.

Gains and losses from disposal of activities are included the income statement in the line item 'Net result - discontinued operations'.

6.3 Group companies

Group companies	Domicile	Group companies	Domicile
NKT Group		NKT Lithuania, UAB	Lithuania
Denmark		Solidal – Condutores Eléctricos, S.A.	Portugal
NKT Cables Group A/S	Denmark	Gandra Land, Sociedade Unipessoal, Lda.	Portugal
NKT (Denmark) A/S	Denmark	Póvoa Land, Unipessoal, Lda.	Portugal
NKT Invest A/S	Denmark	Quintas & Quintas – Condutores Eléctricos, S.A.	Portugal
		Bobimade – Indústria de Bobines, S.A.	Portugal
Europe		North America	
NKT Group GmbH ¹	Germany	NKT, Inc	US
NKT Verwaltungs GmbH	Germany	Câbles NKT JV Canada Inc. ³	Canada
NKT GmbH & Co. KG	Germany	Middle East	
NKT GmbH	Germany	NKT Middle East DMCC	Dubai
Zweite NKT GmbH	Germany	Asia/Pacific	
NKT s.r.o.	Czech Republic	NKT Pty Ltd	Australia
NKT (Ibérica) S.L.	Spain	NKT South Asia Private Limited	India
Solicabel, S.A.	Spain	NKT Operations India Private Limited	India
NKT (Sweden) AB	Sweden	Walsin Energy Cable System Co. Ltd ²	Taiwan
NKT HV Cables AB	Sweden		
NKT AS	Norway		
NKT HVC AS	Norway		
NKT (U.K.) Ltd.	UK		
NKT HVC Ltd.	UK		
Ventcroft Ltd.	UK		
NKT S.A.	Poland		
NKT HVC B.V.	Netherlands		
NKT HV Cables GmbH	Switzerland		

All Group companies are wholly owned.

Companies without material interest and dormant companies are omitted from the list.

¹ The Group has applied Section 264 (3) of the German Commercial Code ("Handelsgesetzbuch") by which NKT Group GmbH is exempted from filing local financial statement.

² The owned share in the entity is 10%. The entity is treated as an associated company in accordance with IAS 28.

³ The owned share in the entity is 80%.

7. Other notes

7.1 Fees to the auditor elected at the Annual General Meeting

EURm	2024	2023
PwC:		
Statutory audit	1	1
Other assurance	0	1
Other service	1	0
Total	2	2

Other services than statutory audit provided by PwC Denmark in 2024 relate to sustainability assurance, transaction advice, cyber security, and other accounting and advisory services.

7.2 Events after the balance sheet date

Management is not aware of any subsequent matters that could be of material importance to NKT Group's financial position.

7.3 Contingent assets and liabilities and pledges

NKT Group is a party to various disputes and inquiries from authorities whose outcome is not expected to materially affect profit for the year and the financial position. In connection with the disposal of companies in previous years, guarantees have been provided which are not expected to materially affect the net result. Further, NKT Group is a party to various insurance claims as well as customer claims whose outcome is still uncertain and not recognised in the financial statement at the balance sheet day. Finally, NKT Group is from time to time party to inquiries from public authorities and others related to competition laws and regulations. It is the opinion of Management that, apart from items recognised in the financial statements, it is associated with a high degree of uncertainty to assess how the outcome of any of these inspections may affect NKT Group's business, financial conditions and results of operations. NKT Group does not expect these to have a material impact on the financial statements.

NKT Group is jointly liable for Danish corporate taxes on dividend, interest and royalties together with Photonics up until the sale in May 2024. In a few cases the NKT Group's foreign companies are subject to special tax

schemes to which certain conditions are attached. As of 31 December 2024 these conditions were complied with.

Guarantees

At 31 December 2024 the value of guarantees issued by financial institutions on behalf of Group companies was EUR 2,570m (EUR 1,901m in 2023). At the balance sheet date none of the issued guarantees are expected to materialise.

As part of the Group's commercial activities, parent company guarantees are provided towards customers and suppliers. These guarantees cover the risk relating to performance inherent in projects and contracts. On 31 December 2024 the value of parent company guarantees issued to customers and suppliers was EUR 5,542m (EUR 4,705m in 2023). On the balance sheet date none of the issued guarantees are expected to materialise.

Further, parent company guarantees have been provided towards financial institutions in relation to guarantee facilities, credit facilities and mortgage loans. On 31 December 2024 the value of parent company guarantees issued to financial institutions was EUR 2,742m (EUR 2,052m in 2023).

On the balance sheet date none of the issued guarantees are expected to materialise.

Pledges

Non-current assets with carrying amount of EUR 880m (EUR 565m in

2023) have been pledged as security for mortgage loans of total EUR 138m (EUR 140m in 2023). The development of pledged assets relate mostly to tangible assets on sites of construction and the progression hereof.

EURm	2024	2023
<i>Carrying amount of assets pledged as collateral for credit institutions:</i>		
Land and buildings	254	243
Plant and machinery	121	131
Fixtures, tools and equipment	50	39
Property, plant and equipment under construction	455	152
Total	880	565
Liabilities related to pledged assets	138	140



Significant estimates and judgements

Disclosures for contingent assets and liabilities and when they must be recognised is derived from evaluations of the expected outcome of the individual issues. These evaluations are based on legal opinions of the

agreements contracted, which in significant instances also include opinions obtained from external advisors, including lawyers.

7. Other notes

7.4 Related parties

NKT Group has no individuals or legal entities with control or any significant influence on the Group other than key management. Other related parties consist of Associated companies.

