



NKT

# Interim Report Q1 2023

*We connect a greener world*

Interim Report of NKT A/S for the period 1 January – 31 March 2023

NKT A/S | Vibeholms Allé 20, DK-2605 Brøndby, Denmark | Company Reg. No.: 6272 5214 | [nkt.com](https://nkt.com)

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**“I am excited to step into the CEO role and build upon the strong foundation created in recent years. During Q1 2023, we have had substantial organic revenue growth and the highest operational EBITDA ever achieved in any quarter which meant we raised the financial outlook for the full year.**

**During the quarter we announced significant high-voltage power cable awards for offshore wind farms in the Netherlands and the UK. The high order intake since the start of 2023 means we have decided to expand the high-voltage factory in Karlskrona, Sweden, which will be a key strategic priority for us to deliver upon in the years ahead.”**

**Claes Westerlind**  
President & CEO, NKT A/S



# Key messages Q1 2023

**NKT achieved double-digit organic growth in Q1 2023, driven by contributions from all three business lines. Operational EBITDA reached a record-high quarterly level due to the higher revenue level and satisfactory execution.**

The improved financial performance was mainly due to Solutions and Applications. The execution of the high-voltage order backlog at an all-time

high level in Solutions combined with continued recovery in Applications lifted the earnings level. The improvement in Service & Accessories was more moderate as no offshore repair work was conducted in Q1 2023.

In Q1 2023, the high-voltage order backlog took another significant step up to a new record-high level. The most significant awards were the three turnkey high-voltage power cable projects for the Ijmuiden Ver and Nederwiek Offshore Wind Zones in the Netherlands and the supply contract for delivery of the export cable system for the Hornsea 3 offshore wind project in the UK.

The free cash flow generation was negative in Q1 2023 as the positive earnings contribution was more than outweighed by the development in working capital and the continued investment programme in Solutions. The leverage ratio of 0.3x remained below the targeted level.

NKT has signed a joint venture agreement with the Taiwanese cable company, Walsin Lihwa, to provide technical support for the construction of the first subsea power cable factory in Taiwan. Aside from establishing a joint venture, the agreement also includes a Service Agreement for the construction of the factory and a Technology Licence Agreement licensing NKT technology to the joint venture. The factory is expected to be in operation in 2027.

The financial outlook for 2023, which was updated on 26 April 2023, is unchanged.

On 9 May 2023, the NKT Board of Directors informed that CEO Alexander Kara left the company, and was replaced by Claes Westerland. Claes has more than 15 years of experience with power cables and high-voltage DC converters and joined NKT in 2017. Since 2019, Claes has held the position as Executive Vice President, Solutions Karlskrona, and been a member of the global leadership team in NKT.



## Agreement to divest NKT Photonics

In June 2022, NKT entered into an agreement to divest NKT Photonics to Photonics Management Europe S.R.L (the Purchaser), a 100% owned subsidiary of Hamamatsu Photonics K.K., which is a Japanese company engaged in developing photoelectric devices and application products.

Required regulatory approvals had been obtained from authorities in Germany, the United Kingdom, and the United States. However, on 2 May 2023, NKT received notification that the Purchaser has been denied the authorisation under the Danish Investment Screening Act needed for the Purchaser to proceed to complete the transaction and acquire NKT Photonics.

NKT awaits the Purchaser's further actions in response to the decision and, separately, NKT evaluates its options considering the decision. NKT deems to be contractually well protected against the situation.

In Q1 2023, NKT Photonics' revenues grew organically by 12%. EBITDA was EUR -2.8m. This led to a net result from discontinued operations of EUR -1.9m in Q1 2023.

For accounting and reporting purposes, NKT Photonics is presented as discontinued operations and assets held for sale in this report.

See more detailed information in Note 5 and 6 on page 22.

Amounts in EURm	NKT		
	Q1 2023	Q1 2022	FY 2022
Revenue	589.5	489.5	2,079
Revenue in std. metal prices**	421.7	319.2	1,447
Organic growth**	34%	7%	15%
Operational EBITDA**	56.9	38.3	154.5
Operational EBITDA margin*, **	13.5%	12.0%	10.7%
EBIT	34.5	19.2	69.2
Net result - continuing operations	29.5	10.9	55.1
Working capital** - continuing operations	-158.7	34.6	-303.0
Working capital % of revenue, LTM - continuing operations**	-7.7%	0.0%	-7.5%
RoCE*** - continuing operations	8.0%	4.1%	6.6%

\* Std. metal prices

\*\* Alternative performance measures

\*\*\* RoCE is calculated on Operational EBIT, LTM, as a percentage of average capital employed as defined in Note 7

# Key highlights Q1 2023

Revenue (std. metal prices), EUR

# 422m

Up from EUR 319m in Q1 2022, driven by positive contributions from all three business lines

Operational EBITDA, EUR

# 56.9m

Up from EUR 38.3m in Q1 2022. The record-high level was primarily driven by improvements in Solutions and Applications

Organic growth

# 34%

Reflecting growth of 47% in Solutions, 25% in Applications and 7% in Service & Accessories

High-voltage order backlog, EUR

# 7.0bn

Above the level of EUR 4.7bn at end-2022. The record level was driven by large offshore wind project awards in the Netherlands and the UK

# Financial outlook 2023

The financial outlook was updated with Company Announcement No. 12 of 26 April 2023.

Revenue (in std. metal prices) is expected to be approx. EUR 1.8–1.9bn (previously approx. EUR 1.75–1.85bn) and operational EBITDA is expected to be approx. EUR 200–230m (previously approx. EUR 185–215m).

The financial outlook is based on several assumptions, including:

- Satisfactory execution of high-voltage projects
- Award of additional high-voltage projects with financial impact in 2023
- Satisfactory offshore power cable repair work activity
- Limited financial impact due to the uncertain global macroeconomic environment, supply-chain challenges, and the high inflationary pressure

# Financial highlights and ratios

Amounts in EURm	Q1 2023	Q1 2022	Year 2022
<b>Income statement</b>			
Revenue	589.5	489.5	2,079.0
Revenue in std. metal prices** 3	421.7	319.2	1,446.8
Operational EBITDA** 6	56.9	38.3	154.5
One-off items** 5	0.0	0.5	0.1
EBITDA	56.9	38.8	154.6
Amortization, depreciation and impairment	-22.4	-19.6	-85.4
Operational EBIT** 7	34.5	18.7	69.1
EBIT	34.5	19.2	69.2
Financial items, net	4.9	-6.6	9.1
Earnings before tax (EBT)	39.4	12.6	78.3
Net result - continuing operations	29.5	10.9	55.1
Net result - discontinued operations	-1.9	4.0	7.3
Net result	27.6	14.9	62.4
<b>Cash flow</b>			
Cash flow from operating activities	-66.6	-42.2	298.2
Cash flow from investing activities	-31.0	-53.6	-204.8
<i>hereof investments in PPE</i>	-23.2	-31.8	-156.1
Free cash flow**	-97.6	-95.8	93.4
<b>Balance sheet</b>			
Share capital	115.4	115.4	115.4
Group equity	1,170.2	1,216.0	1,143.8
Total assets	2,766.5	2,677.4	2,767.4
Net interest-bearing debt** 9	50.1	109.4	-54.8
Capital employed** 10	1,220.4	1,325.4	1,089.0
Working capital** 11	-158.7	65.8	-303.0

Amounts in EURm	Q1 2023	Q1 2022	Year 2022
<b>Financial ratios and employees</b>			
Operational EBITDA margin (std. metal prices)**	13.5%	12.0%	10.7%
Gearing (NIBD as % of Group equity)** 8	4%	9%	-5%
NIBD relative to operational EBITDA** 12	0.3	0.7	-0.4
Solvency ratio (equity as % of total assets)** 13	42%	45%	41%
Return on capital employed (RoCE), continuing operations** 14	8.0%	4.1%	6.6%
Number of DKK 20 shares ('000)**	42,976	42,976	42,976
EPS, continuing operations, EUR 1	0.6	0.2	1.1
Diluted EPS, continuing operations, EUR 2	0.6	0.2	1.1
EPS	0.6	0.3	1.3
Diluted EPS	0.6	0.3	1.2
Equity value, EUR, per outstanding share** 15	24	25	23
Market price, DKK, per share**	357	306	391
Average number of employees, continuing operations	4,291	4,008	4,062

<sup>1-15</sup> Definitions appear in Note 7.

