

The NKT logo is positioned in the top left corner of the image. It consists of the letters 'NKT' in a bold, white, sans-serif font. The background of the entire image is a photograph of a large industrial factory interior. A worker in a blue NKT t-shirt and a white hard hat is seen from behind, looking at a massive spool of copper wire hanging from the ceiling. The factory has a high ceiling with exposed steel beams and several long, bright fluorescent lights. In the background, other spools of wire and industrial machinery are visible, creating a sense of a busy manufacturing environment.

We connect a greener world

Interim Report Q3 2022

Interim Report of NKT A/S for the period 1 January – 30 September 2022

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

Contents

Management review

- 03 Key messages Q3 2022
- 04 Key highlights Q3 2022
- 05 Financial highlights and ratios
- 06 Financial review
- 08 Sustainability
- 10 Business review – Solutions
- 12 Business review – Applications
- 13 Business review – Service & Accessories
- 14 Shareholder information

Financial statements

- 16 Income statement and statement of comprehensive income
- 17 Balance sheet
- 18 Cash flow statement
- 19 Statement of changes in equity
- 20 Notes
- 27 Group Management's statement

“Overall, we are satisfied with our financial performance in Q3 2022. We were navigating through the current economic uncertainties and a steep increase in cost levels in Applications. We expect the uncertainties to prevail for some time, but the focus on the green transition and transmission security is stronger than ever. The level of awards in the high-voltage market is unprecedented, and I am confident that NKT will continue to play a key role in connecting a greener world and lift our financial performance further in the coming years.”

Alexander Kara
President & CEO, NKT A/S

Key messages Q3 2022

NKT's revenues* increased organically in Q3 2022, driven by all business lines. The operational EBITDA grew from Q3 2021 to Q3 2022 excluding income related to the closure of insurance cases in Q3 2021.

The improvement in financial performance was driven by Solutions and Service & Accessories, while Applications was negatively impacted by higher input costs.

At end-Q3 2022, the high-voltage order backlog was EUR 4.5bn (EUR 4.0bn in std. metal prices). In Q3 2022, NKT secured various onshore projects and variation orders to existing projects to its order backlog. NKT also announced the turnkey award for the prospective East Anglia THREE offshore wind farm in the UK. The project will be included in the order backlog when the project owners provide NKT with a notice to proceed and make a final investment decision. This is expected no later than Q1 2023.

In Q3 2022, the free cash flow from continuing operations amounted to EUR

-41.4m. The positive earnings contribution was more than outweighed by the development in working capital and the continuation of planned investments to upgrade the high-voltage production sites.

NKT has issued green hybrid securities amounting to EUR 150m to strengthen its financial position for future growth opportunities. These replaced the existing EUR 150m hybrid securities that have been redeemed.

NKT updates its financial outlook 2022. See details on the next page.



Agreement to divest NKT Photonics

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

The closing of the transaction is subject to regulatory approvals and is expected to take place latest by end-Q1 2023.

The agreement to divest NKT Photonics, together with the previous divestment of the subsidiary LIOS announced in March 2022, concluded the review of strategic alternatives with the objectives of maximizing value creation and positioning both NKT and NKT Photonics for long-term growth.

In Q3 2022, NKT Photonics' revenues grew organically by 22%. The EBITDA was EUR 2.6m and turned EBITDA positive for the first nine months of 2022. This led to a net result from discontinued operations of EUR 1.5m in Q3 2022.

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 on page 25.

Amounts in EURm	NKT			
	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021
Revenue	492.0	479.7	1,559.5	1,391.7
Revenue in std.metal prices**	357.7	333.2	1,058.0	973.4
Organic growth**	8%	10%	9%	17%
Operational EBITDA**	35.2	44.8	114.8	117.4
Operational EBITDA margin*, **	9.8%	13.5%	10.9%	12.1%
EBIT	15.8	6.6	55.7	38.4
Net result - continuing operations	18.4	1.3	44.4	22.1
Working capital** - continuing operations			-202.4	6.6
Working capital % of revenue, LTM - continuing operations**			-4.7%	-2.8%
RoCE*** - continuing operations			3.8%	3.4%