Related-party transactions

Transactions with related parties comprise remunerations of the Board of Directors and the Executive Board. Moreover, transactions with related parties comprise of transactions with associated companies as follows:

EURm	2024	2023
Related-party transactions		
Fees, income	7	7
Receivables, current	1	1
Payables, current	0	4

7.5 Definitions

The Group operates with the following performance measures which are calculated in accordance with the Danish Finance Society's guidelines:

Performance measures defined by IFRS standards:

1. **Earnings, EUR per outstanding share (EPS)** – Earnings attributable to equity holders of NKT A/S relative to average number of outstanding shares.
2. **Diluted earnings, EUR per outstanding share (EPS)** – Earnings attributable to equity holders of NKT A/S relative to average number of outstanding shares, including the dilutive effect of outstanding share programmes.

Furthermore, the group presents the following performance measures not defined according to IFRS (non-GAAP measures) in the Annual Report:

3. **Revenue at standard metal prices** – Revenue at standard metal prices for copper and aluminium is set at EUR/tonne 1,550 and EUR/tonne 1,350 respectively.
4. **Organic growth** – Revenue growth (standard metal price) as a percentage of prior-year adjusted revenue (standard metal price). Organic growth is a measure of growth, excluding the impact of exchange rate adjustments, acquisitions and divestments.
5. **One-off items** – Consist of non-recurring income and cost related to acquisitions, divestments, integration, restructuring, severance and other one-time items.
6. **Operational earnings before interest, tax, depreciation and amortisation (Operational EBITDA)** – Earnings before interest, tax, depreciation and amortisation (EBITDA) excluding one-off items.
7. **Operational earnings before interest and tax (Operational EBIT)** – Earnings before interest and tax excluding one-off items.

8. **Net interest-bearing debt** – Cash and interest-bearing receivables less interest-bearing debt. Specified in note 5.4 Net interest-bearing debt. Hybrid capital is not included in net interest-bearing debt.
9. **Capital employed** – Equity plus net interest-bearing debt.
10. **Working capital** – Current assets and non-current derivate financial instruments minus current liabilities, non-current contract liabilities and derivate financial intruments (excluding interest-bearing items and provisions).
11. **Gearing** – Net interest-bearing debt as a percentage of equity.
12. **Net interest-bearing debt relative to operational EBITDA** – Calculated as net interest-bearing debt as defined in point 8 relative to LTM (last twelve months) of operational EBITDA for continuing operations as defined in point 6.
13. **Solvency ratio (equity as a percentage of total assets)** – Equity including hybrid capital as a percentage of total assets.
14. **Return on capital employed (RoCE)** – Operational EBIT for continuing operations as a percentage of average of the last five quarters of capital employed for continuing operations.
15. **Equity value, EUR per outstanding share** – Equity attributable to equity holders of NKT A/S per outstanding share at 31 December. Dilution effect of outstanding share programmes is excluded.
16. **Free cash flow** – Cash flow from operating and investing activities.
17. **Free cash flow excluding acquisition of subsidiaries** – Cash flow from operating and investing activities excluding cash flow used for acquisitions of subsidiaries.
18. **Order backlog** – Value of the uncompleted work of contracts within the Solutions business line. Contracts are included when they are signed and all significant conditions which may impact the value of the contracts have been agreed.

Parent company financial statements

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Income statement

1 January – 31 December

EURm	Note	2024	2023
Other costs	2	-8	-6
Earnings before interest, tax, depreciation and amortisation (EBITDA)		-8	-6
Reversal of impairment of shares in subsidiaries	5	0	43
Financial income	3	298	151
Financial expenses	3	-72	-92
Earnings before tax (EBT)		218	96
Tax	4	-32	-10
Net result		186	86

Statement of comprehensive income

1 January – 31 December

EURm	Note	2024	2023
Other comprehensive income			
<i>Items that may be reclassified to income statement:</i>			
Value adjustment of hedging instruments		-3	-2
Tax		1	0
Total other comprehensive income for the year		-2	-2
Comprehensive income for the year		184	84

Balance sheet

31 December

EURm	Note	2024	2023
Assets			
Investments in subsidiaries	5	426	423
Receivables from subsidiaries	7/8	1,816	1,654
Total non-current assets		2,242	2,077
Receivables from subsidiaries		14	17
Other receivables	8	351	301
Income tax receivables		0	11
Cash and cash equivalents		1,220	609
Assets held for sale		0	28
Total current assets		1,585	966
Total assets		3,827	3,043
Equity and liabilities			
Share capital		144	144
Reserves		0	1
Retained earnings		1,874	1,699
Equity attributable to equity holders of NKT A/S		2,018	1,844
Hybrid capital		155	155
Total equity		2,173	1,999
Interest-bearing loans	8	0	1
Total non-current liabilities		0	1
Payables to subsidiaries	7/8	1,344	732
Trade payables and other liabilities	8	310	310
Total current liabilities		1,654	1,042
Total liabilities		1,654	1,043
Total equity and liabilities		3,827	3,042

Statement of changes in equity

1 January – 31 December

EURm

	Share capital	Treasury shares	Foreign exchange reserve	Hedging reserve	Retained earnings	Total	Hybrid Capital	Total equity
Equity, 1 January 2024	144	-4	1	4	1,699	1,844	155	1,999
<i>Other comprehensive income:</i>								
Other comprehensive income for the year				-3		-3		-3
Tax on other comprehensive income				1		1		1
Total other comprehensive income	0	0	0	-2	0	-2	0	-2
Net result					175	175	11	186
Comprehensive income for the year	0	0	0	-2	175	173	11	184
<i>Transactions with the owners:</i>								
Purchase of treasury shares		-2				-2		-2
Exercise of performance shares		3			-3	0		0
Share based payment					3	3		3
Coupon payments, hybrid capital						0	-11	-11
Total transactions with owners in 2024	0	1	0	0	0	1	-11	-10
Equity, 31 December 2024	144	-3	1	2	1,874	2,018	155	2,173