\*\* Alternative performance measures

# Financial review

Driven by contributions from all three business lines, NKT grew revenues\* organically by 34% in Q1 2023. This led to a record-high operational EBITDA level. The improvement was due to the expanded capacity and corresponding growth in Solutions and the continued recovery of Applications. The cash flow generation was negative in Q1 2023 due to ongoing investments and the anticipated development in working capital, which was at a low level at end-2022.

## Broad-based revenue growth

In Q1 2023, NKT's revenues\* grew by EUR 103m compared to Q1 2022, corresponding to 34% organic growth. The improvement was driven by increased revenues in all three business lines.

Expressed in market prices, revenues in Q1 2023 were EUR 590m, against EUR 490m in Q1 2022.

## Operational EBITDA reached record level

Driven by the high increase in revenues, operational EBITDA increased to EUR 56.9m in Q1 2023, up by EUR 18.6m from Q1 2022. This corresponded to an operational EBITDA margin\* of 13.5% in Q1 2023, an increase of 1.5%-points from the same period of 2022.

The higher earnings level was driven by all three business lines, with the primary improvements coming from Solutions and Applications.

In Q1 2023, NKT had no one-off items. The figure for Q1 2022 was EUR 0.5m related to an

accounting gain from the acquisition of Ventcroft Ltd. and costs related to the strategic review of NKT Photonics.

EBIT in Q1 2023 was EUR 34.5m, up from EUR 19.2m in Q1 2022. The higher EBIT was primarily driven by the same parameters as operational EBITDA, which more than offset the increase in depreciation and amortization.

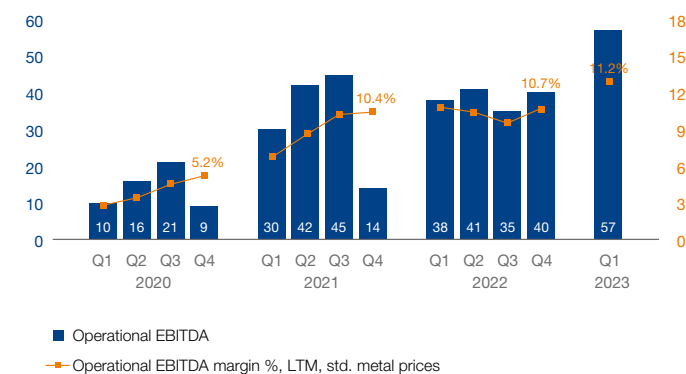
## Financial items and net result

Net financial items in Q1 2023 amounted to EUR 4.9m, compared to EUR -6.6m in Q1 2022. While interest had a slightly negative impact in Q1 2023, gains from exchange-rate fluctuations had a large positive impact.

Earnings before tax totalled EUR 39.4m in Q1 2023, compared to EUR 12.6m in Q1 2022. Tax amounted to EUR -9.9m for Q1 2023, resulting in an effective tax rate of 25%. The net result from continuing operations was 29.5m in Q1 2023, against EUR 10.9m in Q1 2022.

## Operational EBITDA

Amounts in EURm



## Revenue development and organic growth

Amounts in EURm

<b>Q1 2022 revenue*</b>	<b>319.2</b>
Currency effect	-7.2
Acquisition	0.0
Organic growth	109.7
<b>Q1 2023 revenue*</b>	<b>421.7</b>
Organic growth, %	34%

\* Std. metal prices

### Negative free cash flow mainly due to working capital development

The cash flow from operating activities from continuing operations was EUR -66.6m in Q1 2023, compared to EUR -42.2m in Q1 2022. The positive earnings contribution in Q1 2023 was more than outweighed by the development in working capital.

At end-Q1 2023, working capital amounted to EUR -159m, representing an anticipated increase from EUR -303m at the end of the previous quarter. The working capital was at a low level at end-2022.

Working capital in Solutions increased by EUR 107m from end-2022 to end-Q1 2023, mainly due to phasing of milestone payments relating to projects in the order backlog. Unrealized value adjustments of hedging instruments increased the working capital by EUR 23m, mainly due to higher commodity prices. This does not have a cash impact. In Applications, working capital increased by EUR 24.9m, mainly due to higher receivables as revenues increased during Q1 2023.

The cash flow from investing activities from continuing operations amounted to EUR -31.0m in Q1 2023, compared to EUR -53.6m for the same period last year. NKT continued the planned investments in Solutions to upgrade the high-voltage production sites in Q1 2023.

The free cash flow from continuing operations in Q1 2023 was -97.6m, down from EUR -95.8m in Q1 2022.

### Development in RoCE positively impacted by higher earnings

RoCE (from continuing operations) was 8.0% at end-Q1 2023, up from 6.6% at end-2022, and 3.9%-points higher than at end-Q1 2022. RoCE has gradually improved in the past years and will continue to improve when the expected earnings contributions from recent years' investments materialize.

### Liquidity, debt leverage and equity

The negative cash flow in Q1 2023 led to a higher net interest-bearing debt level of EUR 50.1m at end-Q1 2023, up from EUR -54.8m at end-2022.

The net interest-bearing debt relative to operational EBITDA amounted to 0.3x at end-Q1 2023, up from -0.4x at end-2022. The leverage ratio remained below the targeted level of up to 1.0x.

At end-Q1 2023, NKT had total available liquidity reserves of EUR 345m, comprising cash of EUR 148m (of which EUR 4.6m related to assets held for sale) and undrawn credit facilities of EUR 197m. Group equity, including the green hybrid security issued in September 2022, amounted to EUR 1,170m. The solvency ratio was 42%, compared to 41% at the end of the previous quarter.

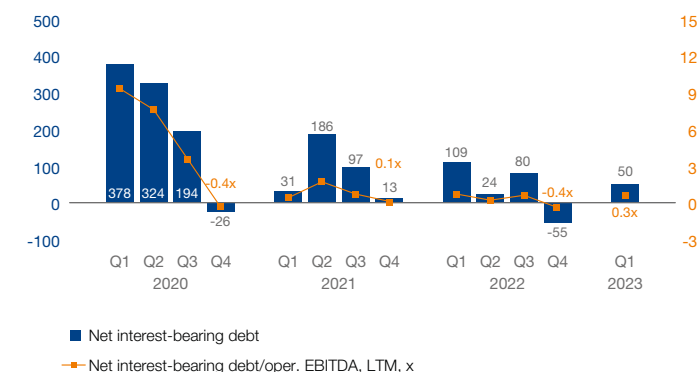
### Working capital

Amounts in EURm



### Net interest-bearing debt

Amounts in EURm



# Sustainability

## In Q1 2023, NKT continued to execute on its sustainability strategy ImpACT.

### Environment

On the environmental side, NKT continued the execution of the ongoing programmes dedicated to reducing corporate emissions in all three Science Based Target scopes and strengthening the environmental focus.

NKT remains committed to reducing the environmental impact of its power cable solutions.

Recycled metal is a central factor in relation to reducing carbon emissions from the power cables.

During Q1 2023, NKT was awarded the high-voltage power cable projects to connect part of the Ijmuiden Ver and Nederwiek Offshore Wind Zones to shore. In order to decrease carbon emissions, NKT plans to use a certain amount of recycled metal for these projects. The manufacture of the power cable solutions will take place at the high-voltage factory in Karlskrona, Sweden, which is operating on renewable electricity. The use of recycled metal for these Dutch projects confirms a growing demand for

low-carbon technology, installation methods and products.

### Social

During Q1 2023, diversity and inclusion continued to be important focus areas for NKT.