* Std. metal prices

** Alternative performance measures

*** RoCE is calculated on Operational EBIT, LTM, as a percentage of average capital employed as defined in Note 6

Key highlights Q3 2022

358m

Revenue (std. metal prices), EUR

Up from EUR 333m in Q3 2021, driven by positive contributions from all three business lines

8%

Organic growth

Reflecting growth of 10% in Solutions, 7% in Applications and 18% in Service & Accessories

35.2m

Operational EBITDA, EUR

Below EUR 44.8m in Q3 2021, which was positively impacted by income of EUR 20.7m related to the closure of insurance cases. The underlying improvement was driven by Solutions and Service & Accessories

4.5bn

High-voltage order backlog, EUR

Slightly lower than EUR 4.6bn at end-Q2 2022. NKT secured various onshore projects and variation orders to existing projects to its order backlog.

Financial outlook 2022

Based on the financial performance during 2022, the financial outlook is updated.

Revenue (in std. metal prices) is expected to be approx. EUR 1.4-1.45bn (previously approx. EUR 1.35-1.45bn) and the operational EBITDA is expected to be approx. EUR 140-155m (previously approx. EUR 130-155m).

The financial outlook assumes limited financial impact due to the global supply chain challenges and further deteriorations in the macroeconomic environment.



Financial highlights and ratios

Amounts in EURm	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021	Year 2021
Income statement					
Revenue	492.0	479.7	1,559.5	1,391.7	1,827.9
Revenue in std. metal prices** 3)	357.7	333.2	1,058.0	973.4	1,263.1
Operational EBITDA** 6)	35.2	44.8	114.8	117.4	131.1
One-off items** 5)	0.0	-14.5	0.1	-12.7	-12.7
EBITDA	35.2	30.3	114.9	104.7	118.4
Amortization, depreciation and impairment	-19.4	-23.7	-59.2	-66.3	-94.5
Operational EBIT** 7)	15.8	21.1	55.6	51.1	36.6
EBIT	15.8	6.6	55.7	38.4	23.9
Financial items, net	5.1	-3.3	-4.7	-8.3	-8.2
Earnings before tax (EBT)	20.9	3.3	51.0	30.1	15.7
Net result - continuing operations	18.4	1.3	44.4	22.1	11.9
Net result - discontinued operations	1.5	-1.1	-4.5	-9.1	-7.8
Net result	19.9	0.2	39.9	13.0	4.1
Cash flow					
Cash flow from operating activities					
- continuing operations	-0.4	149.6	95.7	27.2	208.8
Cash flow from investing activities					
- continuing operations	-41.0	-44.2	-143.9	-122.8	-211.2
hereof investments in PPE	-34.0	-36.8	-107.9	-104.8	-184.5
Free cash flow - continuing operations**	-41.4	105.4	-48.2	-95.6	-2.4
Balance sheet					
Share capital	115.4	115.4	115.4	115.4	115.4
Group equity	1,082.2	1,129.3	1,082.2	1,129.3	1,159.9
Total assets	2,597.3	2,397.1	2,597.3	2,397.1	2,553.4
Net interest-bearing debt** 8)	79.8	96.7	79.8	96.7	13.2
Capital employed** 9)	1,162.0	1,226.0	1,162.0	1,226.0	1,173.1
Working capital** 10)	-202.4	38.4	-202.4	38.4	-59.6

	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021	Year 2021
Financial ratios and employees					
Organic growth**	8%	10%	9%	17%	15%
Operational EBITDA margin, (std. metal prices)**	9.8%	13.5%	10.9%	12.1%	10.4%
Gearing (NIBD as % of Group equity)** 11)	7%	9%	7%	9%	1%
NIBD relative to operational EBITDA** 12)	0.6x	0.8x	0.6x	0.8x	0.1x
Solvency ratio (equity as % of total assets)** 13)	42%	47%	42%	47%	45%
Return on capital employed (RoCE), continuing operations** 14)	3.8%	3.4%	3.8%	3.4%	3.4%
Number of DKK 20 shares ('000)**	42,976	42,976	42,976	42,976	42,976
EPS, continuing operations, EUR 1)	0.4	0.0	0.9	0.4	0.1
Diluted EPS, continuing operations, EUR 2)	0.4	0.0	0.9	0.4	0.1
EPS, EUR 1)	0.4	0.1	0.8	0.2	-0.1
Diluted EPS, EUR 2)	0.4	0.1	0.8	0.2	-0.1
Equity value, EUR per outstanding share** 15)	22	23	22	23	23
Market price, DKK per share**	361	279	361	279	316
Average number of employees, continuing operations	4,069	3,876	4,029	3,725	3,775