Statement of changes in equity

1 January – 31 December

EURm	Share capital	Treasury shares	Foreign exchange reserve	Hedging reserve	Retained earnings	Total	Hybrid Capital	Total equity
Equity, 1 January 2023	115	-1	1	6	1,297	1,418	154	1,572
<i>Other comprehensive income:</i>								
Other comprehensive income for the year				-2		-2		-2
Tax on other comprehensive income								
Total other comprehensive income	0	0	0	-2	0	-2	0	-2
Net result					75	75	11	86
Comprehensive income for the year	0	0	0	-2	75	73	11	84
<i>Transactions with the owners:</i>								
Capital increase*	29				328	357		357
Purchase of treasury shares		-7				-7		-7
Exercise of performance shares		4			-4	0		0
Share-based payment					3	3		3
Coupon payments, hybrid capital						0	-10	-10
Total transactions with owners in 2023	29	-3	0	0	327	353	-10	343
Equity, 31 December 2023	144	-4	1	4	1,699	1,844	155	1,999

* Transaction costs related to the rights issued in 2023 was EUR 5m and are accounted for as a deduction from equity in the capital increase line in the table above.

Cash flow statement

1 January – 31 December

EURm	2024	2023
Earnings before interest and tax (EBIT)	-8	-6
Cost related to sale of subsidiary	3	0
Changes in working capital	-57	35
Cash flow from operations before financial items	-62	29
Financial income received	232	153
Financial expenses paid	-72	-94
Income tax paid/received	-15	-31
Cash flow from operations	83	57
Change in loans to/from subsidiaries	294	35
Sales of subsidiaries	248	0
Cash flow from investing activities	542	35
Changes in loans	-1	0
Capital increase	0	357
Purchase of treasury shares	-2	-7
Coupon payments on hybrid capital	-11	-9
Cash flow from financing activities	-14	341
Net cash flow for the year	611	433
Cash and cash equivalents, 1 January	609	176
Net cash flow for the year	611	433
Cash and cash equivalents, 31 December	1,220	609

The above cannot be derived directly from the income statement and the balance sheet.

Notes

1 Accounting policies, estimates and judgements

The financial statements for the parent company are included in the Annual Report in pursuance of the requirements of the Danish Financial Statements Act. The financial statements for the parent company have been prepared in accordance with IFRS® Accounting Standards, as adopted by the EU and additional Danish disclosure requirements for annual reports for listed companies.

The changes, as described in the consolidated financial statements, have not influenced recognition and measurement in the financial statements of the parent company in 2024. See the description of the changes in note 1.2 Implementation of new and amended accounting standards and interpretations in the consolidated financial statements.

In relation to the accounting policies described in note 1.1 Material Accounting Policy Information in the consolidated financial statements, the accounting policies of the parent company differ in the following:

Dividend from investments in subsidiaries

Dividends from investments in subsidiaries are recognised in the income statement of the parent company in

the year the dividends are declared. If the dividend distributed exceeds the comprehensive income of the subsidiaries in the period the dividend is declared, an impairment test is performed.

Investments in subsidiaries

Investments in subsidiaries are measured at costs. An impairment test is carried out, if indications of impairment exist. If indications of impairment no longer exist, any impairment will be reversed. Where the carrying amount exceeds the recoverable amount, the value is written down to the recoverable amount.

Tax

NKT A/S is jointly taxed with all Danish subsidiaries within the NKT Group. NKT A/S is the administration company for the joint taxation and settles all payments of tax with the tax authorities. Joint taxation contributions to/from subsidiaries are recognised under income tax related to net profit, and recognised separately in the balance sheet. Companies that use tax losses in other companies pay joint taxation contributions to NKT A/S equivalent to the tax base of the tax losses utilised. Companies whose tax losses are used by other companies receive joint taxation contributions

from the NKT A/S equivalent to the tax base of the tax losses utilised (full absorption).

References to notes in the consolidated financial statements

The following notes in the consolidated financial statements provide further information:

- 1.2 Implementation of new and amended accounting standards and interpretations
- 5.1 Share capital
- 5.3 Hybrid capital
- 7.2 Events after the balance sheet date

NKT A/S operates as a holding company for the Group's activities and undertakes the tasks related thereto. For description of the enterprise's activities, etc., please refer to the Management's review for the group.

Significant estimates and judgements

When preparing the financial Statements for NKT A/S, a number of estimates and judgements are made that affect the income statement and balance sheet. Estimates are regularly reassessed by management on the basis of historical experience and other relevant factors.

Estimates that are significant for the parent company are related to valuation of investments in subsidiaries. The estimates used are based on assumptions which Group Management consider to be reliable, but which by nature are uncertain and unpredictable.

Notes

2 Other costs

EURm	2024	2023
Wages and salaries	1	1
Bonus	1	0
Long-term incentive programs	0	1
Severance payments	0	1
Total staff costs	2	3
PwC:		
Statutory audit	1	1
Other assurance	0	0
Other services	0	0
Total fees to the auditor elected at the Annual General Meeting	1	1
Legal services	3	0
Other costs	2	2
Total other costs	8	6

Other services than statutory audit provided by PwC Denmark in 2024 relate to sustainability assurance, transaction advice, cyber security, and other accounting and advisory services.

