

NKST

**Annual General Meeting
2020**

Thursday, 18 June 2020

Introduction

Jens Due Olsen

Chairman of Board of Directors, NKT

Godeftermiddag og velkommen til generalforsamlingen 2020 i NKT. Vi er jo lidt en lukket skare her i dag på grund af de særlige omstændigheder, men vi får det afviklet så godt, vi kan. Og tak, fordi så mange af jer har valgt at lytte ind udefra. Mit navn er Jens Due Olsen, og jeg er formand i NKT. Som altid ser vi frem til en god generalforsamling og debat, som vi jo har tradition for i NKT. Generalforsamlingen afholdes på dansk, men man kan godt stille spørgsmål på engelsk. Der er tolke, og nu er der hul igennem til lyden også, som sørger for, at vores udenlandske aktionærer og gæster kan følge generalforsamlingen på engelsk via headsets, som allerede er udleveret.

This year we are broadcasting the entire AGM live in both Danish and English due to COVID-19. You can revisit the AGM on the website after the meeting and you can find the relevant documents there. The chair of the meeting again this year is Christian Lundgren. He is a lawyer and partner of Kromann Reumert. Please, you have the floor.

AGM Agenda

Christian Lundgren

Partner, Kromann Reumert

Thank you. And thank you to the Board for appointing me. I also hope that we will have a good AGM and we can carry it out here from Copenhagen without any difficulties.

Let me start by giving you a couple of practical points. We have to ascertain that the AGM has been lawfully convened. If anyone wishes to speak when we open up for a debate, please put up your hand and come up here to the rostrum, and please give me your name so it can be entered in the minutes and you can be introduced. Any comments and questions will be included in the minutes, as usual. And after the AGM, the minutes will be available on the company website.

If you want to leave the room, please bring your access card with you. And if you don't want to come back, please be deregistered. If we need a written vote, I will come back concerning the voting slips that we will have to use. In this room, please turn off your mobile phone or put it on mute.

Now, are we lawfully convened? I am going to go through that now, so we can make decisions under all the items on the agenda. The meeting is held here in Copenhagen in the capital region of Denmark. We are after the deadline in 5-6 of the articles because it says we have to hold the AGM by 30th April, but there are special rules that have been introduced because of COVID-19, so the deadlines have been postponed, order 393 of 7th April 2020, the official executive order on that. So therefore we are in accordance with the rules that were laid down.

The date for the AGM was published on 20th November '19, so we're in accordance with the rules of the Danish Companies Act. The agenda and full proposals when the meeting was reconvened were published on 27th May on the company's website and also sent by e-mail or by regular letter to our shareholders who had so requested. So with accordance with Articles of Association 5-3 concerning the convening notices and the content of the convening notice.

So the agenda that we will go through, that I'll come back to in a minute, is in accordance with Article 6 of the Company's Articles of Association. The company has confirmed under 5-7 of the Article that these documents must be available on the company website and they have been available since 27th May. And it isn't really – it's not so important concerning lawful-less of the convening access but I can see that company announcements were sent out on 4th March when the original AGM was convened and the company announcement was sent out concerning postponement on the – of the AGM on 18th March and a new company announcement was sent out on 27th May convening the AGM we're at here today.

There's no requirement concerning a quorum, so we are able to make decisions on all items of the agenda. I can tell you that we have those represented here, 15,412,326 according to proxies, that is 47.82% of the share capital and the votes. All the items on the agenda.

Well, there will be a vote apart from 9-1, 9-2 and 9-3 will be adopted by a simple majority. So the agenda has been lawfully convened and we are able to make decisions on all items of the agenda. I am entitled and obliged to make that decision as the Chair of the meeting, but if there are any comments, please let me know now. That does not seem to be the case, so let me quickly take you through the agenda.

Item one, that's the report by the Board of Directors on the company's activities in '19. Two, presentation of the audited Annual Report including the consolidated and annual accounts, the statements of Management and Board of Directors, the auditor's report and reviews for the year. Three, adoption of the audited Annual Report.

