

# Interim Report Q3 2021

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**“We have improved our financial performance during 2021, and this continued in Q3 driven by further growth in both NKT and NKT Photonics. It is satisfactory to see that we in NKT continue to benefit from the green transformation and the successful implementation of improvement initiatives. NKT Photonics continued to grow as the market conditions improved after the negative impact of COVID-19 in 2020.”**

**Alexander Kara**

President & CEO, NKT A/S

# Key messages Q3 2021

**NKT Group more than doubled operational EBITDA in Q3 2021 compared to the same period of 2020. This was driven by improvements in both NKT and NKT Photonics. The operational EBITDA was positively impacted by an insurance income in NKT.**

## NKT

In the power cable business, NKT, all three business lines contributed to improved revenues compared to Q3 2020, with particularly improved performance in Applications.

NKT's high-voltage order backlog was EUR 2.97bn at end-Q3 2021 (EUR 2.52bn in std. metal prices). This was down from the end of the previous quarter although a number of new projects were added in Q3 2021.

NKT has signed an exclusive Preferred Supplier Agreement for delivery of the high-voltage DC power cable system to the prospective Champlain Hudson Power Express transmission line in the USA.

The potential project is expected to have a value of approx. EUR 1.1bn (based on current market metal prices). As NKT has not received a firm order, the project is not included in the high-voltage order backlog.

In NKT, the operational EBITDA in Q3 2021 for the underlying business improved compared to Q3 2020 and NKT has closed outstanding insurance cases related to past incidents which generated an income of EUR 20.7m in Q3 2021.

NKT generated a positive free cash flow in Q3 2021. Positive earnings contribution and favourable working capital development outweighed the continued investments in the production facilities in the Solutions business line.

## NKT Photonics

NKT Photonics grew revenues and EBITDA in Q3 2021. Revenues, which in the corresponding period last year were adversely impacted by the COVID-19 pandemic, recovered well, particularly in the Industrial and Quantum and Nano Technology segments. Revenues were a record-high Q3 figure for NKT Photonics.

In July 2021, the Board of Directors decided to resume the review of strategic alternatives for NKT Photonics, with the objective of maximizing value creation. The review is ongoing and J.P. Morgan Securities plc has been retained as lead financial advisor.

Amounts in EURm	NKT				NKT Photonics				NKT Group			
	Q3 2021	Q3 2020	Q1-Q3 2021	Q1-Q3 2020	Q3 2021	Q3 2020	Q1-Q3 2021	Q1-Q3 2020	Q3 2021	Q3 2020	Q1-Q3 2021	Q1-Q3 2020
Revenue	479.7	376.6	1,391.7	1,054.2	18.5	16.7	52.5	44.0	498.2	393.1	1,443.4	1,096.6
Revenue in std. metal prices	333.2	300.2	973.4	818.3	18.5	16.7	52.5	44.0	351.7	316.7	1,025.1	860.7
Organic growth	10%	28%	17%	21%	10%	3%	20%	-10%				
Operational EBITDA	44.8	21.4	117.4	47.6	3.2	1.0	2.0	-1.6	48.0	22.4	119.4	46.0
Operational EBITDA margin	13.5%	7.1%	12.1%	5.8%	17.0%	6.2%	3.8%	-3.6%	13.6%	7.1%	11.6%	5.3%
EBIT	6.6	0.3	38.4	-22.9	-0.3	-2.2	-8.5	-10.3	6.3	-1.9	29.9	-33.2
Net result	1.3	-6.3	22.1	-33.5	-1.1	-3.6	-9.1	-10.4	0.2	-9.9	13.0	-43.9
Working capital			6.6	-130.4			31.8	30.9			38.4	-99.5
Working capital % of revenue, LTM			-2.8%	-4.8%			36.3%	42.3%			-1.1%	-2.6%
RoCE			3.4%	-4.1%			-6.9%	-5.9%			2.4%	-4.2%

# Key highlights Q3 2021

## NKT

### 333m

#### Revenues (std. metal prices), EUR

Up from EUR 300m in Q3 2020, with all three business lines contributing to the increase

### 10%

#### Organic growth

Reflecting growth of 5% in Solutions, 15% in Applications and 18% in Service & Accessories

### 44.8m

#### Operational EBITDA, EUR

Up from EUR 21.4m in Q3 2020 due to the increased level of activity in the three business lines, and to an EUR 20.7m positive impact from closure of outstanding insurance cases

### 2.97bn

#### High-voltage order backlog, EUR

Down from EUR 3.16bn at end-Q2 2021. During Q3 2021 NKT added a number of new projects to the backlog

#### Financial outlook 2021

The financial outlook is unchanged from Company Announcement No. 15 of 19 October 2021.

Revenues (std. metal prices) are expected to be approx. EUR 1.2bn and the operational EBITDA is expected to be approx. EUR 125-135m.

The financial outlook is subject to uncertainty due to the general market situation of constrained access to both raw materials and material for the production as well as the continued unknown development of the COVID-19 pandemic.

## NKT Photonics

### 18.5m

#### Revenues, EUR

Up from EUR 16.7m in Q3 2020. The increase was driven by solid performance after the challenging market conditions in 2020 due to the COVID-19 pandemic

### 10%

#### Organic growth

Solid positive growth in Industrial and Quantum & Nano Technology, and slightly negative growth for Medical & Life Science and Aerospace & Defence

### 3.2m

#### EBITDA, EUR

Up from EUR 1.0m in Q3 2020, driven by the revenue growth together with higher gross margin

### 25%

#### Order intake growth

The growth was driven by the Industrial, Quantum & Nano Technology, and Medical & Life Science segments and represented the highest ever Q3 order intake

#### Financial outlook 2021

The financial outlook is unchanged from Company Announcement No. 15 of 19 October 2021.

The organic revenue growth is expected to be approx. 8-15%, and the EBITDA margin is expected to be approx. 6-8%.

The financial outlook is subject to uncertainty due to the general market situation of constrained access to both raw materials and material for the production as well as the continued unknown development of the COVID-19 pandemic.

# NKT Group – Financial highlights and ratios

Amounts in EURm	Q3 2021	Q3 2020	Q1-Q3 2021	Q1-Q3 2020	Year 2020
<b>Income statement</b>					
Revenue	498.2	393.1	1,443.4	1,096.6	1,470.2
Revenue in std. metal prices** 3)	351.7	316.7	1,025.1	860.7	1,154.7
Operational EBITDA** 6)	48.0	22.4	119.4	46.0	59.3
EBITDA	33.5	21.4	106.7	35.9	49.4
Amortization, depreciation and impairment	-27.2	-23.3	-76.8	-69.1	-97.3
Operational EBIT** 7)	20.8	-0.9	42.6	-23.1	-38.0
EBIT	6.3	-1.9	29.9	-33.2	-47.9
Financial items, net	-4.4	-6.9	-11.5	-13.8	-16.7
Earnings before tax (EBT)	1.9	-8.8	18.4	-47.0	-64.6
Net result	0.2	-9.9	13.0	-43.9	-74.5
<b>Cash flow</b>					
Cash flow from operating activities	145.8	158.7	23.9	25.4	136.3
Cash flow from investing activities	-47.3	-17.9	-132.6	-53.6	-107.4
hereof investments in PPE	-38.2	-9.4	-108.8	-24.7	-65.5
Free cash flow**	98.5	140.8	-108.7	-28.2	28.9
<b>Balance sheet</b>					
Share capital	115.4	86.6	115.4	86.6	115.4
Group equity	1,129.3	853.3	1,129.3	853.3	1,076.4
Total assets	2,397.1	2,019.1	2,397.1	2,019.1	2,150.6
Net interest-bearing debt** 9)	96.7	194.2	96.7	194.2	-25.9
Capital employed** 10)	1,226.0	1,047.5	1,226.0	1,047.5	1,050.5
Working capital** 11)	38.4	-99.5	38.4	-99.5	-137.1

	Q3 2021	Q3 2020	Q1-Q3 2021	Q1-Q3 2020	Year 2020
<b>Financial ratios and employees</b>					
Operational EBITDA margin, continuing operations (std. metal prices)**	13.6%	7.1%	11.6%	5.3%	5.1%
Gearing (NIBD as % of Group equity)** 8)	9%	23%	9%	23%	-2%
NIBD relative to operational EBITDA** 12)	0,7x	3,6x	0,7x	3,6x	-0,4x
Solvency ratio (equity as % of total assets)** 13)	47%	42%	47%	42%	50%
Return on capital employed (RoCE)** 14)	2.4%	-4.2%	2.4%	-4.2%	-3.5%
Number of DKK 20 shares ('000)**	42,976	32,232	42,976	32,232	42,976
EPS, EUR 1)	0.1	-0.3	0.2	-1.4	-2.7
Diluted EPS, EUR 2)	0.1	-0.3	0.2	-1.5	-2.7
Equity value, EUR per outstanding share** 15)	23	22	23	22	22
Market price, DKK per share**	279	190	279	190	271
Average number of employees	4,268	3,802	4,120	3,772	3,800

1)-15) Definitions appear in Note 4.