NKT launched an employee resource group initiative, empowering employees with passion and ideas to strengthen diversity and inclusion across the organization. The initiative is being piloted in Cologne, Germany. Furthermore, the first global mentoring programme has been launched in NKT, enabling participants to personally develop, while also strengthening connections between talents across the company.

NKT also partnered with FTAlive in Germany to host a conference to promote an active network of highly qualified female technology enthusiasts with a STEM\* background.

## ImpACT

The sustainability strategy ImpACT is anchored in four main pillars founded on responsible business processes.

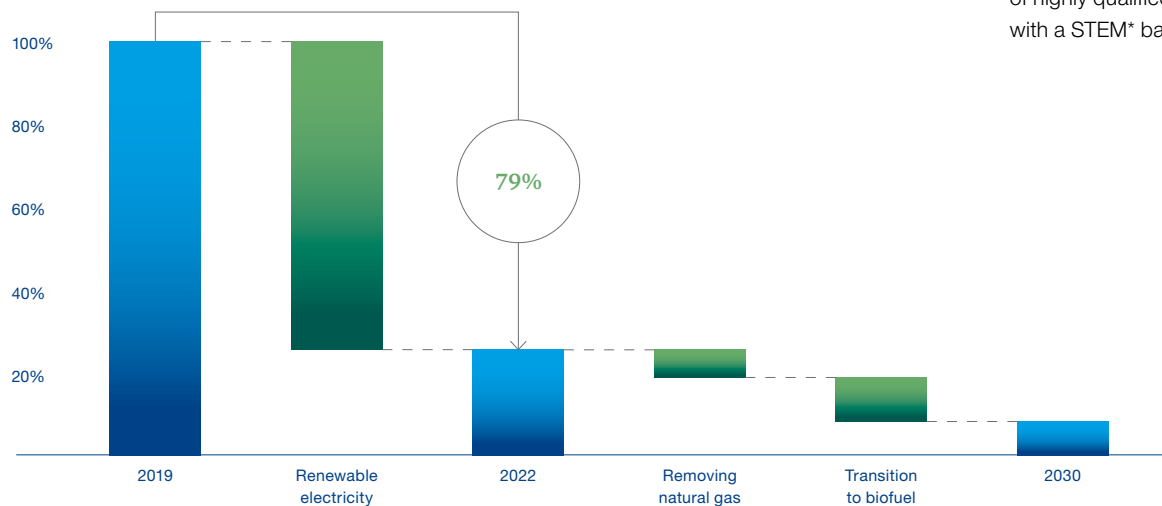
**Climate action:** Be a leader in driving the green transformation of the power cable industry by reducing corporate emissions. NKT has also committed to the Science Based Targets initiative to become a net-zero company by 2050.

**Sustainable value proposition and circularity:** Offer a sustainable value proposition through the lifecycle of products and solutions, and actively pursue zero waste through circularity.

**Social:** Be a fair, inclusive, attractive and safe workplace empowering trust, personal growth and engagement.

**Responsible business:** Conduct business operations as a trusted partner and employer. Sustainability risks and opportunities are integrated into business processes and the overall business.

## Carbon emissions reduction plan (scope 1 and 2 emissions in tonnes)



\* Science, Technology, Engineering and Mathematics.



[Sustainability Report 2022](#)



**Business line**

# Solutions

**Organic revenue growth of 47% in Q1 2023**

Revenues\* for Solutions increased by EUR 64.1m from Q1 2022 to Q1 2023. Growth was driven by execution of orders awarded in recent years covering several power cable solutions.

Revenues measured in market prices amounted to EUR 252m in Q1 2023, against EUR 174m in Q1 2022.

NKT continued to progress several projects through varying stages of execution in Q1 2023, including Borwin 5, Champlain Hudson Power Express, Dogger Bank A, B and C, Hertel-NY, Shetland HVDC Link, SuedLink, and Sued-OstLink.

The SuedLink project was progressed further by the arrival of the first cable drums to the intermediate storage area in Zeven in Northern Germany. This is another milestone in the multi-year execution of the sizable German corridor projects based on 525kV DC XLPE technology.

**Operational EBITDA up by EUR 10.6m in Q1 2023**

Operational EBITDA in Q1 2023 amounted to EUR 35.3m, up from EUR 24.7m in Q1 2022. This

corresponded to an operational EBITDA margin\* of 16.4% in Q1 2023, which was on par with the same period of 2022. The execution of projects has on average been satisfactory in Q1 2023. Quarterly margin fluctuations will occur, depending on the phasing of projects in execution.

NKT Victoria, the company's cable-laying vessel, was utilized for various assignments in Q1 2023. These mainly included installation assignments in connection with ongoing projects from the order backlog.

NKT announced the finalization of high-voltage power cable projects for the electrification of the Utsira High offshore fields in Norway. For more than 10 years, NKT has been a key power cable supplier for the electrification project and the company has now finalized the power cable projects connecting six offshore oil and gas platforms to shore in this area.

**Another significant increase in high-voltage order backlog**

During Q1 2023, NKT increased its high-voltage order backlog, with significant project awards in the European offshore wind market. At end-Q1 2023, the high-voltage order backlog was at a

record-high level of EUR 7.0bn (EUR 6.3m in std. metal prices), against EUR 4.7bn (EUR 4.1bn in std. metal prices) at end-2022.

Around 15% of the high-voltage order backlog is expected to be executed in 2023, and the remaining around 85% in 2024 and beyond.

NKT was awarded three turnkey high-voltage power cable projects for the IJmuiden Ver and Nederwiek Offshore Wind Zones in the Netherlands by the Dutch-German Transmission System Operator TenneT. The projects have a combined order value of approx. EUR 2bn (approx. EUR 1.9bn in std. metal prices), making the award a new company record for NKT as the largest combination of orders ever received.

The award covers both on- and offshore 525kV XLPE DC power cable systems for the project lots Beta, Gamma and Nederwiek 2, with total installed capacity of 6 GW.

In addition, NKT was awarded a supply contract for the delivery of the 320kV DC on- and offshore export cable system for the Hornsea 3 project in the UK, which is being developed by Ørsted. The order has an estimated contract value of

## Highlights

- Growth in revenues and operational EBITDA
- Record-high order backlog driven by significant DC project awards based on up to 525kV technology
- High market activity expected to continue

# 215m

**Revenue\*, EUR**  
(Q1 2022: EUR 151m)

# 47%

**Organic growth**  
(Q1 2022: -4%)

# 35.3m

**Operational EBITDA, EUR**  
(Q1 2022: EUR 24.7m)

\* Std. metal prices

## Business line – Solutions

### Recent notable high-voltage project awards for NKT

Project name	Announced	Size (EURm)	Type
Hornsea 3 (UK)	Mar 2023	~500	Offshore wind
IJmuiden Ver Beta, Gamma and Nederwiek 2 (NL)	Mar 2023	~2,000	Offshore wind
Hugin A and Munin (NO)	Dec 2022	~155	Power-from-shore
Draugen and Njord (NO)	Dec 2022	~160	Power-from-shore
Hertel-New York (CA)	Oct 2022	~90	Interconnector

Note: Project sizes are shown in market prices and have been awarded up until end-Q1 2023.

approx. EUR 500m (approx. EUR 400m in std. metal prices).