Four, that's the proposal by the Board of Directors for the distribution of profits or covering of losses. Five is the resolution regarding discharge. Six, that's the remuneration of the Board of Directors in 2020. And seven, that's election of members of the Board of Directors. Eight, election of auditors. Nine, that's proposals from the Board of Directors or shareholders. No proposals have been received from shareholders but there are four proposals from the Board of Directors. The company announcements sent out this morning, two of the sub-items have been deleted. I'll come back to that later on. And 10 is any other business.

So as we've done in previous years, my proposal is to deal with items one to four together. So Jens Due Olsen, the Chairman of the Board, will report on the audited annual report and he will talk about the distribution of profits. And after those four items, we will open the floor for a discussion and we will vote on what we need to vote on, which are items three and four.

So unless there are any objection, we will – objections we will proceed in that way. So Jens, over to you. You have the floor.

Chairman's report 2020

Jens Due Olsen

Chairman of Board of Directors, NKT

Thank you, Christian. It's a very efficient way of having meetings having so few, but it's also a little bit boring. Now I am going to talk about developments in 2020 of our business and the work of the Board. I'm also going to look into the future and give you a brief status on our business development in 2020 as this meeting is being held later in the year than normally because of COVID-19.

2019 was, as we expected, a challenging year for NKT. Results in our cable business were, as we expected them, marked by low earnings. NKT Photonics continued with growth, but at a lower than expected results in cable business in 2019 was affected by a reduced order intake in 2017 and the beginning of '18 and unsatisfactory results in Applications business.

Now if we look at the share price, it has increased in 2019, which is positive of course for you, shareholders. Activities in high-voltage was reasonable and we acquired several new orders, so we ended 2019 with a record order book of €1.37 billion which underscores the positive possibilities we see in this market, which is driven by global mega-trends for instance the green change.

In that market, we are very strong. We have a solid technology for the bases and we have factories strategically well-placed in order to fulfil orders for cable solutions at the global level.

In August 2019, we said welcome to Alexander Kara, our new CEO. Alex is over here. Alex brings with him a great experience from leadership in the cable and energy sector in the global company, ABB. Alexander and rest of the management team have started their work together well and we are focusing well on increasing our profitability and making sure that we're well positioned to taking part in the positive development we expect to see, especially in the high-voltage market.

Alexander has adjusted the organisation of NKT to sharpen our focus on customers in selected markets and segments and we have now divided the Solutions business into three independent departments, one for each of our high-voltage factories and one special commercial department. Also we have separated out our Services & Accessories business in order to create the best possible framework to continue growing for each of them, but we must also face the fact that good employees and colleagues are much in demand elsewhere.

Our CFO and former CEO, interim CEO, Roland M. Andersen will leave us by end of June and Line Fandrup will take over as CFO in August. And now with Line on Board, we have a strong leadership team with great experience from the cable industry and we believe that this will create positive result in the short-term and in the long-term as well. And I'd like to thank Roland for your work so far and wish you all the best in the future. It's been a great pleasure to work with you and you've been great asset for NKT. Thank you for that and thank you for all your great work.

Now before moving onto the financial results, I'd like to give a brief status. I'll talk about what COVID-19 has meant for our business. In the cable business, so far it has not meant much. So we have maintained our expectations so far, but then Photonics we have to adjust

our outlook and we have actually withdrawn the 2020 outlook until we have a clearer idea of the situation on the market.

Now looking at the financial results for NKT A/S in 2019, we delivered more or less what we had, presented as our expectations. In NKT, we were within the intervals both for earnings and for sales. We had a growth slightly below expectations but still a two-digit growth. This means that our sales in 2019 dropped to €1.34 billion from €1.5 billion in 2018, which in standard metal prices means that our sales dropped from €1.01 billion 2019 to €1.1 billion in 2018.

The operational EBITDA dropped in 2019 to €29.7 billion from €79.3 million in 2018 and this was due to the fact that the contribution of the cable business was smaller than in 2018. However, operational cash flow grew from €225 million in 2019 from minus €42.2 million in 2018. But in the 2019 NKT had a net interest bearing debt of €242.2 million, which was a drop of €6 million from the end of 2018.