\*\* Alternative performance measures

# NKT – Financial review

**In Q3 2021, NKT achieved higher revenues and operational EBITDA compared to Q3 last year. All three business lines contributed positively. Operational EBITDA more than doubled, mainly due to closed insurance cases, and the underlying performance was also above Q3 2020. A high level of free cash flow in Q3 2021 was driven by improved earnings and favourable development in working capital counterbalanced by planned investments to prepare for future growth.**

## Improved revenue across all business lines

NKT's revenue\* in Q3 2021 increased organically by 10%. The improvement was driven by higher activity levels in all three business lines. Applications in particular continued to improve performance and accelerated organic growth compared to previous quarters.

Organic growth for the first nine months of 2021 was 17% due to growth in all three business lines.

## Increase in operational EBITDA

Operational EBITDA increased in Q3 2021 compared to the same period of 2020, driven by improvements in Solutions and Applications based on higher levels of activity. Service & Accessories performed largely on par with Q3 2020.

The operational EBITDA in Q3 2021 included insurance compensation that was previously expensed. This generated an income of EUR 20.7m recognised as other operating income, thereby increasing operational EBITDA in the Solutions business line. Excluding this income, operational EBITDA was still above Q3 2020.

The operational EBITDA margin\*, excluding the insurance income, increased by 0.1%-points from Q3 2020 to Q3 2021.

Operational EBITDA for the first nine months of 2021 increased by EUR 69.8m compared to the same period in 2020. All three business lines contributed to the increase.

In Q3 2021, NKT recognized one-off items of EUR -14.5m. These related to the previously announced initiatives in

## Key financials

	Q3 2021	Q3 2020	Q1-Q3 2021	Q1-Q3 2020	FY 2020
<b>Income statement</b>					
Revenue	479.7	376.6	1,391.7	1,054.2	1,402.5
Revenue in std.metal prices**	333.2	300.2	973.4	818.3	1,087.0
Operational EBITDA**	44.8	21.4	117.4	47.6	56.7
EBITDA	30.3	20.4	104.7	37.5	46.8
Depreciations and amortizations	-23.7	-20.1	-66.3	-60.4	-85.2
Operational EBIT**	21.1	1.3	51.1	-12.8	-28.5
EBIT	6.6	0.3	38.4	-22.9	-38.4
Financial items, net	-3.3	-4.5	-8.3	-10.8	-11.5
EBT	3.3	-4.2	30.1	-33.7	-49.9
Tax	-2.0	-2.1	-8.0	0.2	-13.6
Net result	1.3	-6.3	22.1	-33.5	-63.5
<b>Cash flow</b>					
Cash flow from operating activities	149.6	158.8	27.2	30.5	135.6
Cash flow from investing activities excl. acq. & div.**	-44.2	-14.4	-124.9	-41.7	-90.8
Free cash flow excl. acq. & div.**	105.4	144.4	-97.7	-11.2	44.8
<b>Balance sheet</b>					
Capital employed**	1,109.4	937.1	1,109.4	937.1	939.8
Working capital**	6.6	-130.4	6.6	-130.4	-164.5
<b>Financial ratios and employees</b>					
Organic growth**	10%	28%	17%	21%	15%
Operational EBITDA margin*. **	13.5%	7.1%	12.1%	5.8%	5.2%
RoCE, LTM**	3.4%	-4.1%	3.4%	-4.1%	-2.9%
Average number of employees	3,876	3,397	3,725	3,365	3,390

\*\* Alternative performance measures

\* Std. metal prices

Solutions to improve profitability. These are further described on page 10.

EBIT in Q3 2021 increased by EUR 6.3m compared to Q3 2020, driven by the same factors as operational EBITDA.

The net result was positively impacted by lower interest payments due to a lower debt level and lower currency related losses in Q3 2021 compared to Q3 2020.

### Decrease in working capital driven by Solutions

Working capital was reduced by EUR 106m from end-Q2 to end-Q3 2021, mainly in Solutions.

The favourable development in Solutions was driven by the phasing of milestone payments relating to projects in the order backlog. Unrealized value adjustments of hedging instruments lowered working capital by EUR 24.9m mainly due to declining commodity prices in Q3 2021. The hedging value adjustments have no cash impact.

Working capital for Applications decreased by EUR 10.1m due to lower trade receivables.

The working capital ratio, LTM, was -2.8% at end-Q3 2021, against -3.0% at end-Q2 2021.

### High level of free cash flow generation

In Q3 2021, the cash flow from operating activities amounted to EUR 150m. This significant positive development was due to the increased earnings contribution and favourable development in working capital.

In Solutions, the investment programme to upgrade the high-voltage production sites in Karlskrona and Cologne was further progressed. The cash flow from investing activities was therefore EUR -44.2m in Q3 2021, representing an increased investment level of EUR 29.8m compared to Q3 2020.

### Continued positive RoCE development

The higher earnings level was reflected in a positive development in RoCE, LTM, of 3.4% at end-Q3 2021, compared to 1.5% at the end of the previous quarter.

### Revenue development and organic growth

Amounts in EURm

<b>Q3 2020 revenue*</b>	<b>300.2</b>
Currency effect	3.3
Organic growth	29.7
<b>Q3 2021 revenue*</b>	<b>333.2</b>
Organic growth, %	10%

\* Std. metal prices

### Operational EBITDA

Amounts in EURm



### Working capital

Amounts in EURm



# Sustainability

**In Q3 2021, NKT was recognized for its sustainability efforts with improved ESG scores from three independent rating agencies. As the world moves towards green energy, NKT continues to take centre stage connecting the world with the power cable technology essential to a future based on clean and renewable energy. As a key player in the transition to renewable energy, NKT is continuously focusing on minimizing the environmental impact of its activities.**

In Q3 2021, NKT continued its sustainability journey, leading to improved ESG scores from three independent rating agencies. The improved ratings reflect NKT's ongoing commitment to sustainability and underline the company's position as a sustainability leader in the power industry.

NKT focuses consistently on improving ESG performance and becoming a net-zero emissions company at the latest by 2050. NKT has been a signatory to the UN Global Compact since 2009 and is committed to running its business in accordance with the UN's Sustainable Development Goals.

## Environment

In December 2020 NKT became the first major power cable manufacturer to accede to the Science Based Targets initiative (SBTi) to achieve net-zero emissions status by 2050. NKT has committed to reduce its greenhouse gas (GHG) emissions by on average 5% annually in line with the Paris Climate Agreement.

As part of the journey to net-zero emissions, NKT has enlisted more than 20 of its main suppliers for its decarbonization collaboration programme to reduce Scope 3 emissions. NKT estimates that more than 95% of the company's total CO<sub>2</sub> emissions (Scope 1, 2 and 3) are related to its supply chain (Scope 3).

For NKT, recycling and waste handling are key areas of focus to reduce the environmental impact of products and operations. In Q3 2021, NKT reached a significant milestone by successfully recycling all materials from its medium-



**“The improved ESG ratings reflect our work and dedication to drive sustainability and connect a greener world with our power cable solutions.”**

**Alexander Kara**

President & CEO, NKT A/S

and high-voltage power cable scrap for new applications. This is a breakthrough achievement in the power cable industry, and NKT is now setting new standards by giving redundant cable a second life in new products such as flowerpots, cable drums and construction supplies. The next step is to increase the recycled volumes until all production scrap is reused either internally or externally.

### Social

Diversity and inclusion are promoted across NKT, and the company firmly be-

lieves that a diverse organization provides the best foundation for driving both employee engagement and company performance. Ongoing initiatives are running to promote diversity and inclusion in NKT with a corporate target of 30% women in senior leadership positions by 2024.

NKT targets maintaining a low Lost Time Incident Rate (LTIR), driven by increased focus on safety throughout the company combined with the overall focus on physical well-being during the COVID-19 pandemic.

The ongoing expansions of the high-voltage production sites in Karlskrona, Sweden, and Cologne, Germany, require additional attention in terms of safety as both factories are fully operational while construction work is under way. NKT maintains a focus on health and safety with the aim of securing a strong safety culture across the company.

### Governance

NKT operates an extensive compliance programme to ensure ethical conduct in line with its Code of Conduct. This pro-

gramme includes among others regular training for employees as well as due diligence processes for business partners.

 More sustainability information is available at [nkt.com/about-us/sustainability](https://nkt.com/about-us/sustainability)

### Environmental, Social and Governance ratings (ESG)\*

The ESG ratings indicate the sustainability and risks of investing in a company.

## Low

### Sustainalytics Rated

Rated 16.8 in September 2021, NKT was rated in the low-risk category by Sustainalytics, placing the company in the 4th percentile in the electrical equipment industry.



Negl 0 - 10	<b>Low</b> 10 - 20	Medium 20 - 30	High 30 - 40	Severe 40+
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Lower ratings are better

## AA

### MSCI ESG Ratings

In 2021, NKT received a rating of AA in the MSCI ESG Ratings assessment

This places NKT in the leadergroup



CCC	B	BB	BBB	A	<b>AA</b>	AAA
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Higher ratings are better

## Platinum

### 2021 ECOvadis Sustainability Rating

With a score of 75 out of 100 in September 2021, NKT was awarded a Platinum Rating in the "Manufacture of wiring and wiring devices" category

It places NKT among 1% best companies in total



0 - 44	Bronze 45 - 53	Silver 54 - 65	Gold 66 - 72	<b>Platinum</b> 73 - 100
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Higher ratings are better

\* NKT is being rated by selected ESG Rating agencies, which have been chosen by their importance to investors, customers, partners and suppliers.