#### Another step-up in market activity

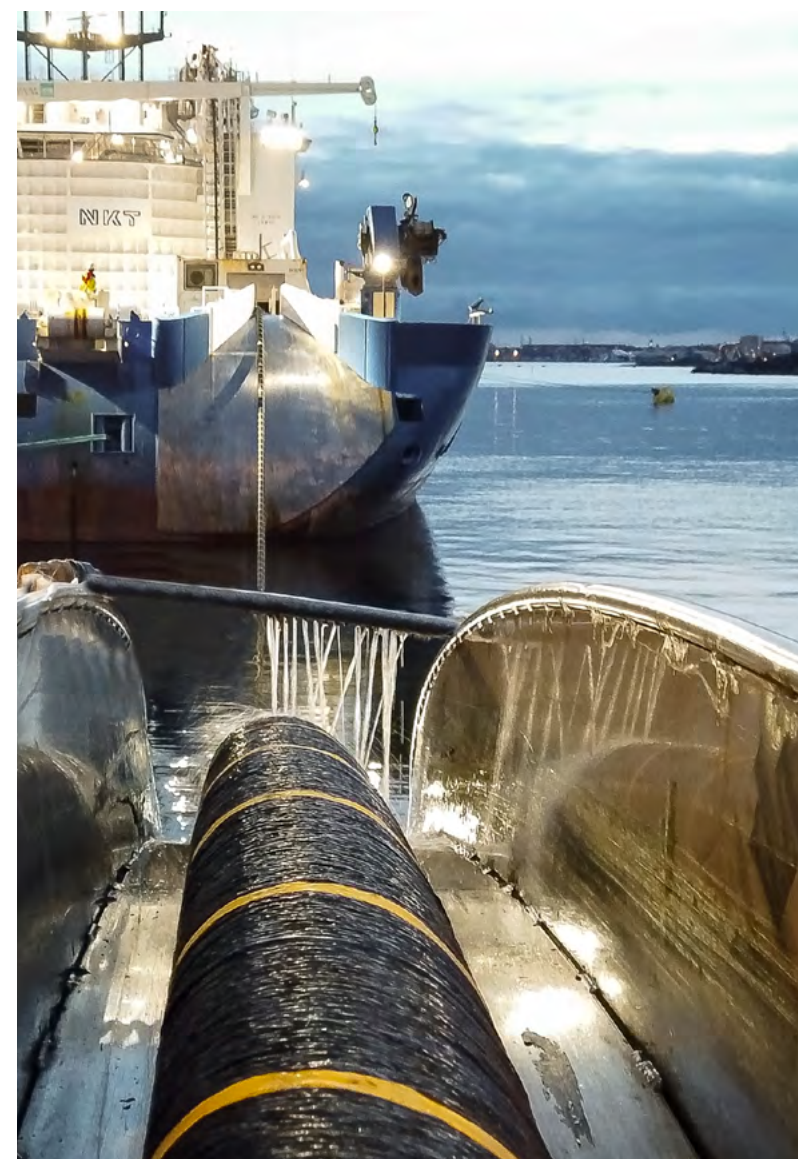
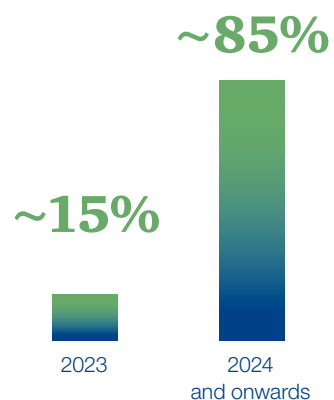
NKT estimates that the value of projects awarded in its addressable high-voltage power cable market in Q1 2023 was around EUR 5bn. These projects mainly covered DC offshore wind projects. The favourable market development is a continuation of the record-high level of project awards in 2022, with most projects being based on DC technology.

The addressable market in 2023 and 2024 is estimated by NKT to be at least EUR 8bn on average per year. However, the market could potentially be significantly larger, depending on the development of several sizable projects including multi-year frame agreement volumes.

In Q1 2023, progress continued on several project tenders across market segments and geographies. The timing of actual project awards will depend on the timelines 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.

#### Expected revenue distribution of high-voltage order backlog (EUR 7.0bn) at end-Q1 2023



## Business line

## Applications

**Organic growth of 25% in Q1 2023**

In Q1 2023, Applications increased revenues\* by EUR 32.9m from Q1 2022. This extraordinarily high growth was achieved on top of 32% organic growth in Q1 2022. As in previous quarters, the higher revenue level was driven by NKT's ability to offset the high inflationary pressure with price increases. The development in volumes was stable compared to Q1 2022.

Revenues expressed in market prices amounted to EUR 295m in Q1 2023, up from EUR 277m in Q1 2022.

**Record-high operational EBITDA margin in Q1 2023**

The high growth in revenues and efficiency initiatives had a positive impact on operational EBITDA, which increased by EUR 7.6m from Q1 2022 to Q1 2023. The operational EBITDA margin\* reached a record-high level of 11.0% in Q1 2023, up from 7.9% in the same period of 2022.

Following the significant increase in input prices during 2022, NKT has worked on adjusting and updating prices to offset this effect. The result of these efforts gradually became visible in Q4 2022 and has improved further in Q1 2023. NKT has worked intensely with both customers and suppliers to ensure resilient profitability.

NKT has been running various efficiency initiatives in recent years to improve profitability in Applications. This has included transfer of production from Denmark to the Czech Republic and Poland. These initiatives have gradually shown their advantages and have contributed to the improved profitability in recent quarters.

**Strength in medium-voltage – challenges in building wires**

Market developments continued to differ between product categories in Q1 2023. Generally, products focused on the power distribution grid performed well due to the ongoing increased electrification of societies and the transition to

renewable energy. On the other hand, construction-exposed products continued to be challenged by the slowdown in the European economy caused by high inflation and rising interest rates.

Based on the above development, NKT benefited from its strong offering of medium-voltage power cables. Within this segment, NKT grew revenues substantially in Q1 2023, and volumes improved compared to Q1 2022. This was driven by the German and Swedish markets in particular.

As in the previous quarters, developments in the building wire segment were negative, leading to a lower revenue level in Q1 2023 compared to Q1 2022. Volumes were at a lower level, but did improve from the levels experienced in the 2nd half of 2022. There has been a broad-based slowdown in the markets where NKT is present, and commercial price management have not been enough to offset this.

**Highlights**

- Price increases to offset increase in input costs drove revenue growth in Q1 2023
- Record-high operational EBITDA driven by revenue growth and operational efficiencies
- Mixed market developments for low- and medium-voltage

164m

Revenue\*, EUR  
(Q1 2022: EUR 131m)

25%

Organic growth  
(Q1 2022: 32%)

18.0m

Operational EBITDA, EUR  
(Q1 2022: EUR 10.4m)

\* Std. metal prices

## Business line

# Service & Accessories

## Organic growth of 7% in Q1 2023

Revenues\* for Service & Accessories increased by EUR 3.9m from Q1 2022 to Q1 2023. The driver of the higher revenues was the accessories business, while the activity level in the service business was lower than last year in the offshore segment.

## Flat development in operational EBITDA

Operational EBITDA in Service & Accessories increased slightly by EUR 0.2m from Q1 2022 to Q1 2023. Despite the higher revenues, the operational EBITDA margin decreased slightly by 0.3%-points. This was primarily due to the revenue mix between the service and accessories businesses in Q1 2023.

## Lower activity level in the service business

In Q1 2023, revenues and operational EBITDA in the service business were below Q1 2022. This was due to lower activity within the offshore repair segment in Q1 2023. Performance in the recurring onshore business was satisfactory with

improving markets, in particular, performance in Germany and Denmark developed positively.

NKT is gradually building an organization to capture the expected future market growth by adding further and broader competencies. The footprint in Poland has been increased in recent years and ramp-up is on track.

The portfolio of service agreements was further expanded in Q1 2023 serving as a revenue driver for the future. The additions in Q1 2023 included various power grids and connections in Europe. These agreements are a testimony to the power grid owners' trust in NKT's competencies and a route to securing their assets.

## Improved performance in the accessories business

Both revenues and operational EBITDA grew in the accessories business from Q1 2022 to Q1 2023. The revenue growth was broad-based across the medium-voltage and high-voltage

segments reflecting the favourable market development. NKT is well-positioned to take a share of the growth in these markets with its broad product offering.

The consolidation of high-voltage accessories production to the site in Alingsås, Sweden, from Cologne, Germany, remains a high priority for NKT. The transition continued in Q1 2023 and will be further progressed throughout the year. The finalization of this transition will lead to improved profitability going forward.