1)-15) Definitions appear in Note 6

** Alternative performance measures

Discontinued operations comprise NKT Photonics, and the income statement and cash flow figures above have been restated accordingly.

Financial review

Revenues* grew 8% organically in Q3 2022, with contributions from all three business lines. Operational EBITDA also increased compared to Q3 2021, excluding the contribution from closure of insurance cases in the comparison period. Despite the positive earnings contribution, free cash flow was negative in Q3 2022, mainly due to continued investments. NKT strengthened its financial position for future growth opportunities by replacing its existing EUR 150m hybrid securities with new green hybrid securities.

Broad-based revenue growth

NKT's revenues* in Q3 2022 increased by EUR 24.5m compared to Q3 2021, corresponding to 8% organic growth. The improvement was driven by increased revenues in all three business lines.

Revenues* in the first nine months of 2022 totalled EUR 1,058m, against EUR 973m in the same period last year. Organic growth for the first nine months of 2022 was 9%.

Expressed in market prices, revenues in Q3 2022 were EUR 492m, against EUR 480m in Q3 2021.

Increase in underlying operational EBITDA

The operational EBITDA of EUR 35.2m in Q3 2022 was EUR 9.6m lower than in the same quarter of 2021. However, the earnings in Q3 2021 were positively impacted by income of EUR 20.7m related to the closure of insurance cases. Exclusive of this, the operational EBITDA margin* increased from 7.2% in Q3 2021 to 9.8% in Q3 2022.

The improved earnings were driven by Solutions and Service & Accessories; especially the latter recovered profitability due to a higher activity level compared

to Q3 2021. The operational EBITDA decreased in Applications mainly due to higher input costs.

The operational EBITDA for the first nine months of 2022 was EUR 115m, compared to EUR 117m in the first nine months of 2021.

In Q3 2022, NKT had no one-off items. In Q3 2021, EUR -14.5m was recognized as one-off items related to restructuring of the cost structure in Solutions.

EBIT in Q3 2022 was EUR 15.8m, up from EUR 6.6m in Q3 2021. The higher EBIT was driven by the same parameters as operational EBITDA and no one-off costs.

Financial items and net result

The net financial items in Q3 2022 amounted to EUR 5.1m, compared to EUR -3.3m in Q3 2021. While interests had a slightly negative contribution in Q3 2022, gains due to foreign-exchange rate fluctuations had a large positive impact.

Earnings before tax (EBT) totalled EUR 20.9m in Q3 2022, compared to EUR 3.3m in Q3 2021. The net result from continuing operations was 18.4m in Q3 2022, against EUR 1.3m in Q3 2021.

Operational EBITDA

Amounts in EURm



Revenue development and organic growth

Amounts in EURm

Q3 2021 revenue*	333.2
Currency effect	-7.1
Acquisition	3.4
Organic growth	28.2
Q3 2022 revenue*	357.7
Organic growth, %	8%

* Std. metal prices

Negative free cash flow as investment programme continued

The cash flow from operating activities from continuing operations was EUR -0.4m in Q3 2022, compared to EUR 149.6m in Q3 2021. The positive earnings contribution in Q3 2022 was outweighed by the development in working capital. In contrast, the positive development in working capital was a strong contributor to the positive cash flow in Q3 2021.

The cash flow from investing activities from continuing operations amounted to EUR -41.0m in Q3 2022, compared to EUR -44.2m for the same period last year. NKT continued the planned investments in Solutions to upgrade the high-voltage production sites in Q3 2022.