# Business review – Solutions

## Highlights

- Increased revenue and operational EBITDA in Q3 2021
- NKT named preferred turnkey supplier for the US Champlain Hudson Power Express project
- Insurance case closures contributed positively to operational EBITDA

## Growth in revenue driven by higher activity

In Q3 2021, revenues\* for Solutions was EUR 13.1m higher than the previous year, corresponding to organic growth of 5%. This was due to execution of orders awarded over recent years covering most power cable types.

Revenues measured in market prices amounted to EUR 210m in Q3 2021, against EUR 181m in Q3 2020.

Revenues\* for the first nine months of 2021 increased by EUR 78m compared to

the same period of 2020. Organic growth for the first nine months of 2021 was 16%.

## Slight underlying increase in operational EBITDA margin

The increased level of activity in Solutions in Q3 2021 resulted in improved profitability, with operational EBITDA EUR 22.3m above the same period last year. During Q3 2021 NKT closed insurance cases relating to past incidents. This led to an income of EUR 20.7m, which was recognised as other operating income.

The operational EBITDA margin\* was 7.8% in Q3 2021 excluding the insurance income against 7.5% in Q3 2020.

Operational EBITDA for the first nine months of 2021 was EUR 50.1m above the same period in 2020 due to the higher activity level and the insurance income.

NKT progressed on several projects through varying stages of execution in Q3 2021. These projects covered all power cable technologies and included Attica Crete, Moray East, Nordlink, Ostwind 2, Shetland, Troll West, and Viking Link.

NKT has commissioned the power cable project comprising three 220 kV HVAC power cable systems for the Moray East

Offshore Wind Farm. The wind farm holds a central position in the transition to renewable energy in Scotland and when it is complete it will be capable of meeting the average electricity needs of 40% of Scottish households.

NKT Victoria, the company's cable-laying vessel, accomplished some assignments in Q3 2021, including the installation of power cables for the Hornsea 2 offshore wind farm in the UK.

## Review of Solutions setup and cost structure

To support the journey towards the medium-term ambitions, NKT has launched initiatives in Solutions with the aim to improve profitability.

NKT will increase focus on extra high-voltage AC and DC power cables at the production site in Cologne, Germany. The production of lower high-voltage AC power cables will be relocated from Cologne to NKT's production site in Velké Meziříčí, Czech Republic. This will improve competitiveness and prepare for growing market demand at both sites.

As part of the review, it was announced that NKT will reduce the FTE count by more than 100 in Cologne during 2021-

2023, resulting in one-off costs of EUR 14.5m expensed in Q3 2021.

Furthermore, investments of around EUR 25m in production equipment in both Cologne and Velké Meziříčí will be completed in 2021 and 2022.

## High-voltage backlog of EUR 2.97bn

During Q3 2021, NKT added a number of projects to its high-voltage order backlog. At end-Q3 2021, this backlog was EUR 2.97bn (EUR 2.52m in std. metal prices), compared to EUR 3.16bn (EUR 2.66m in std. metal prices) at the end of the previous quarter.

The majority of the high-voltage order backlog will be executed from 2022 and beyond. The production timing on part of the backlog for expected execution in 2022 is subject to uncertainty due to ongoing dialogue with certain customers on the exact delivery schedule

## Preferred supplier for Champlain Hudson Power Express project

NKT has entered an exclusive Preferred Supplier Agreement (PSA) for delivery of the power cable system to the prospective high-voltage DC Champlain Hudson Power Express transmission line in the USA. The potential project is expected to

# 178m

Revenue\*, EUR  
(Q3 2020: EUR 165m)

\* Std. metal prices

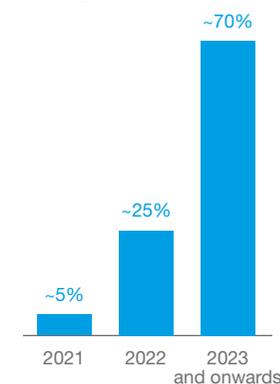
# 5%

Organic growth  
(Q3 2020: 47%)

# 34.6m

Operational EBITDA, EUR  
(Q3 2020: EUR 12.3m)

Expected revenue distribution of high-voltage order backlog (EUR 2.97bn) at end-Q3 2021



\* Std. metal prices

have a value of approx. EUR 1.1bn measured in market metal prices. NKT's task will comprise engineering, manufacture as well as installation of the power cables along the route.

A firm order is subject to final contract negotiations and financial closure. In addition, the project needs final project award by the relevant US authorities. These steps are expected to be finalized no later than 2022. Due to these pending items, it is not included in the high-voltage order backlog.

#### **High activity in high-voltage market**

NKT estimates the value of project awards by the market in the first nine months of 2021 at more than EUR 2.5bn (NKT's assessment of addressable high-voltage power cable projects). These projects covered various power cable types and geographies.

Progress continued on several project tenders across market segments and geographies. The timing of actual project awards will depend on various stakeholder decisions for the individual projects.

For NKT, achieving optimal production and installation flow, and thereby optimizing earnings, is contingent upon high utilization of capacity across all production and installation phases. Among other things this requires a balanced mix of XLPE DC, MI DC and XLPE AC projects.

The majority of projects awarded in the market in 2020 and 2021 have primarily been based on DC rather than AC technology.



# Business review – Applications

## Highlights

- Broad-based revenue growth in Q3 2021
- Continued improvement in profitability driven by higher revenue and efficiency initiatives
- Satisfactory management of rising input costs

### Organic revenue growth of 15%

In Q3 2021, revenues\* in Applications increased by EUR 15.9m compared to Q3 2020. This growth was broad-based and NKT has managed to benefit from favourable market conditions. Revenue expressed in market prices increased by EUR 64.1m. On top of the organic growth, the higher metal prices contributed to revenue growth as well.

Revenues\* for the first nine months of 2021 were EUR 27.7m above the same period last year corresponding to organic growth of 8%.

### Continued improvement in profitability

Driven by the higher revenues and various efficiency initiatives, operational EBITDA increased by EUR 3.9m from Q3 2020 to Q3 2021. The operational EBITDA margin\* was 7.6% in Q3 2021 against 5.0% in Q3 2020.

NKT has in recent quarters launched several efficiency initiatives aimed at improving profitability for Applications, and these measures are gradually translating into sustained improved performance. Through various commercial initiatives NKT will focus on growing profitability by increasing revenues while maintaining a competitive cost base.

In 2021, NKT experienced rising input costs. The situation has been managed satisfactorily and NKT has been able to protect profit margins in cooperation with customers.

Operational EBITDA for the first nine months of 2021 increased by EUR 8.0m compared to the same period of 2020.

### Broad-based growth

Overall, trading conditions in NKT's markets were favourable in Q3 2021, particularly for low-voltage power cables.

With construction sentiment at a high level across Europe, the solid demand for building wires continued. This has led to a high utilization level for NKT's factory in Warszowice, Poland, with focus on building wire production.

The electrification of societies, including the increase in the number of electric vehicles, and the ongoing transition to renewable energy in the power generation mix, are positively impacting medium-voltage sales. This contributed to growth in Scandinavia in Q3 2021.

The ongoing rollout of the 5G network is benefitting NKT's power cable telecom business, and also contributed positively to growth in Q3 2021.

# 118m

**Revenue\*, EUR**  
(Q3 2020: EUR 103m)

\* Std. metal prices

# 15%

**Organic growth**  
(Q3 2020: 5%)

# 9.0m

**Operational EBITDA, EUR**  
(Q3 2020: EUR 5.1m)

\* Std. metal prices



# Business review – Service & Accessories

## Highlights

- Improved revenues and operational EBITDA in Q3 2021
- Continued growth in the service business due to finalization of offshore repair work
- Mixed performance in the accessories business

## 18% organic growth

Revenues\* for Service & Accessories in Q3 2021 was EUR 7.3m higher than in Q3 2020, driven by increased sales in the service business.

Revenues\* in the first nine months of 2021 increased by EUR 54m compared to the same period in 2020. Organic growth for the first nine months of 2021 was 60%, which was due to an exceptionally high volume of repair work in the service business in 1st half 2021.

## Modest growth in operational EBITDA

Operational EBITDA grew slightly by EUR 0.1m from Q3 2020 to Q3 2021. The operational EBITDA margin for Q3 2021 was 9.9% against 11.5% in Q3 2020. The service business impacted the margin positively due to the higher activity level, while profitability for the accessories business was down due to decreased output of high-voltage accessories.

For the first nine months of 2021, operational EBITDA was EUR 15.5m higher than in the same period of 2020.

## Growth in service business driven by offshore repair work

Driven by the finalization of offshore service repairs mainly conducted in 1st half 2021, the service business showed continued improvement in financial performance in Q3 2021. NKT's recurring onshore maintenance business was largely on par with Q3 2020.

NKT is continuously striving to increase its portfolio of service agreements with power cable owners, and further agreements were added in Q3 2021. Repair

works carried out during 2021 were mostly based on pre-existing service agreements.

Further service business operations are to be established in Gdynia, Poland, to position NKT for future growth in the Nordic region and prepare for Polish offshore wind expansion. This step is in line with the growth strategy and will require more employees to cater for the growing demand.