The market shift from AC to DC in the high-voltage power cable market is important for NKT's accessories business and will be a significant growth driver. NKT is preparing to strengthen its capabilities further within this part of the market.

## Highlights

- Increase in revenues and earnings in Q1 2023
- Satisfactory activity in recurring onshore service business
- Higher sales in the accessories business

# 47.5m

Revenue\*, EUR  
(Q1 2022: EUR 43.6m)

# 7%

Organic growth  
(Q1 2022: -16%)

# 3.9m

Operational EBITDA, EUR  
(Q1 2022: EUR 3.7m)

# Shareholder information

## NKT shares

The average daily turnover in NKT shares on all trading markets was EUR 20m in Q1 2023, up from EUR 12m in Q1 2022. The average daily trading volume was around 400,000 shares in Q1 2023, compared to around 320,000 in Q1 2022. Nasdaq Copenhagen continued to be the main trading market for the company's shares with 37% of the total traded volume in Q1 2023.

At end-Q1 2023, the NKT A/S share price was DKK 357, compared to DKK 391 at end-2022. This equalled a share price return of -9%. The corresponding dividend-adjusted share price returns in the same period for the company's largest European competitors, Prysmian and Nexans, were 12% and 8%, respectively. The Danish OMXC25 index, adjusted for dividends, increased by 7% in the first three months of 2023.

At end-Q1 2023, two NKT investors had reported shareholdings of 5.00-9.99%:

- ATP (Denmark)
- 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 (approx. EUR 115m).

## Annual General Meeting

The Annual General Meeting of NKT A/S was held on 23 March 2023. All proposals on the agenda were approved.

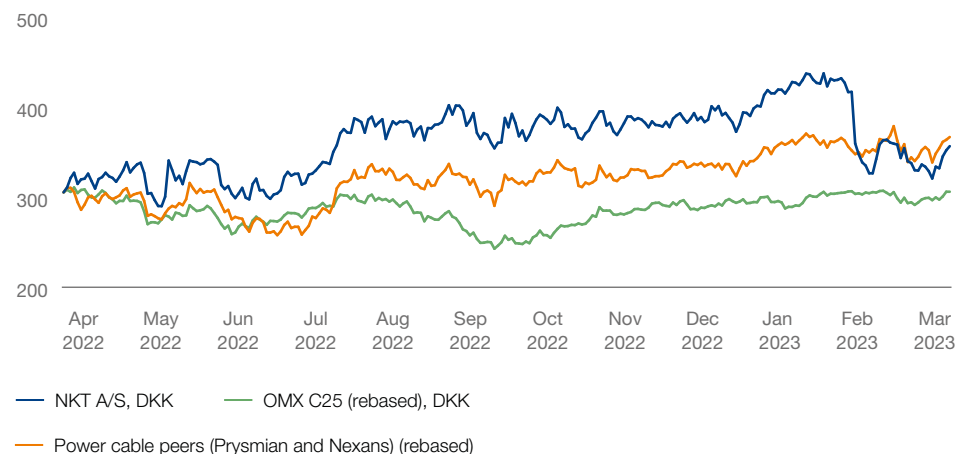
Jens Due Olsen, René Svendsen-Tune, Nebahat Albayrak, Karla Lindahl, and Andreas Nauen were re-elected as members of the Board of Directors, while Anne Vedel was elected for the first time. Pernille Blume, Stig Nissen Knudsen and Christian Dyhr were not up for election as they were elected as employee representatives for a four-year period in 2022.

At the meeting after the Annual General Meeting, Jens Due Olsen was elected Chair of the Board of Directors and René Svendsen-Tune was elected Deputy Chair.



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

## NKT A/S share price development



## NKT A/S shares – basic data

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



## Financial calendar 2023

16 Aug: Interim Report, Q2 2023  
 8 Nov: Interim Report, Q3 2023



# Consolidated financial statements

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## Condensed income statement

Amounts in EURm	Q1 2023	Q1 2022	Year 2022
Revenue	589.5	489.5	2,079.0
Other operating income	1.8	5.5	14.2
Costs of raw materials, consumables and goods for resale	-398.2	-342.3	-1,442.6
Staff costs	-78.7	-74.9	-302.5
Other costs etc.	-57.5	-39.0	-193.5
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>	<b>56.9</b>	<b>38.8</b>	<b>154.6</b>
Depreciation of property, plant and equipment	-17.0	-15.3	-62.7
Amortization of intangible assets	-5.4	-4.3	-22.7
<b>Earnings before interest and tax (EBIT)</b>	<b>34.5</b>	<b>19.2</b>	<b>69.2</b>
Financial items, net	4.9	-6.6	9.1
<b>Earnings before tax (EBT)</b>	<b>39.4</b>	<b>12.6</b>	<b>78.3</b>
Tax	-9.9	-1.7	-23.2
<b>Net result - continuing operations</b>	<b>29.5</b>	<b>10.9</b>	<b>55.1</b>
Net result - discontinued operations	-1.9	4.0	7.3
<b>Net result</b>	<b>27.6</b>	<b>14.9</b>	<b>62.4</b>
To be distributed as follows:			
Equity holders of NKT A/S	24.9	12.9	53.8
Hybrid capital holders of NKT A/S	2.7	2.0	8.6
	<b>27.6</b>	<b>14.9</b>	<b>62.4</b>
Basic earnings - continuing operations, EUR, per share (EPS)	0.6	0.2	1.1
Diluted earnings - continuing operations, EUR, per share (EPS-D)	0.6	0.2	1.1
Basic earnings, EUR, per share (EPS)	0.6	0.3	1.3
Diluted earnings, EUR, per share (EPS-D)	0.6	0.3	1.2

## Condensed statement of comprehensive income

Amounts in EURm	Q1 2023	Q1 2022	Year 2022
<b>Comprehensive income</b>			
Net result	27.6	14.9	62.4
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	8.0
<i>Items that may be reclassified to income statement:</i>			
Currency adjustment of foreign subsidiaries and value adjustment of hedging instruments, etc.	9.4	43.2	-77.7
<b>Total other comprehensive income for the period</b>	<b>9.4</b>	<b>43.2</b>	<b>-69.7</b>
<b>Total comprehensive income for the period</b>	<b>37.0</b>	<b>58.1</b>	<b>-7.3</b>
To be distributed as follows:			
Equity holders of NKT A/S	34.3	56.1	-15.9
Hybrid capital holders of NKT A/S	2.7	2.0	8.6
	<b>37.0</b>	<b>58.1</b>	<b>-7.3</b>

# Condensed balance sheet

Amounts in EURm	31 March 2023	31 March 2022	31 Dec. 2022
<b>Assets</b>			
Intangible assets	524.8	616.0	528.4
Property, plant and equipment	846.7	818.0	844.8
Other investments and receivables	0.8	0.8	0.8
Deferred tax	3.6	22.0	11.7
<b>Total non-current assets</b>	<b>1,375.9</b>	<b>1,456.8</b>	<b>1,385.7</b>
Inventories	320.1	321.9	334.9
Receivables	644.2	631.8	522.5
Contract assets	117.8	136.3	98.2
Income tax receivable	3.2	11.9	3.3
Interest-bearing receivables	0.2	0.2	0.2
Cash at bank and in hand	144.0	118.5	258.5
Assets held for sale	161.1	0.0	164.1
<b>Total current assets</b>	<b>1,390.6</b>	<b>1,220.6</b>	<b>1,381.7</b>
<b>Total assets</b>	<b>2,766.5</b>	<b>2,677.4</b>	<b>2,767.4</b>