And our goal is to work with a interest-bearing debt rate of 1.5 times operational EBITDA. We had, however, a rate of 8.2 by the end of 2019. And this may be said to be due to – gearing be too high but we are working on that among other things with our share emission. And given that we now are above the goal and also in view of the unsatisfactory result, we recommend that no dividend be paid out. However, it is still our policy to pay out one-third of the yearly result when capital structure will permit us to do so.

Now I am going to look at the development in our cable business which operates in four separate business areas. Solutions, which covers high-voltage cables for on and offshore project; Applications with services to market for low and medium-voltage cables and also installation cables for the building industry; Services & Accessories, that carried out services for cable solutions and sales accessories for cable projects within primarily medium and high-voltage.

In cables, sales dropped measured in standard metal prices to €150 million from €1.08 billion in 2018, while operational EBITDA dropped to €15.1 million compared to €70.2 million in 2018. This development was driven, as I said, by a slower order intake in Solutions in 2017 and 2018 and unsatisfactory earnings in Applications.

In Solutions, in 2019, we saw satisfactory execution of project but there were fewer projects because of the aforementioned drop in the number of orders gained in the high-voltage market in 2017 and 2018. Having said that, however, in 2019, we acquired several large orders and we ended with the largest order book in our company's history. And we won for instance the contract for the Dogger Bank to Bank Creyke XLPE isolated cables with – to a value of €360 million and we also won the Viking Link, which is going to link England and Denmark.

This record order intake by the end of 2019 amounted to €1.37 billion, which underlines the fact and with our know-how and our technologies we're well-positioned to win a large of number of the cable project which will materialise in the years to become. Energy cables have a decisive role to play in ensuring that the capacity of the grid and production of the energy will be geared for the green change.

In January 2020 after many years of work our 525 kV direct current system was qualified for the large German corridor project, which due to German changeover to new energy solutions and the project SuedOstLink is the largest order in our history. NKT has worked on this project for many, many years, so it's a great satisfaction to us to see that this hard work now bears fruit.

Earnings in Applications, which covers our low and medium-voltage business were not satisfactory in 2019. The primary reason for this was that we may have been too ambitious. We have launched too many projects trying to render more efficient and more profitable this part of the business, but this has led us to not executing project as we had expected. In Applications, we are therefore working on a series of initiatives, which we hope will – we expect that they will improve earnings in 2020.

In Services – well, let me begin the Services. In Services, the result for 2019 was affected by the number of service order for cable solutions in the offshore segment dropping compared to 2018. During the year, we developed our service offers so that we are now among the fastest on the market, faster when it comes to mobilise our expert and necessary cable craft for certain cable repairs. We use a very important competitive parameter in this market.

In Accessories, we saw a positive development in the market, especially in the Middle East and in Central Europe and within cable accessories for the offshore wind farms.

In spite of 2019 being a challenging year, we have great faith in the general direction we are moving. And we have launched a series of strategic initiatives, which will support and increase focus on improving operational execution and improving earnings across our business. If we look into 2020, we expect a better result financially than in 2019. And to ensure this, we focus on four specific areas.

First of all, we want to or we need to execute our projects in an efficient and satisfactory way on all orders we have, as I said, a record number of orders but we are also going to increase orders and win more high-voltage projects and we are going to increase profitability in application by focusing on fewer important initiatives and we need to have more activity in the service business.

We have seen an increased activity in the market and we expect that to continue this increasing demand for renewable energy and there's some political will behind it and also a popular demand development has now been driven, particularly by wind parks onshore and offshore and also in nuclear power and coal power plants are being phased out. And this development requires a more flexible transmission grid with a greater capacity as renewable energy sources depend on for external wind blowing.

And we can say that renewable energy sources are rarely located next to consumers, so we need to transport energy in this change to renewable energy is taking place right now and by perhaps offshore being projected and built in many European countries and also in United States.

And we see that a large number of great interconnected projects are now materialising on the market in order to ensure that the electricity grid is connected across borders so that green energy can be transported from the source to consumers, which typically means a long distant transport and these great cable connections increased the demand for medium-

voltage technology and we are very strong there after having acquired ABB's high-voltage business, which specialises in direct current technology. This acquisition in 2017 was strategically very important and has positioned us very well.