For remuneration for the Board of Directors reference is made to the consolidated financial statements. Average number of employees in 2024 was one person (two persons in 2023), being the current CEO of NKT A/S.

3 Financial income and expenses

Financial income		
EURm	2024	2023
Interest, etc. relating to financial assets/liabilities measured at amortised cost	83	62
Interest from subsidiaries	93	89
Foreign exchange gains, net	11	0
Net gains on derivative financial instruments	45	0
Gains on shares sold	66	0
Total financial income	298	151
Financial expenses		
EURm	2024	2023
Interest, etc. relating to financial liabilities measured at amortised cost	-52	-40
Interest to subsidiaries	-20	-18
Foreign exchange losses, net	0	-8
Net loss on derivative financial instruments	0	-26
Total financial expenses	-72	-92

4 Tax

EURm	2024	2023
Current tax	32	10
Income tax for the year	32	10
<i>Reconciliation of tax:</i>		
Calculated 22% tax on earnings before tax	48	12
<i>Tax effect:</i>		
Value adjustment of deferred tax assets	1	1
Non-deductible expenses	-17	-3
Total	32	10

Notes

5 Investments in subsidiaries

EURm	2024	2023
Cost, 1 January	423	420
Addition from share-based payments	3	3
Cost, 31 December	426	423
Impairment, 1 January	0	-43
Reversal of impairment	0	43
Impairment, 31 December	0	0
Book value, 31 December	426	423

Subsidiaries	Domicile
NKT Cables Group A/S	Brøndby, Denmark
NKT Invest A/S	Brøndby, Denmark

The above subsidiaries are all owned 100% by NKT A/S.

For information regarding assets held for sale, refer to note 6.2 Discontinued operations in the consolidated financial statements.

6 Contingent liabilities

The parent company is jointly taxed with all Danish subsidiaries. As an administration company, the parent company is liable with the other companies in the joint taxation scheme for Danish corporate taxes on dividend, interest and royalties within the joint taxation group. Any adjustments to the taxable joint taxation income may increase the amount for which the parent company is liable. The parent company is further liable for VAT under the joint registration with NKT (Denmark) A/S.

NKT Group is jointly liable for Danish corporate taxes on dividend, interest and royalties together with Photonics up until the sale in May 2024. In a few cases the NKT Group's foreign companies are subject to special tax schemes to which certain conditions are attached. As of 31 December 2024 these conditions were complied with.

As part of NKT's commercial activities, parent company guarantees are provided towards customers and suppliers. These guarantees cover the risk relating to performance inherent in projects and contracts. On 31 December 2024 the value of parent company guarantees issued to customers and suppliers was EUR 5,241m (EUR 4,705m in 2023). At the balance sheet date none of the issued guarantees are expected to materialise.

Further, parent company guarantees have been provided towards financial institutions in relation to guarantee facilities, credit facilities and mortgage loans. On 31 December 2024 the value of parent company guarantees issued to financial institutions was EUR 2,703m (EUR 2,052m in 2023). On the balance sheet date none of the issued guarantees are expected to materialise.

7 Related parties

NKT A/S has no individuals or legal entities with control or any significant influence on the Company other than management. Related parties consist of subsidiaries and their affiliates as listed in note 6.3 Group Companies.

The transactions are shown in the table below. Further transactions relate to remuneration for Management as included in note 2.2 Staff costs to the consolidated financial statements.

EURm	2024	2023
Related-party transactions		
Interest received, net	73	71
Paid joint tax contribution, net	-9	-27
Receivables, non-current	1,816	1,654
Receivables, current	14	17
Payables	1,344	732
Management fee	-4	-5
Hedging (net gain/loss)	15	-13

Notes

8 Financial risks, financial instruments and risk management

Management of capital structure at NKT A/S is performed for the Group as a whole and no operational targets or policies are therefore established independently for the parent company. See note 5.6 Financial risks and financial instruments in the consolidated financial statements and the sections 'Risk management' in the Business line sections.

The hybrid capital is accounted for as part of equity. For more information refer to note 5.3 Hybrid capital in the consolidated financial statements.

Categories of financial instruments:

EURm	2024	2023
Financial assets		
<i>Measured at amortised cost:</i>		
Receivables from subsidiaries	1,816	1,654
<i>Measured at fair value through profit/loss:</i>		
Derivative financial instruments ¹	351	300
Financial liabilities		
<i>Measured at amortised cost:</i>		
Interest-bearing loans and borrowings	0	1
Payables to subsidiaries	1,344	732
Trade payables and other liabilities	14	5
<i>Measured at fair value through profit/loss:</i>		
Derivative financial instruments ²	296	305

¹ Included in Other receivables

² Included in Trade payables and other liabilities

Maturity of financial liabilities:

EURm	Less than 1 year	2-3 years	3-4 years	More than 5 years	Total
2024					
Payables to subsidiaries	1,344	0	0	0	1,344
Trade payables and other liabilities	310	0	0	0	310
Total financial liabilities	1,654	0	0	0	1,654
2023					
Interest-bearing loans and borrowings	0	1	0	0	1
Payables to subsidiaries	732	0	0	0	732
Trade payables and other liabilities	310	0	0	0	310
Total financial liabilities	1,042	1	0	0	1,043

9 Payables to credit institutions and other liabilities

Payables to credit institutions, which predominantly are subject to floating interest rates, as well as Other payables are measured at amortised cost. The carrying amount therefore in all material respects corresponds to fair value and nominal value.