To support its growth ambitions, NKT is also strengthening its offerings within cable monitoring services to help customers avoid power cable outages. The first customers have been onboarded to benefit from these preventive services.

## Mixed performance in accessories

The accessories business delivered a mixed performance in Q3 2021. Sales of medium-voltage accessories continued to rise, driven mainly by higher volumes to the Middle East, which has been a solid growth contributor for NKT in recent years.

In contrast, sales of high-voltage accessories decreased compared to Q3 2020. Production of these accessories is currently being transferred from Cologne, Germany to NKT's existing factory in Alingsås, Sweden. This initiative is part of the company's overall strategy to streamline production and gain efficiency. The transition has led to temporary cost increases and has extended delivery time on some products.

NKT has been exposed to some supply chain difficulties in the accessories business due to the challenges in the global transportation market and shortages of raw materials. Various initiatives have been implemented to mitigate risks, and NKT has been able to protect profits.

# 45.5m

**Revenue\*, EUR**  
(Q3 2020: EUR 38.2m)

\* Std. metal prices

# 18%

**Organic growth**  
(Q3 2020: 34%)

# 4.5m

**Operational EBITDA, EUR**  
(Q3 2020: EUR 4.4m)

\* Std. metal prices

# NKT Photonics – Financial & Business Review

**Driven by the industrial segment, revenues in Q3 2021 grew 10% organically to a record-high Q3, continuing the recovery from the negative impact of COVID-19 in 2020. This drove up EBITDA compared to Q3 2020.**

## Double-digit organic growth

Revenues increased by EUR 1.8m in Q3 2021 compared to Q3 2020, which was impacted by the COVID-19 pandemic. This corresponded to 10% organic growth.

The Industrial and Quantum & Nano Technology segments were the growth contributors, with broad-based progress across sectors. This was a reversal from Q3 2020 where the segments were the worst affected by the COVID-19 pandemic.

The two other segments, Medical & Life Science and Aerospace & Defence, reported largely flat development in Q3 2021, mainly due to timing relating to large orders. Both segments are dependent on sizable projects and OEM contracts. The outlook remains positive.

## Revenue development and organic growth

Amounts in EURm

<b>Q3 2020 revenue</b>	<b>16.7</b>
Currency effect	0.1
Organic growth	1.7
<b>Q3 2021 revenue</b>	<b>18.5</b>
Organic growth, %	10%

Driven by the same factors as Q3, revenues for the first nine months of 2021 increased compared to the same period of 2020. The organic growth for the first nine months of 2021 was 20%.

## Positive EBITDA development

NKT Photonics' EBITDA for Q3 2021 amounted to EUR 3.2m, an increase of EUR 2.2m compared to Q3 2020. The growth in earnings was primarily caused by higher revenue together with higher gross margin from a more favorable product mix.

NKT Photonics has experienced only limited delays in supply of components for production, but the current situation remains a challenge for the industry. Addressing this continues to be a focus area for NKT Photonics and actions have been taken to mitigate risks and ensure unimpacted production flow.

## Key financials

	Q3 2021	Q3 2020	Q1-Q3 2021	Q1-Q3 2020	FY 2020
<b>Income statement</b>					
Revenue	18.5	16.7	52.5	44.0	69.9
EBITDA	3.2	1.0	2.0	-1.6	2.6
Depreciations and amortizations	-3.5	-3.2	-10.5	-8.7	-12.1
EBIT	-0.3	-2.2	-8.5	-10.3	-9.5
Financial items, net	-1.1	-2.4	-3.2	-3.0	-5.2
EBT	-1.4	-4.6	-11.7	-13.3	-14.7
Tax	0.3	1.0	2.6	2.9	3.7
Net result	-1.1	-3.6	-9.1	-10.4	-11.0
<b>Cash flow</b>					
Cash flow from operating activities	-3.8	-0.1	-3.3	-5.1	0.7
Cash flow from investing activities excl. acq. & div.**	-3.1	-3.5	-9.8	-11.9	-16.6
Free cash flow excl. acq. & div.**	-6.9	-3.6	-13.1	-17.0	-15.9
<b>Balance sheet</b>					
Capital employed**	116.6	110.4	116.6	110.4	110.7
Working capital**	31.8	30.9	31.8	30.9	27.4
<b>Financial ratios and employees</b>					
Organic growth**	10%	3%	20%	-10%	-6%
EBITDA margin	17.0%	6.2%	3.8%	-3.6%	3.7%
RoCE**	-6.9%	-5.9%	-6.9%	-5.9%	-8.8%
Average number of employees	392	405	395	407	410

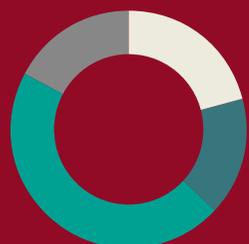
\*\* Alternative performance measures

## Quantum & Nano Technology separated into a new segment

Quantum & Nano Technology, previously part of Industrial, is a growth segment with significant potential. NKT Photonics has been active in this area for two decades, but the ongoing growth in the segment, especially driven by quantum technology, has led to separate this into its own market segment.

Quantum technology covers a range of fast growing segments within quantum computing, sensing metrology and communication. Nano technology covers applications within development of advanced materials. The segment also includes a number of scientific instrumentation applications.

### Revenue distribution (Q3 2021, LTM)



- Medical & Life Science 21%
- Quantum & Nano Technology 16%
- Industrial 46%
- Aerospace & Defence 17%

EBITDA amounted to EUR 2.0m for the first nine months of 2021, compared to EUR -1.6m for the same period last year. The increase was driven by the higher revenues at a higher gross margin.

EBIT and net result both increased from Q3 2020 to Q3 2021, reflecting the same drivers behind the growth in EBITDA.

### Increase in working capital

Working capital at end-Q3 2021 was slightly higher than at end-Q3 2020 and was also higher than at the end of the previous quarter. The increase in Q3 2021 was due to the impact of higher revenues on trade receivables and inventories.

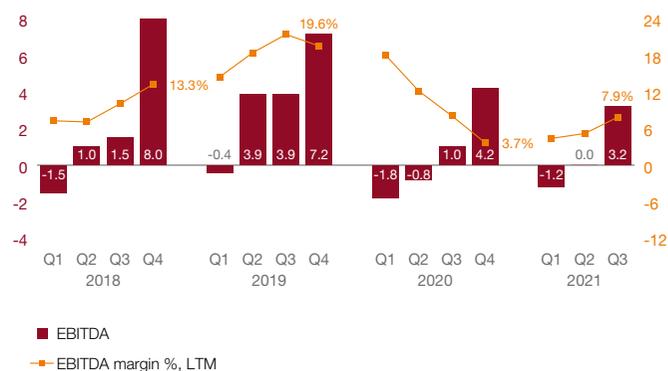
However, trade receivables at end-Q3 2021 were substantially lower than at end-Q3 2020 as a result of strengthened collection efforts.

### Order intake up by 25%

Order intake in Q3 2021 continued to grow and ended 25% above Q3 2020. This was the highest ever Q3 order intake for NKT Photonics. As for revenue, the Industrial and Quantum & Nano Technology segments were the main contributors to the increase in orders received, but Medical & Life Science also experienced significant growth driven mainly by ophthalmology.

### EBITDA

Amounts in EURm



## Medical & Life Science

The Medical & Life Science segment continued the trend from recent quarters when microscopy and ophthalmology were the primary growth drivers. Although growth in Q3 2021 was largely flat due to timing of projects and OEM contracts, the outlook continues to be positive driven particularly by ophthalmology. This is also reflected in the high order intake in this segment.

## Quantum & Nano Technology

Previously included in Industrial, the new segment Quantum & Nano Technology is a growth area with significant potential. The segment is scientific and dynamic and is differing from the industrial segment. The segment contributed to growth in Q3 2021, especially within the areas of quantum research and quantum computing.

## Industrial

The Industrial segment remained the company's primary growth driver in Q3 2021. As in the previous quarter, the most significant contributions came from the semiconductor industry, remote sensing for power cable monitoring, and distributed acoustic sensing.

## Aerospace & Defence

Growth in Aerospace & Defence was relatively flat in Q3 2021. While still affected by timing factors, this project-heavy segment continued to enjoy a high level of activity and several orders were received and new opportunities identified. Existing projects continued as planned although with some COVID-19 induced delays. Segment outlook continues positive and new orders and projects are expected in the coming quarters.

# NKT Group – Financial review

## Operational EBITDA and EBIT

Both NKT and NKT Photonics improved financial performance in Q3 2021. Driven by revenue growth, the operational EBITDA for the NKT Group amounted to EUR 48.0m in Q3 2021, an increase of 25.6m from Q3 2020. This included an insurance income of EUR 20.7m in NKT.

For the first nine months of 2021, the operational EBITDA totalled 119m, up from EUR 46.0m in the same period of 2020. The operational EBITDA, LTM, was EUR 133m at end-Q3 2021

EBIT increased by EUR 8.2m in Q3 2021 compared to Q3 2020. The positive development was due to the same factors driving operational EBITDA. EBIT was however also impacted by expensed one-off items related to the FTE reduction previously announced in Solutions.

## Financial items and net result

Net financial items in Q3 2021 amounted to EUR -4.4m, compared to EUR -6.9m in Q3 2020. Financial items were lower in Q3 2021 compared to Q3 2020 due to the decreased debt level and lower currency related losses.