The free cash flow from continuing operations in Q3 2022 was EUR -41.4m, down from EUR 105m in Q3 2021.

Working capital increased due to Applications

At end-Q3 2022, working capital amounted to EUR -202m, compared to EUR -212m at the previous quarter-end.

Working capital in Solutions was reduced by EUR 40.0m from Q2 2022 to Q3 2022, partly due to milestone payments relating to projects in the order backlog.

Unrealized value adjustments of hedging instruments reduced the working capital by EUR 21m, mainly due to lower commodity prices. This does not have a cash impact.

In Applications, working capital increased by EUR 28.5m, driven by a higher inventory level and lower trade payables, which more than outweighed a lower receivables level.

The working capital ratio, LTM, was -4.7% at end-Q3 2022, against -1.5% at end-Q2 2022.

Development in RoCE positively impacted by gradual earnings improvement

RoCE was 3.8% at end-Q3 2022, which was slightly lower than 4.1% at end-Q2 2022, but 0.4%-points higher than at end-Q3 2021. RoCE has been stable at around 3-4% in the past five quarters, but is expected to gradually improve when the anticipated earnings contributions from the recent years' investments materialize.

Liquidity, debt leverage and equity

The negative cash flow in Q3 2022 led to a higher net interest-bearing debt level of EUR 79.8m at end-Q3 2022, up from EUR 23.5m at end-Q2 2022.

The net interest-bearing debt relative to operational EBITDA amounted to 0.6x at end-Q3 2022, up from 0.2x at end-Q2 2022.

At end-Q3 2022, NKT had total available liquidity reserves of EUR 316m, comprising cash of EUR 119m (of which EUR 2.3m 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 1,082m. The solvency ratio was 42%, compared to 42% at the end of the previous quarter.

In Q3 2022, NKT issued green hybrid securities with an aggregated principal amount of EUR 150m. The maturity date is in 3022, with a first call option in July 2026. The proceeds will be applied for financing or refinancing of tangible assets and operational expenditures that have been evaluated to have distinct sustainable benefits in accordance with NKT's Green Finance Framework.

In the same period, NKT decided to redeem the existing EUR 150m hybrid securities (with maturity in 3018) that were issued in Q3 2018 by exercising its right of early redemption.

Working capital

Amounts in EURm



Net interest-bearing debt

Amounts in EURm



Sustainability

In Q3 2022, NKT announced its Green Finance Framework and updated ESG targets for CO₂e reduction and diversity and inclusion.

Green Finance Framework

With the announcement of its Green Finance Framework in August 2022, NKT took another step in its sustainability efforts by integrating the sustainability strategy into its financing arrangements. The framework was presented in relation to the issuance of green hybrid securities.

The Green Finance Framework will partly provide NKT access to finance eligible assets and expenditures with distinct sustainable benefits. These may include, but will not be limited to, capital expenditures such

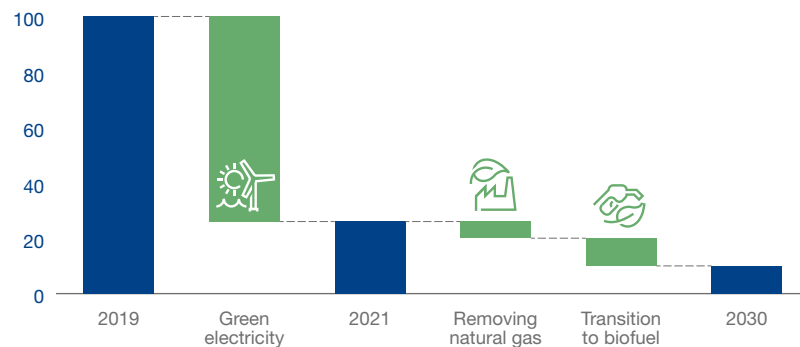
as production machinery and equipment, technology and IT, buildings and R&D, as well as operational expenditures such as staff costs, repairs and maintenance, energy and utilities, transportation and administration related to the production of power cables used to connect renewable power generation to areas of consumption.