Changes in current and non-current loans:

EURm	1 January	Changes from cash flow	31 December
Current and non-current loans, 2024	1	-1	0
Current and non-current loans, 2023	1	0	1

Group Management’s statement

The Board of Directors and Executive Board and the Executive Board have today considered and adopted the Annual Report of NKT A/S for the financial year 1 January – 31 December 2024.

The Consolidated Financial Statements and the Parent Company Financial Statements have been prepared in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act. Management’s Review has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position on 31 December 2024 of the Group and the Parent Company and of the results of the Group and Parent Company operations and consolidated cash flows for the financial year 1 January - 31 December 2024.

In our opinion, Management’s Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

Additionally, the Sustainability Statement, which is part of Management’s Review, has been prepared, in all material respects, in accordance with paragraph 99a of the Danish Financial Statements Act. This includes compliance with the European Sustainability Reporting Standards (ESRS) including that the process undertaken by Management to identify the reported information is in accordance with the description set out in the section titled “General information” in the Sustainability Statements. Furthermore, disclosures within “EU Taxonomy” in the Environmental Information section of the Sustainability Statement are, in all material respects, in accordance with Article 8 of EU Regulation 2020/852 (the “Taxonomy Regulation”).

The year 2024 marks the initial implementation of paragraph 99a of the Danish Financial Statements Act concerning compliance with ESRS. As such, more clear guidance and practice are anticipated in various areas, which are expected to be issued in the coming years. Furthermore, the sustainability statement includes forward-looking statements based on disclosed assumptions about events that may occur in the future and possible future actions by the Group. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

In our opinion, the annual report of NKT A/S for the financial year 1 January to 31 December 2024 with the file name nkt-2024-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Brøndby, 21 February 2025

Executive Management

Claes Westerlind
President & CEO

Line Andrea Fandrup
CFO

Board of Directors

Jens Due Olsen
Chair

René Svendsen-Tune
Deputy Chair

Andreas Nauen

Anne Vedel

Nebahat Albayrak

Karla Lindahl

Akos Frank*

Jean Leif Iversen*

Pernille Blume Jørgensen*

* Employee-elected member.

Independent auditor's reports

To the shareholders of NKT A/S

Report on the audit of the Financial Statements

Our opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2024 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2024 in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2024 and of the results of the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2024 in accordance with the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited

The Consolidated Financial Statements of NKT A/S for the financial year 1 January to 31 December 2024 comprise the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and notes, including material accounting policy information.

The Parent Company Financial Statements of NKT A/S for the financial year 1 January to 31 December 2024 comprise the income statement, the balance sheet, the statement of changes in equity, the cash flow statement and notes, including material accounting policy information.

Collectively referred to as 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group 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. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

We were first appointed auditors of NKT A/S on 23 March 2023 for the financial year 2023. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of 2 years including the financial year 2024.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2024. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

How our audit addressed the key audit matter

Revenue recognition and valuation of construction contracts

The accuracy and valuation of work in progress of large construction contracts in Solutions and the timing of recognition in the income statement is dependent on complex estimation methodologies of, amongst others, construction costs, percentage-of-completion and uncertainties in the construction phase.

We focused on this area because the revenue recognised over time and valuation of construction contracts require significant judgements and estimates by Management.

Refer to notes (2.1) and (4.5) in the consolidated financial statements.

We performed risk assessment procedures with the purpose of achieving an understanding of IT-systems, business procedures and relevant key controls regarding revenue recognition. In respect of key controls, we assessed whether they were designed and implemented effectively to address the risk of material misstatements. For selected controls that we planned to rely on, we tested whether they were performed on a consistent basis, primarily related to contract approvals, monitoring of project development and estimation of costs to complete projects.

We considered the appropriateness of the Group's accounting policies for revenue recognition and construction contracts and assessed compliance with IFRS 15.

On a sample basis, we reviewed the individual contracts in Solutions and

challenged the accounting treatment applied by Management. We tested whether revenue is recorded in the correct period and whether construction contracts are valued properly and accurately by challenging the estimated costs to complete related to the projects, including the assumptions used, and by performing retrospective review and considering the historical accuracy of the assessment of percentage-of-completion and of the assessment of risk provisions.

We also assessed how the project managers determined the degree of completion by obtaining their calculations and challenged assumptions and inputs used.

We assessed the completeness and accuracy of the disclosure of revenue recognition and construction contracts against the disclosure requirements in IFRS 15.

Key audit matter

How our audit addressed the key audit matter

Valuation and recognition of deferred tax assets

NKT has deferred tax assets from tax losses carried forward and other timing differences in foreign entities, especially in Germany. Significant judgement and estimates are made when measuring and recognising the tax assets, including when and to which extent these can be utilised in the future.

We focused on this area because Management makes significant judgements and estimates when measuring and recognising the tax assets, including when and to which extent these can be utilised in the future.

Refer to note (2.5) in the consolidated financial statements.

We considered the appropriateness of the accounting policies and valuation models utilised for tax accounting and assessed compliance with applicable IAS 12. We also assessed Management's process for identifying and assessing deferred tax assets that might not be recoverable.

We assessed Management's judgements and estimates of tax balances and carrying amounts as well as the related applied tax rates when calculating these. We also assessed the reasonableness of the main data and assumptions used to calculate the taxable income forecasts used for recognition and recoverability of the deferred tax assets relating to tax loss carryforward.

We obtained and evaluated Management's expectations for the generation

of future taxable profits in Germany, and reviewed the Group's preliminary tax calculations for significant entities. We verified that taxes recognised in the Financial Statements are in accordance with the preliminary tax calculations.