Earnings before tax (EBT) totalled EUR 1.9m in Q3 2021, compared to EUR -8.8m in Q3 2020. The Group's net result increased from EUR -9.9m in Q3 2020 to EUR 0.2m in Q3 2021.

## Cash flow

Despite being at a high level, cash flow from operating activities of EUR 146m in Q3 2021 was below EUR 159m generated in Q3 2020 as working capital developed even more favourable in this period.

The cash flow from investing activities amounted to EUR -47.3m in Q3 2021, against EUR -17.9m in Q3 2020. Driven by the ongoing expansions of the high-

voltage production facilities in the power cable business.

In Q3 2021, cash flow from financing activities was negatively impacted by the annual coupon payment of EUR 8.1m related to the outstanding hybrid security.

## Liquidity, debt leverage and equity

As free cash flow was positive in Q3 2021, the Group's net interest-bearing debt decreased to EUR 96.7m at end-Q3 2021 from EUR 186m at the end of the previous quarter.

The net interest-bearing debt relative to operational EBITDA amounted to 0.7x at end-Q3 2021, down from 1.7x at end-Q2 2021. At end-Q3 2021, the NKT Group had total available liquidity reserves of EUR 410m, comprising cash of EUR 110m and undrawn credit facilities of EUR 300m.

In November 2021, NKT refinanced its committed revolving credit facility. The new

## Net interest-bearing debt

Amounts in EURm



EUR 200m facility with a 3-year maturity is provided by a group consisting of five banks.

Group equity at end-Q3 2021, including the hybrid security issued in 2018, amounted to EUR 1,129m. The solvency ratio was 47%, compared to 48% at the end of the previous quarter.

## Q3 2021 financial development for NKT Group

Amounts in EURm	Revenue*			Operational EBITDA			Operational EBITDA margin	
	Q3 2021	Q3 2020	Change	Q3 2021	Q3 2020	Change	Q3 2021	Q3 2020
NKT	333.2	300.2	33.0	44.8	21.4	23.4	13.5%	7.1%
NKT Photonics	18.5	16.7	1.8	3.2	1.0	2.2	17.0%	6.2%
Elimination	0.0	-0.2	0.2	0.0	0.0	0.0	-	-
<b>NKT Group</b>	<b>351.7</b>	<b>316.7</b>	<b>35.0</b>	<b>48.0</b>	<b>22.4</b>	<b>25.6</b>	<b>13.6%</b>	<b>7.1%</b>

\* Std. metal prices

# Shareholder information

## NKT A/S shares

The average daily turnover in NKT A/S shares on all trading markets was EUR 12m in Q3 2021, compared to EUR 8m in Q3 2020. The average daily trading volume was around 290,000 shares in Q3 2021, down from around 320,000 in Q3 2020. Nasdaq Copenhagen continued to be the main trading market for the company's shares with 39% of the total traded volume in Q3 2021.

At end-Q3 2021, the NKT A/S share price was DKK 278.80, compared to DKK 271.20 at end-2020, equal to a share price return of 3%. The corresponding dividend-adjusted share price returns for the Group's largest European competitors, Prysmian and Nexans, were 6% and 37%, respectively. The Danish OMX C25 index, adjusted for dividends, increased by 13% in the first nine months of 2021.

At end-Q3 2021, two NKT A/S investors had reported shareholdings of between 5.00-9.99%: ATP (Denmark), and Greenvale Capital (UK).

The total share capital consists of 42,976,036 shares, each with a nominal value of DKK 20, corresponding to a total nominal share capital of DKK 859,520,720 (around EUR 115m).



More shareholder information is available at [investors.nkt.com](https://investors.nkt.com)

## NKT A/S Share price



## NKT A/S shares – basic data

ID code: DK0010287663  
 Listing: Nasdaq Copenhagen,  
 part of the Mid Cap index  
 Share capital: EUR 115m  
 (DKK 860m)  
 Number of shares: 43.0 million  
 Nominal value: DKK 20  
 Share classes: 1



## Financial calendar 2022

23 Feb: Annual Report 2021  
 24 Mar: Annual General Meeting  
 18 May: Interim Report, Q1 2022  
 17 Aug: Interim Report, Q2 2022  
 16 Nov: Interim Report, Q3 2022

A woman with long blonde hair and glasses is sitting at a desk, looking at a computer monitor. She is wearing a black and white vertically striped button-down shirt. The background shows a window with blinds and a white cabinet. A green plant is visible in the foreground on the left. The text "Consolidated financial statements" is overlaid in white on the left side of the image.

# Consolidated financial statements

## Income statement

Amounts in EURm	Q3 2021	Q3 2020	Q1-Q3 2021	Q1-Q3 2020	Year 2020
Revenue	498.2	393.1	1,443.4	1,096.6	1,470.2
Other operating income	24.1	3.5	31.6	4.2	12.0
Costs of raw materials, consumables and goods for resale	-342.8	-235.1	-971.7	-713.8	-961.4
Staff costs	-94.6	-69.6	-265.2	-208.5	-299.6
Other costs etc.	-51.4	-70.5	-131.4	-142.6	-171.8
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>33.5</b>	<b>21.4</b>	<b>106.7</b>	<b>35.9</b>	<b>49.4</b>
Depreciation of property, plant and equipment	-19.7	-16.9	-54.2	-51.8	-70.5
Amortization of intangible assets	-7.5	-6.4	-22.6	-17.3	-26.8
<b>Earnings before interest and tax (EBIT)</b>	<b>6.3</b>	<b>-1.9</b>	<b>29.9</b>	<b>-33.2</b>	<b>-47.9</b>
Financial items, net	-4.4	-6.9	-11.5	-13.8	-16.7
<b>Earnings before tax (EBT)</b>	<b>1.9</b>	<b>-8.8</b>	<b>18.4</b>	<b>-47.0</b>	<b>-64.6</b>
Tax	-1.7	-1.1	-5.4	3.1	-9.9
<b>Net result</b>	<b>0.2</b>	<b>-9.9</b>	<b>13.0</b>	<b>-43.9</b>	<b>-74.5</b>
To be distributed as follows:					
Equity holders of NKT A/S	-1.8	-11.9	7.0	-49.9	-82.6
Hybrid capital holders of NKT A/S	2.0	2.0	6.0	6.0	8.1
	<b>0.2</b>	<b>-9.9</b>	<b>13.0</b>	<b>-43.9</b>	<b>-74.5</b>
Basic earnings, EUR, per share (EPS)	0.1	-0.3	0.2	-1.4	-2.7
Diluted earnings, EUR, per share (EPS-D)	0.1	-0.3	0.2	-1.5	-2.7

## Statement of comprehensive income

Amounts in EURm	Q3 2021	Q3 2020	Q1-Q3 2021	Q1-Q3 2020	Year 2020
<b>Comprehensive income</b>					
Net profit	0.2	-9.9	13.0	-43.9	-74.5
Other comprehensive income: <i>Items that may not be reclassified to income statement:</i>					
Actuarial gains/(losses) on defined benefit pension plans	0.0	0.0	0.0	0.0	-0.9
<i>Items that may be reclassified to income statement:</i>					
Currency adjustment of foreign subsidiaries and value adjustment of hedging instruments, etc.	-25.2	1.0	47.2	12.0	96.9
<b>Total comprehensive income for the period</b>	<b>-25.0</b>	<b>-8.9</b>	<b>60.2</b>	<b>-31.9</b>	<b>21.5</b>

# Balance sheet

Amounts in EURm	30 Sep. 2021	30 Sep. 2020	31 Dec. 2020
<b>Assets</b>			
Intangible assets	625.3	600.4	626.9
Property, plant and equipment	715.6	614.4	657.6
Other investments and receivables	1.0	1.3	1.0
Deferred tax	27.0	54.0	23.1
<b>Total non-current assets</b>	<b>1,368.9</b>	<b>1,270.1</b>	<b>1,308.6</b>
Inventories	278.6	237.9	243.6
Receivables, contract assets and income tax	639.5	378.6	359.1
Interest-bearing receivables	0.2	125.7	0.1
Cash at bank and in hand	109.9	6.8	239.2
<b>Total current assets</b>	<b>1,028.2</b>	<b>749.0</b>	<b>842.0</b>
<b>Total assets</b>	<b>2,397.1</b>	<b>2,019.1</b>	<b>2,150.6</b>

Amounts in EURm	30 Sep. 2021	30 Sep. 2020	31 Dec. 2020
<b>Equity and liabilities</b>			
Equity attributable to equity holders of NKT A/S	979.0	703.0	924.0
Hybrid capital	150.3	150.3	152.4
<b>Total equity</b>	<b>1,129.3</b>	<b>853.3</b>	<b>1,076.4</b>
Deferred tax	59.2	38.4	40.9
Provisions and pension liabilities	74.8	65.3	67.1
Interest-bearing loans and borrowings	192.8	315.0	200.6
<b>Total non-current liabilities</b>	<b>326.8</b>	<b>418.7</b>	<b>308.6</b>
Interest-bearing loans and borrowings	14.0	11.7	12.8
Contract liabilities	373.6	239.8	296.5
Trade payables, tax and other liabilities	506.1	476.2	443.3
Provisions	47.3	19.4	13.0
<b>Total current liabilities</b>	<b>941.0</b>	<b>747.1</b>	<b>765.6</b>
<b>Total liabilities</b>	<b>1,267.8</b>	<b>1,165.8</b>	<b>1,074.2</b>
<b>Total equity and liabilities</b>	<b>2,397.1</b>	<b>2,019.1</b>	<b>2,150.6</b>