So let us take a look at Photonics. In Photonics, they've changed their business units. They're now more market-focused. We now have the following segments. Medical & Life Science, that is primarily lasers, make it possible to make images of very small structures such as skin cells. We have Industrial, very precise lasers for industries, where they need to cut hard material such as glass and metal. And Aerospace & Defence covers lasers for the use in equipment in the aerospace and defence industries.

In these areas, NKT Photonics is a leading manufacturer based on numbers of years of innovation and product development. We expect these segments to continue their positive development in the coming years.

NKT Photonics has special expertise in developing lasers that are precise and efficient and effective. And as populations grow, we certainly need to efficiently utilise resources available. We can see that in the pharmaceutical industry, where lasers from NKT Photonics help ensure efficient screening and diagnostics of diseases such as cancer.

The ongoing development towards technological solutions that take up less and less space in different products, well, that development is also an important growth driver for NKT and NKT Photonics. Our ultra-fast lasers can cut very precisely even in very small structures used in industrial products.

In 2019, NKT Photonics continued to increase revenue and profitability. Revenue €74.6 million up from €67.7 million in '18. We had stable execution across all segments. Our order intake increased by 20% over '18. Organic growth was 10%. We achieved that despite our position and headwind in the Industrial Photonics markets, so the organic growth ended up lower than first expected.

The result for 2019 was driven by a positive development in all market segments. The development in Aerospace & Defence is particularly worth noticing they doubled their revenue following a strategic targeted effort. So Aerospace & Defence is now 15% of revenue, the same as Medical & Life Science. So 70% of the revenue comes from the industry segments, so it's still the biggest in Photonics.

In 2019, we actually executed very well on our strategy that has to do with commercialising our business. We have the following initiatives. We want to move up in the value chain, focus on delivering solutions rather than products for – in particular industrial customers. We want to focus on organic growth. And thirdly, we want to make sure we have an efficient lean production gathered in centralised functions. And we want, fourthly, to continue the quick introduction of new products as our technological foundation becomes stronger.

As mentioned, NKT Photonics was negatively affected by COVID-19, so we have withdrawn our financial guidance for 2020 until we have a clearer picture of developments in the market. But in 2020 we will continue our focus on making the business more commercial to ensure continued growth.

Now let me take a look at the Board of Directors and to tell you briefly about our work. In 2013, a few years ago, we introduced a new governance model. And as you can see here

behind me, we still have many meetings in the Board are in front of me actually there's the speaker, the Chairman.

But we have many meetings we have a close and active dialogue with management in the company. So the Cable business, the Photonics business operated as two separate units referring directly to the Board of Directors. We also found that the Board has the right composition with the necessary professional qualifications to drive NKT towards further value creation.

In the annual self-evaluation of the Board, we have concluded that the Board has a good team. We have space, room for the right discussions and there's a lot of trust among Board members. By the way, our self-evaluation this year used external assistance. Our governance model still works very well and that includes the committees we have established.

We believe they have the right composition of our Board. We have the right professional competences, but not in the right composition because we want to have at least two members of the underrepresented gender. We expect to achieve that after this AGM when Karla Lindahl has been nominated for the Board. The Board is well-prepared for the meetings and we have good meeting discipline.

We have excellent cooperation on the Board and a lot of trust, as I said, in each other. And I'm very grateful for the effort made by my Board colleagues and the team that we are. Most of the members of the Board will continue and they will continue being part of the journey, and I'm pleased with that.

Lars Sandahl Sørensen is the only one who has chosen not to run again after seven years. It is because, as we know, that he has now become the CEO of the Confederation of Danish Industry, so he can no longer be a member of our Board. I'd like to thank Lars for his efforts and for excellent cooperation with him.

So we have a vacant seat at the Board. And as I said, this is where we nominate Karla Lindahl as a candidate. She has a number of professional personal competences that we find will be a good supplement to the competences of existing members. Karla is from Finland, and she has an educational background in law. But now she's working in KONE, a manufacturing company. KONE is leading in lifts and escalators. She's the Managing Director for Finland and the Baltic countries. She has a lot of experience in international management, has great knowledge of strategy development and execution, as well as company law and competition law.