Amounts in EURm	31 March 2023	31 March 2022	31 Dec. 2022
<b>Equity and liabilities</b>			
Equity attributable to equity holders of NKT A/S	1,013.9	1,061.6	990.2
Hybrid capital	156.3	154.4	153.6
<b>Total equity</b>	<b>1,170.2</b>	<b>1,216.0</b>	<b>1,143.8</b>
Deferred tax	59.3	86.2	54.9
Provisions and pension liabilities	52.8	62.5	52.7
Interest-bearing loans and borrowings	171.9	213.3	180.9
<b>Total non-current liabilities</b>	<b>284.0</b>	<b>362.0</b>	<b>288.5</b>
Interest-bearing loans and borrowings	15.5	14.8	14.9
Trade payables	364.4	379.6	351.0
Other liabilities	233.6	191.6	223.7
Contract liabilities	636.9	452.4	677.6
Income tax payable	9.1	12.5	9.6
Provisions	20.8	48.5	22.7
Liabilities associated with assets held for sale	32.0	0.0	35.6
<b>Total current liabilities</b>	<b>1,312.3</b>	<b>1,099.4</b>	<b>1,335.1</b>
<b>Total liabilities</b>	<b>1,596.3</b>	<b>1,461.4</b>	<b>1,623.6</b>
<b>Total equity and liabilities</b>	<b>2,766.5</b>	<b>2,677.4</b>	<b>2,767.4</b>

## Condensed cash flow statement

Amounts in EURm	Q1 2023	Q1 2022	Year 2022
Earnings before interest, tax, depreciation and amortization (EBITDA)	56.9	38.8	154.6
Non-cash operating items:			
Change in provisions, gain and loss on sale of assets, etc.	-1.4	-15.1	-34.7
Changes in working capital	-122.5	-58.4	185.1
<b>Cash flow from operations before financial items, etc.</b>	<b>-67.0</b>	<b>-34.7</b>	<b>305.0</b>
Net financial items paid	4.3	-6.4	8.5
Income tax paid	-3.9	-1.1	-15.3
<b>Cash flow from operating activities</b>	<b>-66.6</b>	<b>-42.2</b>	<b>298.2</b>
Acquisition of subsidiaries	0.0	-15.3	-15.7
Investments in property, plant and equipment	-23.2	-31.8	-156.1
Disposal of property, plant and equipment	0.2	0.6	2.0
Intangible assets and other investments, net	-8.0	-7.1	-35.0
<b>Cash flow from investing activities</b>	<b>-31.0</b>	<b>-53.6</b>	<b>-204.8</b>
<b>Free cash flow</b>	<b>-97.6</b>	<b>-95.8</b>	<b>93.4</b>
Repayment of loans	-11.5	16.2	-19.2
Repayment of lease liabilities	-1.4	-1.3	-5.3
Purchase of treasury shares	-4.7	-2.5	-2.5
Coupon payments on hybrid capital	0.0	0.0	-7.4
Repurchase of hybrid capital	0.0	0.0	-63.3
Proceeds from issuance of hybrid capital	0.0	0.0	61.7
<b>Cash flow from financing activities</b>	<b>-17.6</b>	<b>12.4</b>	<b>-36.0</b>
<b>Net cash flow from continuing operations</b>	<b>-115.2</b>	<b>-83.4</b>	<b>57.4</b>
Net cash flow from discontinued operations	3.2	1.5	8.0
<b>Net cash flow</b>	<b>-112.0</b>	<b>-81.9</b>	<b>65.4</b>
Cash at bank and in hand at the beginning of the period	262.2	200.5	200.5
Currency adjustments	-1.6	-0.1	-3.7
Net cash flow	-112.0	-81.9	65.4
<b>Cash at bank and in hand at the end of the period</b>	<b>148.6</b>	<b>118.5</b>	<b>262.2</b>
Of which classified as assets held for sale	4.6	0.0	3.7
<b>Cash at bank and in hand at the end of the period from continuing operations</b>	<b>144.0</b>	<b>118.5</b>	<b>258.5</b>

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

## Condensed statement of changes in equity

Amounts in EURm	Share capital	Treasury shares	Foreign exchange reserve	Hedging reserve	Fair value reserve	Retained compreh. income	Proposed dividends	Total	Hybrid capital	Total equity
<b>Equity, 1 January 2022</b>	<b>115.4</b>	<b>0.0</b>	<b>-18.6</b>	<b>165.8</b>	<b>0.3</b>	<b>744.6</b>	<b>0.0</b>	<b>1,007.5</b>	<b>152.4</b>	<b>1,159.9</b>
<i>Other comprehensive income:</i>										
Foreign exchange translation adjustments			-3.7					-3.7		-3.7
Value adjustment of hedging instruments:										
Value adjustment for the period				66.3				66.3		66.3
Value adjustment transferred to the income statement				-3.3				-3.3		-3.3
Tax on other comprehensive income				-16.1				-16.1		-16.1
<b>Total other comprehensive income</b>	<b>0.0</b>	<b>0.0</b>	<b>-3.7</b>	<b>46.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>43.2</b>	<b>0.0</b>	<b>43.2</b>
Net result						12.9		12.9	2.0	14.9
<b>Comprehensive income for the period</b>	<b>0.0</b>	<b>0.0</b>	<b>-3.7</b>	<b>46.9</b>	<b>0.0</b>	<b>12.9</b>	<b>0.0</b>	<b>56.1</b>	<b>2.0</b>	<b>58.1</b>
<i>Transactions with owners:</i>										
Purchase of Treasury shares		-2.5						-2.5		-2.5
Exercise of performance shares		1.2				-1.2		0.0		0.0
Share-based payment						0.5		0.5		0.5
<b>Total transactions with owners Q1 2022</b>	<b>0.0</b>	<b>-1.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.7</b>	<b>0.0</b>	<b>-2.0</b>	<b>0.0</b>	<b>-2.0</b>
<b>Equity, 31 March 2022</b>	<b>115.4</b>	<b>-1.3</b>	<b>-22.3</b>	<b>212.7</b>	<b>0.3</b>	<b>756.8</b>	<b>0.0</b>	<b>1,061.6</b>	<b>154.4</b>	<b>1,216.0</b>
<b>Equity, 1 January 2023</b>	<b>115.4</b>	<b>-0.9</b>	<b>-63.4</b>	<b>132.9</b>	<b>0.3</b>	<b>805.9</b>	<b>0.0</b>	<b>990.2</b>	<b>153.6</b>	<b>1,143.8</b>
<i>Other comprehensive income:</i>										
Foreign exchange translation adjustments			-8.4		-0.3	0.3		-8.4		-8.4
Value adjustment of hedging instruments:										
Value adjustment for the period				25.9				25.9		25.9
Tax on other comprehensive income				-8.1				-8.1		-8.1
<b>Total other comprehensive income</b>	<b>0.0</b>	<b>0.0</b>	<b>-8.4</b>	<b>17.8</b>	<b>-0.3</b>	<b>0.3</b>	<b>0.0</b>	<b>9.4</b>	<b>0.0</b>	<b>9.4</b>
Net result						24.9		24.9	2.7	27.6
<b>Comprehensive income for the period</b>	<b>0.0</b>	<b>0.0</b>	<b>-8.4</b>	<b>17.8</b>	<b>-0.3</b>	<b>25.2</b>	<b>0.0</b>	<b>34.3</b>	<b>2.7</b>	<b>37.0</b>
Deferred hedge gains and losses transferred to inventory				-9.3				-9.3		-9.3
Tax on deferred hedge gains and losses transferred to inventory				3.0				3.0		3.0
<i>Transactions with owners:</i>										
Purchase of Treasury shares		-4.7						-4.7		-4.7
Share-based payment						0.4		0.4		0.4
<b>Total transactions with owners Q1 2023</b>	<b>0.0</b>	<b>-4.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.4</b>	<b>0.0</b>	<b>-4.3</b>	<b>0.0</b>	<b>-4.3</b>
<b>Equity, 31 March 2023</b>	<b>115.4</b>	<b>-5.6</b>	<b>-71.8</b>	<b>144.4</b>	<b>0.0</b>	<b>831.5</b>	<b>0.0</b>	<b>1,013.9</b>	<b>156.3</b>	<b>1,170.2</b>



# Notes

## 1 Basis of reporting

### Accounting policies and new standards and interpretations

This condensed consolidated interim financial report for the period 1 January – 31 March 2023 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 2022.