To confirm the transparency and robustness of the Green Finance Framework, NKT has engaged CICERO Shades of Green to act as an external reviewer, by way of a Second Party Opinion. CICERO Shades of Green has awarded NKT's Green Finance Framework a Medium Green shading with a governance score of Excellent.



Learn more at investors.nkt.com/green-financing

Carbon emission reduction plan



Updated ESG targets

NKT has announced updated targets on reducing its corporate carbon footprint and within employee attraction and retention. This is part of the sustainability strategy ImpACT.

Climate action

As part of the journey to net-zero emissions, NKT introduced a target to reduce its corporate scope 1 and 2 CO₂e emissions by 90% in 2030 compared to 2019. From 2019 to 2021, NKT has reduced its emissions by 74%, primarily driven by the switch to electricity originating from renewable energy sources¹ at all production sites, but also through multiple other smaller initiatives. The reduction of the remaining CO₂e emissions to the targeted level in 2030 will primarily come from discontinuing all use of natural gas and from the ongoing transition to biofuel.

Social capital

NKT has the ambition to become the preferred employer in the electrification industry. A key element in achieving this is to attract and retain talent and to ensure a highly engaged and competent workforce. To maintain and further strengthen the focus on employee attraction and retention, NKT has updated its targets within talent attraction and retention and within diversity and inclusion.

¹ The change in energy supply is documented by EU Guarantees of Origin, market-based instruments which are certified by an external auditor

NKT produces the world's first HVDC power cables using low-carbon copper

During Q3 2022, NKT took an important step in reducing the climate impact in the value chain. For the first time, low-carbon copper was used for the HVDC power cables for the Dogger Bank C project – the third phase of the world's largest offshore wind farm.

The initiative will reduce the carbon footprint of the NKT power cables for the offshore wind farm by more than 35% and marks an innovative step in NKT's journey to become a net-zero emissions company by no later than 2050.

The use of low-carbon copper is the result of close collaboration with SSE Renewables, Equinor and Eni Plenitude and paves the way for future projects reducing the overall carbon footprint of the materials used for NKT's power cable solutions.

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.

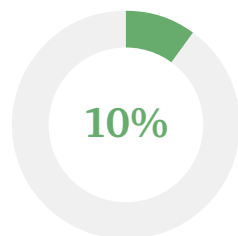
Social: Be a fair, inclusive, attractive and safe workplace empowering trust, personal growth and engagement.

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

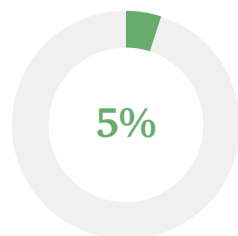
NKT now has the following 2025 targets:

Talent attraction and retention

- ≥74% favourable answers in the annual employee engagement survey
- Maximum attrition of 10% for employees
- Maximum attrition of 5% for identified talents



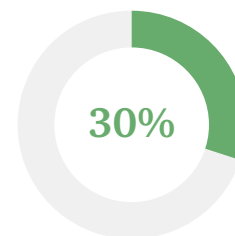
Maximum attrition of 10% for employees



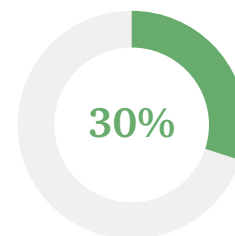
Maximum attrition of 5% for identified talents

Diversity and inclusion

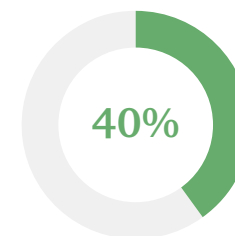
- ≥74% favourable answers in the annual employee survey on diversity and inclusion
- No less than 30% female new hires
- No less than 30% female members of the Group Leadership Team and Extended Leadership
- No less than 40% female members of the Board of Directors



No less than 30% female new hires



No less than 30% female members of the Group Leadership Team and Extended Leadership



No less than 40% female members of the Board of Directors



Business review – Solutions

Highlights

- Underlying growth in revenues and operational EBITDA
- Factory expansions and upgrades in Karlskrona continued according to plan
- High-voltage market continued to step up

Slight increase in revenues

Revenues* for Solutions increased by EUR 7.8m from Q3 2021 to Q3 2022, equivalent to an organic growth of 10%. The growth was driven by execution of orders awarded over recent years covering most power cable types.