Let me mention also that since I had now been a Member of the Board of NKT since 2006, and Jens Maaløe since 2004, under the recommendations for good corporate governance, we are no longer deemed to be independent. But it is still deemed to be in the company's interest that we continue. So if we are elected, we will again have me as Chair of the Board and Jens will be chairing the Photonics Committee.

The election of Board Members is item seven on our agenda. As in recent years, we recommend unchanged remuneration to the Board. The Board will receive a basic amount plus supplements for chairmanship and committee posts, it's comparable with our peers in the companies – in terms of companies. And when the chairman participates in committee

work, there's no separate fee. And the Board members are not party to any incentive programmes.

This year we have prepared a new remuneration policy that has been updated in accordance with the new requirements from the EU and Danish recommendations. It gives more transparency concerning remuneration and incentive programmes in NKT to ensure there's a natural connection here between our business strategy and our remuneration. Remuneration for the Board is under item six on the agenda and our remuneration policy as such is item nine on the agenda.

In May 2020, so very recently, we carried out a share emission and we expect to carry out one more before the end of the year. The decision to have a share emission or emissions, well, that decision is based on a number of cases. We want to strengthen firstly our financial base to adapt it to a larger order backlog of high-voltage products because of our expectations for the market, but also because of the record order backlog we have already now, projects are getting bigger and bigger.

COVID-19 has had a negative impact on NKT Photonics, so we'd like to have a little extra buffer there, if you like. So we think it's a good thing to strengthen the financial preparedness of NKT because of the uncertainty of the world economy. Earnings are going up and our debt will be reduced. Our capital objectives would be met. So in accordance with our capital policy and capital structure, share structure, we will adapt in the form of dividend payments and possibly share buyback schemes.

This morning we withdrew two of the three items that were on the agenda because of the votes we have received, and that is why we now expect that the next share emission, which will be before the end of the year, will be in accordance of a share emission with a pre-emptive right for existing shareholders. The authorisation for the Board to issue shares is also under item nine on the agenda.

I'd like to thank very much all of our employees for their sterling effort in 2019 helping to ensure the customers choose us as their business partner. It is the responsibility of Board and management to set the direction, but we know that our employees even in changing times, they take a lot of responsibility by executing and giving us valuable aspiring and seeing new business opportunities. Thank you ever so much to our staff and employees.

Now true to tradition, I will talk about financial guidance and we do it separately for the two business areas. In the Cable business, we do expect positive development revenue in said of metal prices will be about €1.0 billion to €1.2 billion and operational EBITDA will be approximately €40 million to €60 million. 2020 has shown positive results. So far we've seen progress in Applications and Solutions. We've won a number of big high-voltage orders supporting our strong position in the market.

NKT Photonics will still see good growth opportunities but it's negatively impacted by COVID-19. And that is why in this area we have withdrawn our guidance for 2020 until we have a clearer picture of developments in the market.

With these words, I'd like to thank you, and give the floor back to the chairman of the meeting.

Q&A

Christian Lundgren: Thank you, Jens. At this point, I have to ask this huge crowd if anybody would like to take the floor. We have a speaker from the Association of Danish Shareholders. Please come up here.

Karsten Kristiansen (Danish Shareholder Association): All right. Thank you much for giving the floor. I'm Karsten Kristiansen, and I represent the Association of Danish Shareholders. First of all, I'd like to thank the Chairman for an excellent report. And then I'd like to say a few words about Solutions because in 2019 we have seen a very marketed drop in sales in Solutions.

I think it amounted to €456 million, but there's also an expectations of improved sales in 2020. Unfortunately, I haven't been able to read anything very specific about expectations for 2020, and I also would like to see something about how the capacity present in Solutions is being used.

Also I'd like to hear some figures of long-term perspectives for Solutions in the context of the green change apart from what has been described so well on page 16 in the Annual Report. Now the profitability of Applications, that's one of the problems which we read about in the report. Profitability of Applications is not satisfactory, and that's one of the things NKT has worked with and has improved over the past years but we still don't see sufficient results.