On 1 January 2023, IFRS 17 Insurance Contracts and amendments to IAS 1 Presentation of Financial Statements; IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and IAS 12 Income Taxes became effective. None of these amendments had any impact on this Interim Report and they are not expected to materially impact the Annual Report for 2022.

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 the 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 5.

### Significant estimates and judgements

Significant accounting estimates and judgements are described in Note 1.3 of the 2022 Annual Report. They are related to the recognition of revenue from construction contracts, impairment of assets, valuation of tax assets and recognition and measurement of contingent liabilities.

NKT is a party to various disputes and inquiries from authorities. The outcome of these disputes and inquiries are uncertain by nature, but as per 31 March 2023 the outcome of these are not expected to materially affect profit for the year or the financial position.

In view of the tragic circumstances in Ukraine and the further pressure on supply chains already under strain following the COVID-19 pandemic, Management has carefully considered the impact from these events. Currently these events have not materially altered the expectations related to the growth in both the power cable and the photonics markets. While Management monitors the situation closely, no trigger events for impairment were identified in Q1 2023.

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 31 March 2023, NKT has issued guarantees with a value of EUR 1,324m (EUR 1,231m at 31 December 2022), none of which are currently expected to materialize.

For the presentation of this Q1 2023 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 remainder of 2023.

### Risks and risk management

In the Annual Report for 2022, risks are described in Note 5.6 in the consolidated financial statement as well as on page 23. No events or risk management activities carried out in the period 1 January – 31 March 2023 have altered the risk assessment applied in the Annual Report.

# Notes

## 2 Segment reporting

Amounts in EURm	Solutions	Applications	Service & Accessories	Non allocated	Inter-segment transact.	NKT
<b>Q1 2023</b>						
<b>Income statement</b>						
Revenue at a point in time:						
Goods <sup>1)</sup>	12.7	294.6	38.8	0.0	-8.0	338.1
Service, etc. <sup>1)</sup>	2.8	0.0	1.7	0.0	-0.5	4.0
Construction contracts <sup>2)</sup>	236.7	0.0	7.0	0.0	3.7	247.4
<b>Revenue (market prices)</b>	<b>252.2</b>	<b>294.6</b>	<b>47.5</b>	<b>0.0</b>	<b>-4.8</b>	<b>589.5</b>
Adjustment of market prices to std. metal prices	-37.2	-130.6	0.0	0.0	0.0	-167.8
<b>Revenue (std. metal prices)</b>	<b>215.0</b>	<b>164.0</b>	<b>47.5</b>	<b>0.0</b>	<b>-4.8</b>	<b>421.7</b>
Costs and other income, net (excl. one-off items)	-216.9	-276.6	-43.6	-0.3	4.8	-532.6
<b>Operational EBITDA</b>	<b>35.3</b>	<b>18.0</b>	<b>3.9</b>	<b>-0.3</b>	<b>0.0</b>	<b>56.9</b>
Depreciation, amortization and impairment	-17.2	-3.8	-1.0	-0.3	-0.1	-22.4
<b>Operational EBIT</b>	<b>18.1</b>	<b>14.2</b>	<b>2.9</b>	<b>-0.6</b>	<b>-0.1</b>	<b>34.5</b>
<b>Working capital</b>	<b>-330.1</b>	<b>114.6</b>	<b>36.9</b>	<b>19.9</b>	<b>0.0</b>	<b>-158.7</b>
<b>Q1 2022</b>						
<b>Income statement</b>						
Revenue at a point in time:						
Goods <sup>1)</sup>	3.4	277.3	29.9	0.0	-5.0	305.6
Service, etc. <sup>1)</sup>	2.2	0.0	0.4	0.0	-0.4	2.2
Construction contracts <sup>2)</sup>	168.6	0.0	13.5	0.0	-0.4	181.7
<b>Revenue (market prices)</b>	<b>174.2</b>	<b>277.3</b>	<b>43.8</b>	<b>0.0</b>	<b>-5.8</b>	<b>489.5</b>
Adjustment of market prices to std. metal prices	-23.3	-146.2	-0.2	0.0	-0.6	-170.3
<b>Revenue (std. metal prices)</b>	<b>150.9</b>	<b>131.1</b>	<b>43.6</b>	<b>0.0</b>	<b>-6.4</b>	<b>319.2</b>
Costs and other income, net (excl. one-off items)	-149.5	-266.9	-40.1	-0.5	5.8	-451.2
<b>Operational EBITDA</b>	<b>24.7</b>	<b>10.4</b>	<b>3.7</b>	<b>-0.5</b>	<b>0.0</b>	<b>38.3</b>
Depreciation, amortization and impairment	-14.5	-3.9	-1.0	-0.2	0.0	-19.6
<b>Operational EBIT</b>	<b>10.2</b>	<b>6.5</b>	<b>2.7</b>	<b>-0.7</b>	<b>0.0</b>	<b>18.7</b>
<b>Working capital</b>	<b>-86.5</b>	<b>108.9</b>	<b>26.3</b>	<b>-14.1</b>	<b>0.0</b>	<b>34.6</b>

<sup>1)</sup> Revenue from the sale of goods and services is recognized at a point in time.

<sup>2)</sup> Revenue from construction contracts is recognized over time.

Amounts in EURm	NKT
<b>Q1 2023</b>	
<b>Reconciliation to net result</b>	
<b>Operational EBITDA</b>	<b>56.9</b>
One-off items	0.0
<b>EBITDA</b>	<b>56.9</b>
Depreciation, amortization and impairment	-22.4
<b>EBIT</b>	<b>34.5</b>
Financial items, net	4.9
<b>EBT</b>	<b>39.4</b>
Tax	-9.9
<b>Net result - continuing operations</b>	<b>29.5</b>
Net result - discontinued operations	-1.9
<b>Net result</b>	<b>27.6</b>
<b>Q1 2022</b>	
<b>Reconciliation to net result</b>	
<b>Operational EBITDA</b>	<b>38.3</b>
One-off items	0.5
<b>EBITDA</b>	<b>38.8</b>
Depreciation, amortization and impairment	-19.6
<b>EBIT</b>	<b>19.2</b>
Financial items, net	-6.6
<b>EBT</b>	<b>12.6</b>
Tax	-1.7
<b>Net result - continuing operations</b>	<b>10.9</b>
Net result - discontinued operations	4.0
<b>Net result</b>	<b>14.9</b>

# Notes

## 3 Net interest-bearing debt and working capital

Amounts in EURm	Q1 2023	Q1 2022	Year 2022
<b>Net interest-bearing debt</b>			
Borrowings, non-current - continuing operations	171.9	213.3	180.9
Borrowings, non-current - classified as held for sale	9.4	0.0	9.6
Borrowings, current - continuing operations	15.5	14.8	14.9
Borrowings, current - classified as held for sale	2.1	0.0	2.2
Interest-bearing receivables - continuing operations	-0.2	-0.2	-0.2
Interest-bearing receivables - classified as held for sale	0.0	0.0	0.0
Cash at bank and in hand - continuing operations	-144.0	-118.5	-258.5
Cash at bank and in hand - classified as held for sale	-4.6	0.0	-3.7
<b>Net interest-bearing debt</b>	<b>50.1</b>	<b>109.4</b>	<b>-54.8</b>
<b>Working capital</b>			
Inventories	320.1	321.9	334.9
Receivables	644.2	631.8	522.5
Contract assets	117.8	136.3	98.2
Income tax receivable	3.2	11.9	3.3
Trade payables	-364.4	-379.6	-351.0
Other liabilities	-233.6	-191.6	-223.7
Contract liabilities	-636.9	-452.4	-677.6
Income tax payable	-9.1	-12.5	-9.6
<b>Working capital</b>	<b>-158.7</b>	<b>65.8</b>	<b>-303.0</b>
<b>Reconciliation to change in working capital in cash flow</b>			
Working capital 1 January	-303.0	-59.6	-59.6
Reclassification of discontinued operations 1 January	0.0	0.0	-33.6
Working capital end of period	-158.7	65.8	-303.0
<b>Change in working capital based on balance sheet</b>	<b>144.3</b>	<b>125.4</b>	<b>-209.8</b>
Effect of unrealized hedges reported on Equity	-16.6	-63.0	18.7
Effect of discontinued operations	0.0	-1.7	0.0
Effect of changes in current tax	-0.3	0.3	4.6
Effect of changes in exchange rates, etc.	-4.9	-2.6	1.4
<b>Change in working capital based on cash flow statement</b>	<b>122.5</b>	<b>58.4</b>	<b>-185.1</b>

## 4 Acquisition and divestment of companies

### Acquisitions and Divestments in Q1 2023

In Q1 2023, no acquisitions or divestments occurred.