# Cash flow statement

Amounts in EURm	Q3 2021	Q3 2020	Q1-Q3 2021	Q1-Q3 2020	Year 2020
Earnings before interest, tax, depreciation and amortisation (EBITDA)	33.5	21.4	106.7	35.9	49.4
Change in provisions, gain and loss on sale of assets, etc.	37.2	-8.7	40.8	-5.9	-11.7
Changes in working capital	79.1	151.0	-114.3	9.0	114.5
Cash flow from operations before financial items, etc.	149.8	163.7	33.2	39.0	152.2
Net financial items paid	-4.4	-6.9	-11.4	-14.2	-17.0
Income tax paid	0.4	1.9	2.1	0.6	1.1
<b>Cash flow from operating activities</b>	<b>145.8</b>	<b>158.7</b>	<b>23.9</b>	<b>25.4</b>	<b>136.3</b>
Divestment of business	0.0	0.0	2.1	0.0	0.0
Investments in property, plant and equipment	-38.2	-9.4	-108.8	-24.7	-65.5
Disposal of property, plant and equipment	0.1	0.3	0.1	0.7	0.4
Intangible assets and other investments, net	-9.2	-8.8	-26.0	-29.6	-42.3
<b>Cash flow from investing activities</b>	<b>-47.3</b>	<b>-17.9</b>	<b>-132.6</b>	<b>-53.6</b>	<b>-107.4</b>
<b>Free cash flow</b>	<b>98.5</b>	<b>140.8</b>	<b>-108.7</b>	<b>-28.2</b>	<b>28.9</b>

Amounts in EURm	Q3 2021	Q3 2020	Q1-Q3 2021	Q1-Q3 2020	Year 2020
Changes in interest-bearing loans	-3.8	-129.1	-7.0	-48.5	-41.3
Repayment of lease liabilities	-1.8	-1.5	-5.5	-4.2	-5.8
Coupon payments on hybrid capital	-8.1	-8.1	-8.1	-8.1	-8.1
Capital increase	0.0	0.0	0.0	89.2	258.6
Cash from issue of new shares / exercise of warrants	0.0	0.0	0.0	0.1	0.3
<b>Cash flow from financing activities</b>	<b>-13.7</b>	<b>-138.7</b>	<b>-20.6</b>	<b>28.5</b>	<b>203.7</b>
<b>Net cash flow</b>	<b>84.8</b>	<b>2.1</b>	<b>-129.3</b>	<b>0.3</b>	<b>232.6</b>
Cash at bank and in hand at the beginning of the period	25.2	4.8	239.2	6.9	6.9
Currency adjustments	-0.1	-0.1	0.0	-0.4	-0.3
Net cash flow	84.8	2.1	-129.3	0.3	232.6
<b>Cash at bank and in hand at the end of the period</b>	<b>109.9</b>	<b>6.8</b>	<b>109.9</b>	<b>6.8</b>	<b>239.2</b>

The above cannot be derived directly from the income statement and the balance sheet.

# Statement of changes in equity

Amounts in EURm	Share capital	Foreign exchange reserve	Hedging reserve	Fair value reserve	Retained compreh. income	Proposed dividends	Total	Hybrid capital	Total equity
<b>Equity, 1 January 2020</b>	<b>73.2</b>	<b>-34.1</b>	<b>0.0</b>	<b>0.3</b>	<b>612.0</b>	<b>0.0</b>	<b>651.4</b>	<b>152.4</b>	<b>803.8</b>
<i>Other comprehensive income:</i>									
Foreign exchange translation adjustments		-9.4					-9.4		-9.4
Value adjustment of hedging instruments:									
Value adjustment for the period			28.9				28.9		28.9
Transferred to financial income			0.1				0.1		0.1
Tax on other comprehensive income			-7.6				-7.6		-7.6
<b>Total other comprehensive income</b>	<b>0.0</b>	<b>-9.4</b>	<b>21.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>12.0</b>	<b>0.0</b>	<b>12.0</b>
Net result					-49.9		-49.9	6.0	-43.9
<b>Comprehensive income for the period</b>	<b>0.0</b>	<b>-9.4</b>	<b>21.4</b>	<b>0.0</b>	<b>-49.9</b>	<b>0.0</b>	<b>-37.9</b>	<b>6.0</b>	<b>-31.9</b>
<i>Transactions with owners:</i>									
Coupon payments, hybrid capital							0.0	-8.1	-8.1
Capital increase	13.3				75.9		89.2	0.0	89.2
Exercise of warrants	0.1				0.2		0.3	0.0	0.3
<b>Total transactions with owners in Q1-Q3 2020</b>	<b>13.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>76.1</b>	<b>0.0</b>	<b>89.5</b>	<b>-8.1</b>	<b>81.4</b>
<b>Equity, 30 September 2020</b>	<b>86.6</b>	<b>-43.5</b>	<b>21.4</b>	<b>0.3</b>	<b>638.2</b>	<b>0.0</b>	<b>703.0</b>	<b>150.3</b>	<b>853.3</b>
<b>Equity, 1 January 2021</b>	<b>115.4</b>	<b>-9.1</b>	<b>71.9</b>	<b>0.3</b>	<b>745.5</b>	<b>0.0</b>	<b>924.0</b>	<b>152.4</b>	<b>1,076.4</b>
<i>Other comprehensive income:</i>									
Foreign exchange translation adjustments		-6.0					-6.0		-6.0
Value adjustment of hedging instruments:									
Value adjustment for the period			72.2				72.2		72.2
Transferred to financial expenses			-0.1				-0.1		-0.1
Tax on other comprehensive income			-18.9				-18.9		-18.9
<b>Total other comprehensive income</b>	<b>0.0</b>	<b>-6.0</b>	<b>53.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>47.2</b>	<b>0.0</b>	<b>47.2</b>
Net result					7.0		7.0	6.0	13.0
<b>Comprehensive income for the period</b>	<b>0.0</b>	<b>-6.0</b>	<b>53.2</b>	<b>0.0</b>	<b>7.0</b>	<b>0.0</b>	<b>54.2</b>	<b>6.0</b>	<b>60.2</b>
<i>Transactions with owners:</i>									
Coupon payments, hybrid capital							0.0	-8.1	-8.1
Share based payment					0.8		0.8		0.8
<b>Total transactions with owners Q1-Q3 2021</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.8</b>	<b>0.0</b>	<b>0.8</b>	<b>-8.1</b>	<b>-7.3</b>
<b>Equity, 30 September 2021</b>	<b>115.4</b>	<b>-15.1</b>	<b>125.1</b>	<b>0.3</b>	<b>753.3</b>	<b>0.0</b>	<b>979.0</b>	<b>150.3</b>	<b>1,129.3</b>

# Notes

## Note 1 Basis of reporting

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### Accounting policies and new standards and interpretations

This condensed consolidated interim financial report for the period 1 January – 30 September 2021 is prepared in accordance with IAS 34 'Interim Financial Reporting', which has been approved by the EU, and Danish disclosure requirements for interim reports for listed companies.

The accounting policies adopted in this Interim Report are consistent with those applied in the Annual Report for 2020.

On 1 January 2021, amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform, Phase 2 became effective. None of these amendments had an impact on the Interim Report and are not expected to materially impact the Annual Report for 2021.

The Group has not prematurely adopted any standards, interpretations or amendments issued but not yet effective.

The Interim Report includes financial performance measures that are not defined according to IFRS. 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 other companies. These financial measures should therefore not be considered a replacement for performance measures as defined under IFRS, but rather as supplementary information. Alternative performance measures are defined in Note 4.

### Significant estimates and judgements

Significant accounting estimates and judgements are described in Note 1.3 of the 2020 Annual Report and are related to recognition of revenue from construction contracts, impairment of assets, valuation of tax assets and recognition and measurement of contingent liabilities. In the first nine months of 2021 no material changes relating to the applied estimates and judgements were made that have impacted the financial position as of 30 September 2021.

Management has assessed that the megatrends driving growth in both the power cable and the photonics markets will outlast the expected impact from the COVID-19 pandemic. Based on this, no trigger events for impairment have been identified in Q3 either.

NKT provides customer guarantees, mainly in high-voltage projects, to cover the risks relating to NKT's performance inherent in these projects, quality and delays. At 30 September 2021, NKT has issued guarantees with a value of EUR 971m (EUR 992m at 31 December 2020), none of which are currently expected to materialize.

For the presentation of this Q3 2021 interim report, Management is required to assess whether the financial statements can be presented on a 'going concern' basis. Based on estimated future prospects, expectations of future cash flows, existence of credit facilities, etc., it is Management's opinion that the financial headroom is sufficient to manage the level of activity expected in the last quarter of 2021.

### Risks and risk management

In the Annual Report for 2020, risks are described in Note 5.6 in the consolidated financial statement as well as on page 40 and 61 for NKT and NKT Photonics respectively. No events or risk management activities carried out in the first nine months of 2021 have altered the risk assessment applied in the Annual Report.