On page 22, you describe a number of very fine initiatives to improve profitability by improving processes and sharpening the product portfolio, but another area which one might look at would be for our customers actually ready to pay the price for cables the price compared to quality. Are we able to cover costs and ensure sufficient margin of earning? I'd to find – I'd just like to see some more information about profitability for specific product groups and that I'd like to hear whether there are any possibilities of working on an improved price product mix in this context?

Now I might fear that sometimes we create products at a quality at the production price, which I think is so high that it's very difficult to get a sufficient earning margin for the product. And so I'd like to ask the Board how you had worked with the concepts of price and quantity in the improved profitability of Applications.

Now in the past year, the Board has also initiated worked about Photonics and strategic possibilities in that context. Now it might look to us as preparations for selling off Photonics. That's not a solution we like. If Photonics is to be sold, then it would be preferable to have Photonics listed on the stock exchange with a possibility of acquiring shares for our business shareholders, that would be better than just selling off to a third-party, because we find that Photonics is a company which has been doing quite well and we are happy to have Photonics as a part of the NKT Group.

Also we have a few focus areas in the Shareholder Association. One of them is that we'd like the Board and the management to be invested in the company with their own money as the other shareholders. And so it's very nice for us to see that the Board and the top management have invested their own money in NKT, but we'd also like to ask our new CEO

and CFO to do the same thing. And having said this, I'd like to thank you for giving the floor. Thank you very much.

Christian Lundgren: Jens, I expect that you will provide the answers.

Jens Due Olsen: Thank you very much, Karsten. It's always a pleasure to see you at our meetings and thank you very much for your interest in our business. Now concerning your question about sales figures for 2020 and figures for how we exploit the capacity and assets for Solutions. I suppose that that is, of course, part of your great work to improve transparency, which helps setting prices on company shares. And we are great friends of transparency, of course, however with the provided that it mustn't undermine our competitive position.

And that is why, we, in NKT, give guidance only for the entire company and not for individual business lines. And we do not talk about how we exploit capacity because that is very much part of how we set prices when we make offers for projects. And we don't want our competitors to know about that just as they don't know how they work.

Now having said that, we write about our expectation for 2020 that the expected improvement of sales and profitability will be driven by Solutions to a very large extent and that is what I there say about this right now.

Concerning Applications, we are working on several aspects and it's a matter of product and in-sourcing and outsourcing and price and quality. We optimise planning between sales and operations in order to focus on products with the largest demand and the greatest potential. And we look also at the context between price and quality, and we look at what our customers ask for it to triangulation as in all other companies between customer requirement, what do they want, what are we able to develop and what can we improve.

So this triangulation between sales, development and production that is an ongoing process in our company. We go through our entire product portfolio with that same purpose and we keep working to improve efficiency in production and reducing costs at general level per product.

We sell our own products and we sell in-sourced products or in-sourced parts of products, so this make or buy thing is something which we look at on an on-going basis. Now concerning NKT Photonics, we have initiated a strategic review, but this has been suspended because of COVID-19. But a part of this was that we would look at all possibilities also the possibility of listing Photonics on the stock exchange. There must be a positive market for Photonics and we need a strong financial performance for starting up that scenario.

But if that scenario becomes a reality, I don't think that first knot would be our chosen arena. But it is, as I said, suspended because it's difficult to do that sort of thing when you can't travel between countries and meet partners and customers.

And interesting for me to hear what you say about NKT shareholders wanting to maintain ownership of part of Photonics, and I make a note of that, but I'd like to keep the cards close to my chest so far.

Now the question of investments on the side of top management and Board members, and as you noted, most of them have those investments in place, but we don't have demand for that. And please don't make too harsh judgments if the colleagues do not invest because we

are in produce our – we base the production on orders and it's very hard for us to invest because we are insiders of course to a degree, which makes it very difficult for us to invest. So we invest only when we have the same kind of information which everybody else has and nothing beyond that.

Voting on Agenda Materials

Christian Lundgren

Partner, Kromann Reumert

Thank you, Jens. Just like to ask, is there any further comments or queries? If the case any further questions? I'm looking at the shareholders that are present in the room and I can see that there are no further questions. So let us move on look at items two to four. You can see the management review in the Annual Report 26th February 2020 and the auditor's report.