Revenues measured in market prices amounted to EUR 214m in Q3 2022, against EUR 210m in Q3 2021.

Revenues* for the first nine months of 2022 amounted to EUR 533m, up from EUR 501m for the first nine months of 2021. Organic growth was 9%. This was due to progress of several projects through varying stages of execution.

Operational EBITDA margin* of 12.8% in Q3 2022

The operational EBITDA in Q3 2022 amounted to EUR 24.0m, which was EUR 10.6m lower than in Q3 2021. However, the figure for Q3 2021 was positively impacted by income of EUR 20.7m related to the closure of insurance cases. Thus, the underlying margin* improved by 5%-points compared to Q3 2021.

NKT continued to progress with several projects through varying stages of execution in Q3 2022. These projects included Borwin 5, Champlain Hudson Power Express, Dogger Bank A and B, Shetland, and Troll West.

NKT Victoria, the company's cable-laying vessel, was fully utilized for various assignments in Q3 2022. These included offshore installation assignments for the Shetland and Troll West projects.

For the first nine months of 2022, the operational EBITDA amounted to EUR 78.7m, compared to EUR 77.1m for the same period of 2021. The Operational EBITDA margin* of 14.8% for the first nine months of 2022 was 3.4%-points above the same period of 2021, excluding the insurance income.

High-voltage order backlog at high level

During Q3 2022, NKT secured various onshore projects and variation orders to existing projects to its order backlog. At end-Q3 2022, the high-voltage order backlog was EUR 4.5bn (EUR 4.0bn in std. metal prices). This was slightly down compared to the level at end-Q2 2022.

Around 5% of the high-voltage order backlog is expected to be executed in the final quarter of 2022, around 25% is expected to be executed in 2023, and the remaining around 70% in 2024 and beyond.

In July 2022, NKT announced the turnkey award for the prospective East Anglia THREE offshore wind farm in the UK developed by ScottishPower Renewables. The project has an estimated

contract value of approx. EUR 250-300m in market prices (approx. EUR 190-225m in std. metal prices). The project will be included in the order backlog when the project owners provide NKT with a notice to proceed and make a final investment decision. This is expected no later than Q1 2023.

In October 2022, NKT signed a contract for the Canadian transmission line Hertel-New York, developed by Hydro-Québec. The project has an estimated contract value for NKT of approx. EUR 90m in market prices (approx. EUR 80m 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 for the first nine months of 2022 was around EUR 7bn. These projects mainly covered long-distance DC interconnectors as well as offshore wind projects. The development in 2022 is in line with NKT's expectation of a growing high-voltage market. The average addressable market in 2022, 2023 and 2024 is estimated by NKT to be around EUR 7-8bn per year.

186m

Revenue*, EUR
(Q3 2021: EUR 178m)

* Std. metal prices

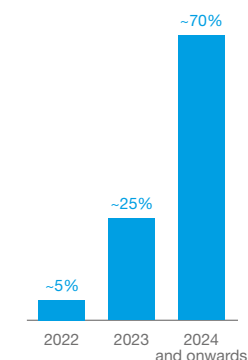
10%

Organic growth
(Q3 2021: 5%)

24.0m

Operational EBITDA, EUR
(Q3 2021: EUR 34.6m)

Expected revenue distribution of high-voltage order backlog (EUR 4.5bn) at end-Q3 2022



* Std. metal prices

NKT expects market sentiment to remain attractive in the longer term. NKT estimates the addressable high-voltage market from 2025-2030 to be EUR 8-9bn on average per year. This assumes generally stable market conditions. The expected growth is driven by the political ambitions to reach net-zero emissions by 2050. This includes that 70% electricity generation capacity needs to be renewable by 2030.

In Q3 2022, progress continued on several project tenders across market segments and geographies. These include projects arising on the back of the allocation of Contracts for Difference in the UK. 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, which among other things requires a balanced mix of DC and AC projects.