During 2021, prices have increased across several input cost items including commodities and transportation. These have for the first nine months of 2021 not had any significant impact on the Group.

# Notes

## Note 2 Segment reporting

Amounts in EURm	Solutions	Appli- cations	Service & Acces- sories	Non allocated	Inter- segment transact.	NKT	NKT Photonics	Inter- segment transact.	NKT Group
<b>Q3 2021</b>									
<b>Income statement</b>									
Revenue (market prices)	210.2	232.7	45.6	0.0	-8.8	479.7	18.5	0.0	498.2
Adjustment of market prices to std. metal prices	-32.1	-114.3	-0.1	0.0	0.0	-146.5	0.0	0.0	-146.5
Revenue (std. metal prices)	178.1	118.4	45.5	0.0	-8.8	333.2	18.5	0.0	351.7
Costs and other income, net (excl. one-off items)	-175.6	-223.7	-41.1	-3.3	8.8	-434.9	-15.3	0.0	-450.2
<b>Operational EBITDA</b>	<b>34.6</b>	<b>9.0</b>	<b>4.5</b>	<b>-3.3</b>	<b>0.0</b>	<b>44.8</b>	<b>3.2</b>	<b>0.0</b>	<b>48.0</b>
Depreciation, amortization and impairment	-17.1	-4.3	-1.2	-1.1	0.0	-23.7	-3.5	0.0	-27.2
<b>Operational EBIT</b>	<b>17.5</b>	<b>4.7</b>	<b>3.3</b>	<b>-4.4</b>	<b>0.0</b>	<b>21.1</b>	<b>-0.3</b>	<b>0.0</b>	<b>20.8</b>
<b>Working capital</b>	<b>-81.5</b>	<b>98.8</b>	<b>15.8</b>	<b>-26.5</b>	<b>0.0</b>	<b>6.6</b>	<b>31.8</b>	<b>0.0</b>	<b>38.4</b>
<b>Q3 2020</b>									
<b>Income statement</b>									
Revenue (market prices)	180.6	168.6	38.2	0.0	-10.8	376.6	16.7	-0.2	393.1
Adjustment of market prices to std. metal prices	-15.6	-66.1	0.0	0.0	5.3	-76.4	0.0	0.0	-76.4
Revenue (std. metal prices)	165.0	102.5	38.2	0.0	-5.5	300.2	16.7	-0.2	316.7
Costs and other income, net (excl. one-off items)	-168.3	-163.5	-33.8	-0.4	10.8	-355.2	-15.7	0.2	-370.7
<b>Operational EBITDA</b>	<b>12.3</b>	<b>5.1</b>	<b>4.4</b>	<b>-0.4</b>	<b>0.0</b>	<b>21.4</b>	<b>1.0</b>	<b>0.0</b>	<b>22.4</b>
Depreciation, amortization and impairment	-15.4	-2.7	-1.2	-0.8	0.0	-20.1	-3.2	0.0	-23.3
<b>Operational EBIT</b>	<b>-3.1</b>	<b>2.4</b>	<b>3.2</b>	<b>-1.2</b>	<b>0.0</b>	<b>1.3</b>	<b>-2.2</b>	<b>0.0</b>	<b>-0.9</b>
<b>Working capital</b>	<b>-194.1</b>	<b>57.9</b>	<b>14.5</b>	<b>-8.7</b>	<b>0.0</b>	<b>-130.4</b>	<b>30.9</b>	<b>0.0</b>	<b>-99.5</b>

Amounts in EURm	NKT	NKT Photonics	NKT Group
<b>Q3 2021</b>			
<b>Reconciliation to net result</b>			
<b>Operational EBITDA</b>	<b>44.8</b>	<b>3.2</b>	<b>48.0</b>
One-off items	-14.5	0.0	-14.5
<b>EBITDA</b>	<b>30.3</b>	<b>3.2</b>	<b>33.5</b>
Depreciation, amortization and impairment	-23.7	-3.5	-27.2
<b>EBIT</b>	<b>6.6</b>	<b>-0.3</b>	<b>6.3</b>
Financial items, net	-3.3	-1.1	-4.4
<b>EBT</b>	<b>3.3</b>	<b>-1.4</b>	<b>1.9</b>
Tax	-2.0	0.3	-1.7
<b>Net result</b>	<b>1.3</b>	<b>-1.1</b>	<b>0.2</b>
<b>Q3 2020</b>			
<b>Reconciliation to net result</b>			
<b>Operational EBITDA</b>	<b>21.4</b>	<b>1.0</b>	<b>22.4</b>
One-off items	-1.0	0.0	-1.0
<b>EBITDA</b>	<b>20.4</b>	<b>1.0</b>	<b>21.4</b>
Depreciation, amortization and impairment	-20.1	-3.2	-23.3
<b>EBIT</b>	<b>0.3</b>	<b>-2.2</b>	<b>-1.9</b>
Financial items, net	-4.5	-2.4	-6.9
<b>EBT</b>	<b>-4.2</b>	<b>-4.6</b>	<b>-8.8</b>
Tax	-2.1	1.0	-1.1
<b>Net result</b>	<b>-6.3</b>	<b>-3.6</b>	<b>-9.9</b>

# Notes

## Note 2 Segment reporting – continued

Amounts in EURm	Solutions	Appli- cations	Service & Acces- sories	Non allocated	Inter- segment transact.	NKT	NKT Photonics	Inter- segment transact.	NKT Group
<b>Q1-Q3 2021</b>									
<b>Income statement</b>									
Revenue (market prices)	591.6	666.1	157.0	0.0	-23.0	1,391.7	52.5	-0.8	1,443.4
Adjustment of market prices to std. metal prices	-90.3	-328.3	-0.2	0.0	0.5	-418.3	0.0	0.0	-418.3
Revenue (std. metal prices)	501.3	337.8	156.8	0.0	-22.5	973.4	52.5	-0.8	1,025.1
Costs and other income, net (excl. one-off items)	-514.5	-644.0	-130.1	-8.7	23.0	-1,274.3	-50.5	0.8	-1,324.0
<b>Operational EBITDA</b>	<b>77.1</b>	<b>22.1</b>	<b>26.9</b>	<b>-8.7</b>	<b>0.0</b>	<b>117.4</b>	<b>2.0</b>	<b>0.0</b>	<b>119.4</b>
Depreciation, amortization and impairment	-46.9	-12.7	-3.3	-3.4	0.0	-66.3	-10.5	0.0	-76.8
<b>Operational EBIT</b>	<b>30.2</b>	<b>9.4</b>	<b>23.6</b>	<b>-12.1</b>	<b>0.0</b>	<b>51.1</b>	<b>-8.5</b>	<b>0.0</b>	<b>42.6</b>
<b>Working capital</b>	<b>-81.5</b>	<b>98.8</b>	<b>15.8</b>	<b>-26.5</b>	<b>0.0</b>	<b>6.6</b>	<b>31.8</b>	<b>0.0</b>	<b>38.4</b>
<b>Q1-Q3 2020</b>									
<b>Income statement</b>									
Revenue (market prices)	475.8	504.9	102.8	0.0	-29.3	1,054.2	44.0	-1.6	1,096.6
Adjustment of market prices to std. metal prices	-52.5	-194.8	0.0	0.0	11.4	-235.9	0.0	0.0	-235.9
Revenue (std. metal prices)	423.3	310.1	102.8	0.0	-17.9	818.3	44.0	-1.6	860.7
Costs and other income, net (excl. one-off items)	-448.8	-490.8	-91.4	-4.9	29.3	-1,006.6	-45.6	1.6	-1,050.6
<b>Operational EBITDA</b>	<b>27.0</b>	<b>14.1</b>	<b>11.4</b>	<b>-4.9</b>	<b>0.0</b>	<b>47.6</b>	<b>-1.6</b>	<b>0.0</b>	<b>46.0</b>
Depreciation, amortization and impairment	-46.3	-10.4	-3.5	-0.2	0.0	-60.4	-8.7	0.0	-69.1
<b>Operational EBIT</b>	<b>-19.3</b>	<b>3.7</b>	<b>7.9</b>	<b>-5.1</b>	<b>0.0</b>	<b>-12.8</b>	<b>-10.3</b>	<b>0.0</b>	<b>-23.1</b>
<b>Working capital</b>	<b>-194.1</b>	<b>57.9</b>	<b>14.5</b>	<b>-8.7</b>	<b>0.0</b>	<b>-130.4</b>	<b>30.9</b>	<b>0.0</b>	<b>-99.5</b>