I can tell the people that are not present is that the auditors are present in the room and the signing auditors, Erik Holst Jørgensen and Lars Siggaard Hansen are present. It's an unqualified auditor's report. No problems. So I don't have to read it out. No comments there.

So with the acceptance of the people present, I hereby ascertain that the report has been duly noted with the supplementary comments from the Shareholders Association. So can we adopt the audited Annual Report? We have duly adopted.

Next item on the agenda is the Board's proposal, which is not to pay any dividend for the financial year 2019. So the result is carried forward under the Danish Companies Act, the AGM cannot decide to pay a higher dividend than the Board has proposed. So the Board's recommendation is valid. But I would like to hear if there are any comments. That is not the case. Thank you very much. So we have adopted that item.

That brings us to item five of the agenda, that is the resolution on discharge of Board and Management. So you give discharge for Board and Management in relation to the Annual – what is in the Annual Report for 2019. Can we approve that motion? Duly approved.

That brings us to item six on our agenda, that is the remuneration of the Board of Directors for 2020. The Chairman of the Board has already talked about that. The proposal is that there is a basic amount of DKK300,000 per ordinary Board Member, the Chairman receives three times that amount and nothing else, no further remuneration for any committee work. Deputy Chair twice the basic amount. In you chair the audit committee, you receive DKK200,000. If you're a member there, you get DKK100,000. The remuneration committee, the chair DKK100,000. If you're a member, DKK50,000. And the same applies to the nomination committee.

And finally, the special working committee for NKT Photonics, the Chair DKK150,000 and the members DKK75,000. Are there any comments concerning this proposal? It's not the case, so it has been duly adopted.

Item seven, that is then the election of members for the Board of Directors. We've heard about that from the Chairman of the meeting. Jens Due Olsen, René Svendsen-Tune, Jens

Maaløe, Andreas Nauen and Jutta af Rosenborg are running again. And it is proposed to newly elect Karla Marianne Lindahl. Are there any other comments or queries concerning this proposal? You have all the candidates appear on the screen. No comments. So they have been duly elected.

It brings to us item eight. We're doing quite well here. We can't make it any more interesting. Sorry about that says the Chairman. It is going quickly. The election of auditors. And the proposal is here to re-elect Deloitte. I don't need to read out more information about the auditing company. We'll all fall asleep says the Chairman. Are there any other comments or queries? That is not the case, so duly adopted. We are doing very well here.

Item nine on the agenda, proposals from the Board or shareholders. No proposals have been received from the shareholders so the proposals to be dealt with, are the proposals from the Board. 9-1, the authorisations to the Board. I'll just go through them afterwards when we deal with them individually. 9-2, that's the amendment of 5-6 of the articles concerning the dates of holding the AGM. 9-3 is amendment Article 6 of the Articles Association concerning the voting on the company's remuneration report as an item on the agenda. And 9-4 is the approval of the remuneration policy.

Let's take them one by one. 9-1 is, yeah, like a point of order really is just the thing is that there have been provisions previously concerning in 3-B of the articles concerning warrants to employees of the company. These authorisations have expired and are no longer relevant, so they can be deleted. So exhibits A to N to the articles are also deleted. Are there any comments concerning that? If not, it has been duly adopted.

Now that brings us to 9-1-2. And this is the authorisation to the Board to issue new shares and convertible loans. And as the chairman has already said, and as you have perhaps already noted, there were originally three proposals that were ranked among them. So that if one was adopted, the others will be deleted, but on the basis of the feedback that has received, the proxies received, there was a clear majority supporting the first proposal and the first alternative proposal, but there was not enough backing to adopt those because it requires two-thirds majority of the votes.

So what is left is the least extensive proposal, if you're right. So the Board asks for authorisation to issue – to increase the share capital about DKK256 million, that's 12,800,000 shares of DKK20 each in one or several capital extension, share extensions, share increases until the 30th April '25 or in if a – in case with any earlier AGM held before '25. But the important thing here and this is where the pre-emptive right for existing shareholders. That's one.