We performed a retrospective review and considered the historical accuracy of the valuation of deferred tax assets.

In assessing the valuation and recognition of deferred tax assets, we involved our tax specialists.

We assessed the completeness and accuracy of the disclosure of deferred tax assets against the disclosure requirements in IAS 12.

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 as part of the audit 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 in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act. This does not include the requirements in paragraph 99 a related to the sustainability statement covered by the separate auditor's limited assurance report hereon.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial

Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act, except for the requirements in paragraph 99 a related to the sustainability statement, cf. above. 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 consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of parent company 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 Group's and the Parent 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 unless Management either intends to liquidate the Group or the Parent Company 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 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 Group's and the Parent 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 and based on the audit evidence obtained, whether a material uncer-

tainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent 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 Group or the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the Consolidated Financial Statements. We are responsible for the direction,

supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on compliance with the ESEF Regulation

As part of our audit of the Financial Statements we performed procedures to express an opinion on whether the annual report of NKT A/S for the financial year 1 January to 31 December 2024 with the filename nkt-2024-12-31-en.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements including notes.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary;

- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human-readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;

- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements including notes;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report of NKT A/S for the financial year 1 January to 31 December 2024 with the file name nkt-2024-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Hellerup, 21 February 2025

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Kim Tromholt
State Authorised Public Accountant
mne33251

Søren Ørjan Jensen
State Authorised Public Accountant
mne33226

Independent auditor's limited assurance report on the Sustainability Statement

To the stakeholders of NKT A/S

Limited assurance conclusion

Limited assurance conclusion We have conducted a limited assurance engagement on the sustainability statement of NKT A/S (the "Group") included in Management's Review p. 54 – 113 and p. 175 – 179, for the financial year 1 January – 31 December 2024 (the "Sustainability Statement").

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Statement is not prepared, in all material respects, in accordance with the Danish Financial Statements Act paragraph 99 a, including:

- compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by Management to identify the information reported in the Sustainability Statement (the "Process") is in accordance with the description set out in the section "Impact, risk and opportunity management" p. 65-74; and
- compliance of the disclosures in subsection "EU Taxonomy" within the environmental section p. 88-94 of the Sustainability Statement with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation").

Basis for conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance engagements other than audits or reviews of historical financial information ("ISAE 3000 (Revised)") and the additional requirements applicable in Denmark.

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Our responsibilities under this standard are further described in the Auditor's responsibilities for the assurance engagement section of our report.

Our independence and quality management

We are independent of the Group 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. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Management's responsibilities for the Sustainability Statement

Management is responsible for designing and implementing a process to identify the information reported in the Sustainability Statement in accordance with ESRS and for disclosing this Process as included in section "Impact, risk and opportunity management" p. 65-74 of the Sustainability Statement. This responsibility includes:

- understanding the context in which the Group's activities and business relationships take place and developing an understanding of its affected stakeholders;

- identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Group's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- making assumptions that are reasonable in the circumstances.

Management is further responsible for preparation of the Sustainability Statement, which includes the information identified by the Process, in accordance with the Danish Financial Statements Act paragraph 99 a, including:

- compliance with ESRS;
- preparing the disclosures as included in subsection "EU Taxonomy" within the environmental section p. 88-94 of the Sustainability Statement, in compliance with Article 8 of the Taxonomy Regulation;

- designing, implementing and maintaining such internal control that Management determines is necessary to enable the preparation of the Sustainability Statement that is free from material misstatement, whether due to fraud or error; and
- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates that are reasonable in the circumstances.

Inherent limitations in preparing the Sustainability Statement

In reporting forward-looking information in accordance with ESRS, Management is required to prepare forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

Auditor's responsibilities for the assurance engagement

Our responsibility is to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes

our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Statement as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgement and maintain professional scepticism throughout the engagement.

Our responsibilities in respect of the Process include:

- Obtaining an understanding of the Process, but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process;
- Considering whether the information identified addresses the applicable disclosure requirements of ESRS; and
- Designing and performing procedures to evaluate whether the Process is consistent with the Group's description of its Process, as disclosed in section "Impact, risk and opportunity management" p. 65-74.

Our other responsibilities in respect of the Sustainability Statement include:

- Identifying where material misstatements are likely to arise, whether due to fraud or error; and
- Designing and performing procedures responsive to disclosures in the Sustainability Statement where material misstatements are likely to arise. 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.

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Statement. The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the Sustainability Statement.

In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by performing inquiries to understand the sources of the information used by Management;

and reviewing the Group's internal documentation of its Process; and

- Evaluated whether the evidence obtained from our procedures about the Process implemented by the Group was consistent with the description of the Process set out in section "Impact, risk and opportunity management" p. 65-74.

In conducting our limited assurance engagement, with respect to the Sustainability Statement, we:

- Obtained an understanding of the Group's reporting processes relevant to the preparation of its Sustainability Statement including the consolidation processes by obtaining an understanding of the Group's control environment, processes and information systems relevant to the preparation of the Sustainability Statement but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- Evaluated whether the information identified by the Process is included in the Sustainability Statement;
- Evaluated whether the structure and the presentation of the Sustainability Statement are in accordance with ESRS;

- Performed inquiries of relevant personnel and analytical procedures on selected information in the Sustainability Statement;
- Performed limited substantive assurance procedures on selected information in the Sustainability Statement;
- Where applicable, compared disclosures in the Sustainability Statement with the corresponding disclosures in the Financial Statements and Management's Review;
- Evaluated the methods, assumptions and data for developing estimates and forward-looking information; and
- Obtained an understanding of the Group's process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Sustainability Statement.