Amounts in EURm	NKT	NKT Photonics	NKT Group
<b>Q1-Q3 2021</b>			
<b>Reconciliation to net result</b>			
<b>Operational EBITDA</b>	<b>117.4</b>	<b>2.0</b>	<b>119.4</b>
One-off items	-12.7	0.0	-12.7
<b>EBITDA</b>	<b>104.7</b>	<b>2.0</b>	<b>106.7</b>
Depreciation, amortization and impairment	-66.3	-10.5	-76.8
<b>EBIT</b>	<b>38.4</b>	<b>-8.5</b>	<b>29.9</b>
Financial items, net	-8.3	-3.2	-11.5
<b>EBT</b>	<b>30.1</b>	<b>-11.7</b>	<b>18.4</b>
Tax	-8.0	2.6	-5.4
<b>Net result</b>	<b>22.1</b>	<b>-9.1</b>	<b>13.0</b>
<b>Q1-Q3 2020</b>			
<b>Reconciliation to net result</b>			
<b>Operational EBITDA</b>	<b>47.6</b>	<b>-1.6</b>	<b>46.0</b>
One-off items	-10.1	0.0	-10.1
<b>EBITDA</b>	<b>37.5</b>	<b>-1.6</b>	<b>35.9</b>
Depreciation, amortization and impairment	-60.4	-8.7	-69.1
<b>EBIT</b>	<b>-22.9</b>	<b>-10.3</b>	<b>-33.2</b>
Financial items, net	-10.8	-3.0	-13.8
<b>EBT</b>	<b>-33.7</b>	<b>-13.3</b>	<b>-47.0</b>
Tax	0.2	2.9	3.1
<b>Net result</b>	<b>-33.5</b>	<b>-10.4</b>	<b>-43.9</b>

# Notes

## Note 2 Segment reporting – continued

Balance sheet	30 September 2021				30 September 2020				Year 2020			
	NKT	NKT Photonics	Inter-segment transact.	NKT Group	NKT	NKT Photonics	Inter-segment transact.	NKT Group	NKT	NKT Photonics	Inter-segment transact.	NKT Group
<b>Assets</b>												
<b>Non-current assets</b>												
Intangible assets	557.5	67.8	0.0	625.3	534.3	66.1	0.0	600.4	559.0	67.9	0.0	626.9
Property, plant and equipment	694.8	20.8	0.0	715.6	595.5	18.9	0.0	614.4	638.0	19.6	0.0	657.6
Other investments and receivables	0.9	0.1	0.0	1.0	0.8	0.5	0.0	1.3	0.9	0.1	0.0	1.0
Deferred tax	26.4	0.6	0.0	27.0	53.2	0.8	0.0	54.0	22.5	0.6	0.0	23.1
<b>Current assets</b>												
Inventories	256.8	21.8	0.0	278.6	217.5	20.4	0.0	237.9	225.1	18.5	0.0	243.6
Receivables, contract assets and income tax	611.0	28.8	-0.3	639.5	354.2	25.1	-0.7	378.6	333.6	26.3	-0.8	359.1
Interest-bearing receivables	121.7	1.7	-123.2	0.2	233.6	2.9	-110.8	125.7	108.7	3.7	-112.3	0.1
Cash at bank and in hand	108.4	1.5	0.0	109.9	5.4	1.4	0.0	6.8	237.8	1.4	0.0	239.2
<b>Total assets</b>	<b>2,377.5</b>	<b>143.1</b>	<b>-123.5</b>	<b>2,397.1</b>	<b>1,994.5</b>	<b>136.1</b>	<b>-111.5</b>	<b>2,019.1</b>	<b>2,125.6</b>	<b>138.1</b>	<b>-113.1</b>	<b>2,150.6</b>
<b>Equity and liabilities</b>												
Equity	1,142.0	-12.7	0.0	1,129.3	857.2	-3.9	0.0	853.3	1,080.1	-3.7	0.0	1,076.4
<b>Non-current liabilities</b>												
Deferred tax	56.2	3.0	0.0	59.2	33.7	4.7	0.0	38.4	37.8	3.1	0.0	40.9
Provisions and pension liabilities	74.6	0.2	0.0	74.8	63.4	1.9	0.0	65.3	66.2	0.9	0.0	67.1
Interest-bearing loans and borrowings	185.0	122.5	-114.7	192.8	307.7	109.7	-102.4	315.0	191.6	112.1	-103.1	200.6
<b>Current liabilities</b>												
Interest-bearing loans and borrowings	12.5	10.0	-8.5	14.0	11.2	8.9	-8.4	11.7	14.6	7.4	-9.2	12.8
Contract liabilities	372.5	1.1	0.0	373.6	236.1	3.7	0.0	239.8	294.5	2.0	0.0	296.5
Trade payables, tax and other liabilities	488.7	17.7	-0.3	506.1	466.0	10.9	-0.7	476.2	428.7	15.4	-0.8	443.3
Provisions	46.0	1.3	0.0	47.3	19.2	0.2	0.0	19.4	12.1	0.9	0.0	13.0
<b>Total equity and liabilities</b>	<b>2,377.5</b>	<b>143.1</b>	<b>-123.5</b>	<b>2,397.1</b>	<b>1,994.5</b>	<b>136.1</b>	<b>-111.5</b>	<b>2,019.1</b>	<b>2,125.6</b>	<b>138.1</b>	<b>-113.1</b>	<b>2,150.6</b>

# Notes

## Note 3 Net interest-bearing debt and working capital

Amounts in EURm	30 Sep. 2021	30 Sep. 2020	31 Dec. 2020
<b>Net interest-bearing debt</b>			
Interest-bearing loans and borrowings, non-current	192.8	315.0	200.6
Interest-bearing loans and borrowings, current	14.0	11.7	12.8
Interest-bearing receivables	-0.2	-125.7	-0.1
Cash at bank and in hand	-109.9	-6.8	-239.2
<b>Net interest-bearing debt</b>	<b>96.7</b>	<b>194.2</b>	<b>-25.9</b>

### Working capital

Inventories	278.6	237.9	243.6
Receivables, contract assets and income tax	639.5	378.6	359.1
Contract liabilities	-373.6	-239.8	-296.5
Trade payables, tax and other liabilities	-506.1	-476.2	-443.3
<b>Working capital</b>	<b>38.4</b>	<b>-99.5</b>	<b>-137.1</b>

Amounts in EURm	Q1-Q3 2021	Q1-Q3 2020	Year 2020
<b>Reconciliation to change in working capital in cash flow</b>			
Working capital 1 January	-137.1	-118.1	-118.1
Working capital end of period	38.4	-99.5	-137.1
Change in working capital based on balance sheet	175.5	18.6	-19.0
Effect of unrealized hedges reported on Equity	-72.2	-28.9	-97.2
Effect of changes in current tax	11.7	2.2	0.6
Effect of changes in exchange rates, etc.	-0.7	-0.9	1.1
<b>Change in working capital based on cash flow statement</b>	<b>114.3</b>	<b>-9.0</b>	<b>-114.5</b>

# Notes

## Note 4 Definitions

Items below refer to the Financial Highlights contained on page 5.

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:

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.

Further the group presents the following performance measures not defined according to IFRS (non-GAAP measures):

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 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 amortization (Oper. EBITDA)** – Earnings before interest, tax, depreciation and amortization (EBITDA) excluding one-off items.
7. **Operational earnings before interest and tax (Oper. EBIT)** – Earnings before interest and tax excluding one-off items.
8. **Gearing** – Net interest-bearing debt as percentage of group equity
9. **Net interest-bearing debt** – Cash and interest-bearing receivables less interest-bearing debt. Hybrid capital is not included in net interest-bearing debt.
10. **Capital employed** – Group equity plus net interest-bearing debt.
11. **Working capital** – Current assets minus current liabilities (excluding interest-bearing items and provisions).
12. **Net interest-bearing debt relative to operational EBITDA** – Comparative figures are calculated as operational EBITDA.
13. **Solvency ratio (equity as a percentage of total assets)** – Equity incl. hybrid capital as a percentage of total assets.
14. **Return on capital employed (RoCE)** – Operational EBIT as a percentage of the last five quarters of capital employed.
15. **Equity value, EUR per outstanding share** – Equity attributable to equity holders of NKT A/S per outstanding share at 31 December. Dilutive effect of outstanding share programmes is excluded.

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, among other things due to economic and financial market developments, legislative and regulatory changes in NKT A/S markets, development in product demand, competitive conditions, and energy and raw material prices. See also latest Annual Report for a more detailed description of risk factors.

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.

The NKT A/S Interim Report Q3 2021 was published on 17 November 2021 and released through Nasdaq Copenhagen. The report is also available at [investors.nkt.com](http://investors.nkt.com).

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# Group Management's statement

The Board of Directors and the Executive Management Board have today considered and adopted the Interim Report of NKT A/S for the period 1 January – 30 September 2021.

The Interim Report for the period 1 January – 30 September 2021, which has not been audited or reviewed by the company auditor, has been prepared in accordance with IAS 34 'Interim Financial Reporting', as approved by the EU, and Danish disclosure requirements for interim reporting by listed companies.

In our opinion the Interim Report gives a true and fair view of the Group's assets, liabilities and financial position at 30 September 2021 and the results of the Group's activities and cash flow for the period 1 January – 30 September 2021.

We also find that the Management's review provides a fair statement of developments in the activities and financial situation of the Group, financial results for the period, the general financial position of the Group, and a description of major risks and elements of uncertainty faced by the Group.

Brøndby, 17 November 2021

## Executive Management

Alexander Kara  
*President & CEO*

Line Andrea Fandrup  
*CFO*

## Board of Directors

Jens Due Olsen  
*Chairman*

René Svendsen-Tune  
*Deputy Chairman*

Pia Kaaber Bossen\*

René Dogan\*

Stig Nissen Knudsen\*

Karla Lindahl

Jens Maaløe

Andreas Nauen

Jutta af Rosenberg

\* Employee-elected member

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NKT is signatory to the Europacable  
Industry Charter: A commitment  
towards superior quality.