So I don't need to take you through the details because we have the authorisation in the articles today. So I don't have to repeat that. So in 3-B, you will say that until 30th April '25 or if there is an earlier annual meeting than in '25, you can raise loans in forms of bonds that can be converted to shares, so they are called convertible loans up to a maximum via this kind of type of instrument up to DKK128 million, that is 6,400,000 shares of a nominal value of DKK20 each.

So let's just move on here. The additional thing there is concerning convertible loans here corresponds to what is already in the article. So I don't need to go through those in any

further detail. And then we have 3-C, that's where you aggregate the two authorisations. So that in 3-A-1 and 3-B-1 those authorisations shares with pre-emptive right and the convertible loans those two combined could be utilised to increase the share capital by a total maximum nominal amount of DKK256 million. So that's the aggregation of those two. Any comments concerning that proposal? That is not the case. On the basis of the incoming proxies and so on and so forth, I ascertain hereby that these last remaining proposal here has been duly adopted.

That brings us to the next item on our agenda, 9-2. And 9-2 is a consequence of what happened here when the AGM had to be postponed because it says very often – what it has to say really that the Annual General Meeting must be held early enough for to be adopted and to be received by the Danish Business Authority within the deadlines. But in NKT is set 30th April. So this year it didn't work out. We couldn't do it by 30th April and that is why it was doubtful whether the company could be allowed to postpone the AGM. A permission was received to do that.

But to avoid – god forbid that we would ever be in a similar situation, god forbid that – but it is proposed then to amend 5-6 to say that the AGM must be held early enough for the approved Annual Report to be received by the business authority before the expiry of the deadline in the Danish Companies Act, any Financial Statements Act. Duly adopted, no problems there.

Finally 9-3 that too is mostly a point of audited because they are new rules in the Companies Act Article 139-A, B and C and all the companies must hold an indicative vote on remuneration policies. We'll get back to that on the point four. But I forget to mention that it's suggested that under item five on future agendas for AGM, there will be a item called presentation of an indicative vote on the remuneration policy. Any comments? If not, I take that item as adopted as well.

Thank you. That leads us to the remuneration policy which was mentioned briefly by the chairman in his report. The present policy is maintained, but because of certain EU rules which have now been implemented in the Danish Companies Act Section 139, most specific remuneration policies must be adopted for the Board and the Executive Management and the company has been working on that and they are now ready to propose a new policy which was also sent out when this meeting was convened and right now in Article 11-3 of the Articles of Association, there's a standard phrase saying that a company has adopted a remuneration policy and that is no longer needed, so it will be deleted. Any questions? Any comments to this proposal for remuneration policy? That is not the case, so I take that proposal as adopted as well.

Now we arrived at item 10, any other business. We cannot adopt anything under item 10, but I'd like to know if anybody in the room – I'm looking at the entire crowd. Would anybody like to put a question. The interpreters have no questions, no comments. That's very reassuring. Okay. That was quite efficient.

Now my part, I'd like to thank everybody for being so cooperative and peaceful and orderly. And I'll give the floor back to the Chairman. Thank you.

Conclusion

Jens Due Olsen

Chairman of Board of Directors, NKT

Thank you, Christian. So dear shareholders, thank you for your time. Thank you for your interest and your participation in this in many respects atypical general meeting. And well, I looked around the room and I think this is the smallest room in which we've ever had a general meeting. We had three groups here. We have interpreters and technicians, one group. And we have participants, that's group two. And we have the management team and myself and the Chairman of the meeting up here, so group three. Well, then technicians and interpreters largely outnumber everybody else.

And if we look at the number of participants, so the auditors make up half the participants in the room. And so Management, the Board and the Chairman of the meeting more or less match the number of participants.

So having said that, thank you very much for your participation. Thank you for your interest in the company. And I'd like to say thank you to both management teams, Photonics and the rest of the businesses. Thank you very much to all employees to all our partners, all our customers for cooperating so well with us and thank you to our auditors, thank you to Christian Lundgren, to the interpreters, to the technicians and to the last group, the employees. The greatest thank you to you and thank you for making sure that this meeting went so well. Thank you.

[END OF TRANSCRIPT]