Hellerup, 21 February 2025

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Kim Tromholt
State Authorised Public Accountant
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Søren Ørjan Jensen
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Appendix

Appendix

General disclosures

Content index:

A list of Disclosure Requirements complied with in preparing the sustainability statement, based on the outcome of the materiality assessment, can be found in the content index.

Disclosure Requirement	Description	Page
General disclosures		
ESRS 2		
BP-1	General basis for preparation of sustainability statement	57
BP-2	Disclosures in relation to specific circumstances	57
GOV-1	The role of the administrative, management, and supervisory bodies	59
GOV-2	Information provided to and sustainability matters addressed by the ASM bodies	59
GOV-3	Integration of sustainability-related performance in incentive schemes	60
GOV-4	Statement on due diligence	61
GOV-5	Risk management and internal controls over sustainability reporting	61
SBM-1	Strategy, business model, and value chain	62
SBM-2	Interests and views of stakeholders	64
SBM-3	Material IROs and their interaction with strategy and business model	65, 68
IRO-1	Description of the process to identify and assess material IROs	65
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	65
MDR-P	Policies adopted to manage material sustainability matters	75

Disclosure Requirement	Description	Page
Climate change		
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E1-1	Transition plan for climate change mitigation	77-78
SBM-3	Material IROs and their interaction with strategy and business model	65-68
IRO-1	Description of the processes to identify and assess material climate-related IROs	65-68
E1-2	Policies related to climate change mitigation and adaptation	78
E1-3	Actions and resources in relation to climate change policies	78-81
E1-4	Targets related to climate change mitigation and adaptation	81-82
E1-5	Energy consumption and mix	83
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	84-87
E1-8	Internal carbon pricing	87
Pollution		
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IRO-1	Description of the processes to identify and assess material pollution-related IROs	72
E2-1	Policies related to pollution	98
E2-2	Actions and resources related to pollution	99
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Disclosure Requirement	Description	Page
Water and marine resources		
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IRO-1	Description of the processes to identify and assess material water and marine resources-related IROs	72
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E3-2	Actions and resources related to water and marine resources	99
E3-3	Targets related to water and marine resources	99
Biodiversity and ecosystems		
E4		
E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	98
SBM-3	Material IROs and their interaction with strategy and business model	72
IRO-1	Description of the processes to identify and assess material biodiversity and ecosystem-related IROs	72
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E4-3	Actions and resources related to biodiversity and ecosystems	99
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Disclosure Requirement	Description	Page
Resource use and circular economy		
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IRO-1	Description of the processes to identify and assess material resource use and circular economy-related IROs	72
E5-1	Policies related to resource use and circular economy	95
E5-2	Actions and resources related to resource use and circular economy	95
E5-3	Targets related to resource use and circular economy	95
E5-4	Resource inflows	96
E5-5	Resource outflows	97
Own workforce		
S1		
SBM-2	Interests and views of stakeholders	64
SBM-3	Material IROs and their interaction with strategy and business model	74
S1-1	Policies related to own workforce	101
S1-2	Processes for engaging with own workforce and workers' representatives about impacts	101
S1-3	Processes to remediate negative impacts and channels for own workforce to raise concerns	101
S1-4	Taking action on material impacts, and approaches to managing material risks and pursuing material opportunities, and effectiveness of those actions	102
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	103
S1-6	Characteristics of the undertaking's employees	104-105
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S1-17	Incidents, complaints, and severe human rights impacts	106

Disclosure Requirement	Description	Page
Workers in the value chain		
S2		
SBM-2	Interests and views of stakeholders	64
SBM-3	Material IROs and their interaction with strategy and business model	74
S2-1	Policies related to value chain workers	107-108
S2-2	Processes for engaging with value chain workers about impacts	107-108
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	107-108
S2-4	Taking action on material impacts, and approaches to managing material risks and pursuing material opportunities, and effectiveness of those actions	108
S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	108

Disclosure Requirement	Description	Page
Affected communities		
S3		
SBM-2	Interests and views of stakeholders	64
SBM-3	Material IROs and their interaction with strategy and business model	74
S3-1	Policies related to affected communities	107-108
S3-2	Processes for engaging with affected communities about impacts	107-108
S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns	107-108
S3-4	Taking action on material impacts, and approaches to managing material risks and pursuing material opportunities, and effectiveness of those actions	108
S3-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	108

Business ethics

G1		
GOV-1	The role of the administrative, supervisory and management bodies	59
IRO-1	Description of the processes to identify and assess material IROs	65
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G1-2	Management of relationships with suppliers	111-112
G1-3	Prevention and detection of corruption and bribery	112
G1-5	Political influence and lobbying activities	113

Appendix

General disclosures

Data points deriving from other EU legislation

IRO-2

This section outlines a table of all the datapoints that derive from other EU legislation as listed in Appendix B in ESRS 2.