### Acquisitions in Q1 2022

Amounts in EURm	Q1 2022
Non-current assets	20.9
Current assets	6.7
Non-current liabilities	-7.3
Current liabilities	-3.3
<b>Acquired net assets</b>	<b>17.0</b>
Gain on business acquisition	-1.6
<b>Purchase price</b>	<b>15.4</b>
Acquired cash and cash equivalents	-0.1
<b>Cash flow used for acquisition</b>	<b>15.3</b>

On 10 January 2022, NKT acquired 100% of the shares in Ventcroft Ltd, a UK based company. The considerations were transferred in full and there are no contingent considerations. Ventcroft Ltd are specialized in fire-resistant building wires and low voltage power cables, and the acquisition was made in order to strengthen the product portfolio and is an important step in the NKT strategy to grow the business. Ventcroft Ltd will be a part of the Applications segment.

The acquisition consists of net assets of EUR 17.0m predominantly related to tangible assets and working capital. No intangible assets have been recognized from the acquisition. As the purchase price is below the net asset value, and also below the equity value of the company at the time of acquisition, a gain of EUR 1.6m has been recognized in the Income Statement in the line Other Operating Income. Acquisition-related costs of EUR 0.2m are recognized in Other costs etc. in the income statement of the Applications segment.

From the acquisition date to 31 March 2022, Ventcroft Ltd contributed positively to the results with a revenue of EUR 5.4m and a profit of EUR 0.4m. Had the acquisition occurred on 1 January 2022, the impact for the period until 31 March 2022 on revenue and profit would in all material aspects have been similar.

### Divestments in Q1 2022

On 10 March 2022 NKT divested their sensing business, LIOS. The proceeds from the sale were EUR 19.7m, and the gain was EUR 8.0m, which is recognized in Other operating income in the income statement. The business was a part of the NKT Photonics segment prior to the divestment, and the gain is accordingly included in this segment.

# Notes

## 5 Discontinued operations and assets held for sale

### Discontinued operations and assets held for sale

NKT Photonics is classified as Discontinued operations and information on discontinued operations and assets held for sale below solely relates to NKT Photonics. No one-off items were recognized for discontinued operations in Q1 2023. In Q1 2022, one-off items comprised the accounting gain of EUR 8.0m related to the divestment of the LIOS sensing business.

Amounts in EURm	Q1 2023	Q1 2022	Year 2022
<b>Profit for the year – discontinued operations</b>			
Revenue	17.4	16.1	86.5
Costs and other income, net	-20.2	-17.8	-79.9
Gain from sale of business	0.0	8.0	8.0
<b>EBITDA</b>	<b>-2.8</b>	<b>6.3</b>	<b>14.6</b>
Depreciation, amortization and impairment	0.0	-3.5	-6.6
<b>EBIT</b>	<b>-2.8</b>	<b>2.8</b>	<b>8.0</b>
Financial items, net	-0.5	-0.1	0.1
<b>Earnings before tax (EBT)</b>	<b>-3.3</b>	<b>2.7</b>	<b>8.1</b>
Tax	1.4	1.3	-0.8
<b>Net result - discontinued operations</b>	<b>-1.9</b>	<b>4.0</b>	<b>7.3</b>
NKT's share hereof	-1.9	4.0	7.3
Basic earnings - discontinued operations, EUR, per share (EPS)	0.0	0.1	0.2
Diluted earnings - discontinued operations, EUR, per share (EPS-D)	0.0	0.1	0.2
<b>EBITDA</b>	<b>-2.8</b>	<b>6.3</b>	<b>14.6</b>
One-off items	0.0	8.0	5.8
<b>Operational EBITDA</b>	<b>-2.8</b>	<b>-1.7</b>	<b>8.8</b>
<b>Cash flows from discontinued operations</b>			
Cash flow from operating activities	4.2	-3.7	-16.0
Cash flow from investing activities	-4.1	14.5	2.5
Cash flow from financing activities	3.1	-9.3	21.5
<b>Net cash flow from discontinued operations</b>	<b>3.2</b>	<b>1.5</b>	<b>8.0</b>

Amounts in EURm	Q1 2023	Q1 2022	Year 2022
<b>Balance sheet items comprise</b>			
Non-current assets	104.9	0.0	100.7
Current assets	56.2	0.0	63.4
<b>Assets held for sale</b>	<b>161.1</b>	<b>0.0</b>	<b>164.1</b>
Non-current liabilities	13.2	0.0	13.3
Current liabilities	18.8	0.0	22.3
<b>Liabilities associated with assets held for sale</b>	<b>32.0</b>	<b>0.0</b>	<b>35.6</b>

## 6 Subsequent events

In company announcement no. 11 of 24 June 2022, NKT announced to have entered into an agreement to divest NKT Photonics to Photonics Management Europe S.R.L, a 100% owned subsidiary of Hamamatsu Photonics K.K, Japan (the Purchaser). Closing of the transaction was subject to regulatory approvals being obtained.

Required regulatory approvals have over the past months been obtained from authorities in Germany, United Kingdom, and the United States. However, on 2 May 2023, NKT received notification that the Purchaser has been denied the authorisation under the Danish Investment Screening Act (in Danish: Investeringscreeningsloven) needed for the Purchaser to proceed to complete the transaction and acquire NKT Photonics.

NKT awaits the Purchaser's further actions in response to the decision and, separately, NKT evaluates its options considering the decision. NKT deems to be contractually well protected against the situation.

# Notes

## 7 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:

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 dilution effect of outstanding share programmes.

Further 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 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. **Net interest-bearing debt** – Cash and interest-bearing receivables less interest-bearing debt. Specified in Section 5.4. Hybrid capital is not included in net interest-bearing debt.
9. **Capital employed** – Group equity plus net interest-bearing debt.
10. **Working capital** – Current assets minus current liabilities (excluding interest-bearing items and provisions).
11. **Gearing** – Net interest-bearing debt as a percentage of Group Equity.
12. **Net interest-bearing debt relative to operational EBITDA** – Calculated as net interest-bearing debt as defined in point 8 relative to operational EBITDA for continuing operations as defined in point 6.
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 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. **Orders on hand** – 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.

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 the 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 Q1 2023 was published on 10 May 2023 and released through Nasdaq Copenhagen. The report is also available at [investors.nkt.com](https://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 – 31 March 2023.

The Interim Report for the period 1 January – 31 March 2023, 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 31 March 2023 and the results of the Group's activities and cash flow for the period 1 January – 31 March 2023.

Furthermore, in our opinion, the Management's review includes a fair account of the development and performance of the Group, the results for the period and of the financial position of the Group. Other than set forth in the interim report, no changes have occurred to the significant risks and uncertainty factors compared with those disclosed in the annual report for 2022.

Brøndby, 10 May 2023

## Executive Management

Claes Westerlind  
*President & CEO*

Line Andrea Fandrup  
*CFO*

## Board of Directors

Jens Due Olsen  
*Chair*

René Svendsen-Tune  
*Deputy Chair*

Nebahat Albayrak

Christian Dyhr\*

Stig Nissen Knudsen\*

Karla Lindahl

Andreas Nauen

Pernille Blume Simonsen\*

Anne Vedel

\* Employee-elected member

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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.