Disclosure Requirement and related datapoint		SFDR (23) reference	Pillar 3 (24) reference	Benchmark Regulation (25) reference	EU Climate Law (26) reference
ESRS 2 GOV-1	Board's gender diversity paragraph 21 (d)	Page 46		Page 46	
ESRS 2 GOV-1	Percentage of board members who are independent paragraph 21 €			Page 46	
ESRS 2 GOV-4	Statement on due diligence paragraph 30	Page 61			
ESRS 2 SBM-1	Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Not material	Not material	Not material	
ESRS 2 SBM-1	Involvement in activities related to chemical production paragraph 40 (d) ii	Not material		Not material	
ESRS 2 SBM-1	Involvement in activities related to controversial weapons paragraph 40 (d) iii	Not material		Not material	
ESRS 2 SBM-1	Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Not material	
ESRS E1-1	Transition plan to reach climate neutrality by 2050 paragraph 14				Page 77
ESRS E1-1	Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Page 77	Page 77	
ESRS E1-4	GHG emission reduction targets paragraph 34	Page 81	Page 81	Page 81	
ESRS E1-5	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Page 83			
ESRS E1-5	Energy consumption and mix paragraph 37	Page 83			
ESRS E1-5	Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Page 83			
ESRS E1-6	Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Page 85	Page 85	Page 85	
ESRS E1-6	Gross GHG emissions intensity paragraphs 53 to 55	Page 84	Page 84	Page 84	
ESRS E1-7	GHG removals and carbon credits paragraph 56				Not material
ESRS E1-9	Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Material (phase-in)	
ESRS E1-9	Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a)		Material (phase-in)		
ESRS E1-9	Location of significant assets at material physical risk paragraph 66 (c).		Material (phase-in)		
ESRS E1-9	Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).		Material (phase-in)		
ESRS E1-9	Degree of exposure of the portfolio to climate- related opportunities paragraph 69			Material (phase-in)	
ESRS E2-4	Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Not material			
ESRS E3-1	Water and marine resources paragraph 9	Page 98			
ESRS E3-1	Dedicated policy paragraph 13	Not material			
ESRS E3-1	Sustainable oceans and seas paragraph 14	Not material			
ESRS E3-4	Total water recycled and reused paragraph 28 ©	Not material			
ESRS E3-4	Total water consumption in m3 per net revenue on own operations paragraph 29	Not material			
ESRS 2- SBM-3 - E4	paragraph 16 (a) i	Not material			
ESRS 2- SBM-3 - E4	paragraph 16 (b)	Page 72			

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Disclosure Requirement and related datapoint		SFDR (23) reference	Pillar 3 (24) reference	Benchmark Regulation (25) reference	EU Climate Law (26) reference
ESRS 2- SBM-3 - E4	paragraph 16 (c)	Not material			
ESRS E4-2	Sustainable land / agriculture practices or policies paragraph 24 (b)	Page 98			
ESRS E4-2	Sustainable oceans / seas practices or policies paragraph 24 ©	Page 98			
ESRS E4-2	Policies to address deforestation paragraph 24 (d)	Page 98			
ESRS E5-5	Non-recycled waste paragraph 37 (d)	Not material			
ESRS E5-5	Hazardous waste and radioactive waste paragraph 39	Not material			
ESRS 2- SBM3 - S1	Risk of incidents of forced labour paragraph 14 (f)	Not material			
ESRS 2- SBM3 - S1	Risk of incidents of child labour paragraph 14 (g)	Not material			
ESRS S1-1	Human rights policy commitments paragraph 20	Page 101			
ESRS S1-1	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			Page 101	
ESRS S1-1	processes and measures for preventing trafficking in human beings paragraph 22	Page 107			
ESRS S1-1	workplace accident prevention policy or management system paragraph 23	Page 101			
ESRS S1-3	grievance/complaints handling mechanisms paragraph 32 ©	Page 101			
ESRS S1-14	Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and ©	Page 105		Page 105	
ESRS S1-14	Number of days lost to injuries, accidents, fatalities or illness paragraph 88 €	Page 105			
ESRS S1-16	Unadjusted gender pay gap paragraph 97 (a)	Not material		Not material	
ESRS S1-16	Excessive CEO pay ratio paragraph 97 (b)	Not material			
ESRS S1-17	Incidents of discrimination paragraph 103 (a)	Page 106			
ESRS S1-17	Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	Page 106		Page 106	
ESRS 2- SBM3 – S2	Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Page 107			
ESRS S2-1	Human rights policy commitments paragraph 17	Page 107			
ESRS S2-1	Policies related to value chain workers paragraph 18	Page 108			
ESRS S2-1	Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Page 107		Page 107	
ESRS S2-1	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			Page 107	
ESRS S2-4	Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Page 108			
ESRS S3-1	Human rights policy commitments paragraph 16	Page 108			
ESRS S3-1	Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Page 108		Page 108	
ESRS S3-4	Human rights issues and incidents paragraph 36	Page 108			
ESRS S4-1	Policies related to consumers and end-users paragraph 16	Not material			
ESRS S4-1	Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Not material		Not material	
ESRS S4-4	Human rights issues and incidents paragraph 35	Not material			
ESRS G1-1	United Nations Convention against Corruption paragraph 10 (b)	Not material			
ESRS G1-1	Protection of whistleblowers paragraph 10 (d)	Page 111			
ESRS G1-4	Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Not material		Not material	
ESRS G1-4	Standards of anti- corruption and anti- bribery paragraph 24 (b)	Not material			

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Find the full reporting for 2024 at nkt.com



Remuneration Report

Prepared in accordance with the EU Shareholder Rights Directive II and contains a transparent and comprehensive overview of the remuneration of our Board and Executive.



Corporate Governance Report

Prepared in accordance with section 107b of the Danish Financial Statements Act. Describes our compliance with the Danish Committee on Corporate Governance recommendations.

NKT A/S
Vibeholms Allé 20
DK-2605 Brøndby
Denmark

Company Reg: 6272 5214
T: +45 43 48 20 00
info@nkt.com
nkt.com

NKT is signatory to:



Science Based Targets initiative.
A commitment to become a net zero emissions company.



United Nations Global Compact.
A pledge to implement universal sustainability principles.



Europacable Industry Charter.
A commitment towards superior quality.