Capacity expansions to strengthen NKT's capabilities

Based on the increasing high-voltage order backlog, NKT has gradually strengthened and expanded its high-voltage manufacturing facilities. The investments announced in 2020-2022 are expected to gradually be ready for production up until end-2023. These are progressing according to plan.

NKT's ambition is to pursue further value accretive investments to grow with market demand.

Recent notable high-voltage project awards for NKT

Name	Announced	Size EURm	Type
Hertel-New York (CA)	Oct 2022	~90	Interconnector
Champlain Hudson (US)	Jun 2022	>1,400	Interconnector
SuedOstLink 2nd system (DE)	May 2022	<700	Interconnector
Dogger Bank C (UK)	Jun 2021	~280	Offshore wind
Troll West (NO)	Apr 2021	~95	Power from shore
BorWin5 (DE)	Aug 2020	<250	Offshore wind
Shetland (UK)	Jul 2020	~235	Interconnector
SuedLink (DE)	Jun 2020	>1,000	Interconnector
Attica-Crete (GR)	May 2020	~115	Interconnector
SuedOstLink 1st system (DE)	May 2020	~500	Interconnector

Business review – Applications

Highlights

- Revenue growth driven by increased prices
- Operational EBITDA lower than in Q3 2021 due to higher input costs
- Mixed market development between low- and medium-voltage

Organic growth of 7% in Q3 2022

Revenues* in Applications increased by EUR 10.6m from Q3 2021 to Q3 2022. The higher revenue level was due to increased prices as NKT passed on the high inflationary pressure on several cost items, while volumes developed negatively. Ventcroft, which NKT acquired in January 2022, contributed with revenues* of EUR 3.4m in Q3 2022.

Revenues expressed in market prices amounted to EUR 236m in Q3 2022, up from EUR 233m in Q3 2021.

Revenues* for the first nine months of 2022 amounted to EUR 408m, up from EUR 338m for the first nine months of 2021. Organic growth for the first nine months of 2022 was 18%. The contribution to revenue growth was broad-based across markets.

Operational EBITDA margin* of 1.9% in Q3 2022

As NKT was not able to compensate fully for the increased costs level, the operational EBITDA decreased by EUR 6.6m to EUR 2.4m in Q3 2022 compared to Q3 2021. This equalled a decline in the operational EBITDA margin* of 5.7%-points.

The rise in input prices experienced in the latter part of Q2 2022 continued into Q3 2022. The main reason for the increased level is the global scarcity of raw materials. This has led NKT to purchase more metal for production in new markets geographically located further away from Northern Europe.

NKT is aiming to protect margins by gradually adjusting and updating customer contracts in order to reflect the higher input prices. The process of increasing sales prices is ongoing and these efforts are expected to benefit profitability margins from Q4 2022.

NKT is running various efficiency initiatives, including production footprint optimizations, to improve profitability in Applications. A large step is the transition of equipment for building wire production from Denmark to Poland. This has progressed according to plan and is being finalized. However, the ramp-up in Poland has been delayed due to labour shortages.

For the first nine months of 2022, the operational EBITDA amounted to EUR 20.0m, down from EUR 22.1m for the same period of 2021.

Market development negatively impacted by the slowdown in European economy

The low- and medium-voltage markets have been at a high level during the past

quarters. However, developments in NKT's markets differed for the various product categories in Q3 2022. There has been a market slowdown in construction-related markets due to negative developments in the European economy.

Demand for medium-voltage power cables remained at a high level in Q3 2022, positively influenced by the electrification of societies. This segment has been the main positive contributor to NKT's revenue performance in Q3 2022.

The market for building wires and other construction-exposed 1kV power cables deteriorated in Q3 2022, reflecting the weakened construction sentiment in NKT's main countries. NKT recorded a decrease in revenues within building wires, mainly due to lower sales in Poland and Germany.

The telecom market contributed positively to growth in Applications in Q3 2022. This was due to the continued roll-out of the 5G network.

129m

Revenue*, EUR
(Q3 2021: EUR 118m)

* Std. metal prices

7%

Organic growth
(Q3 2021: 15%)

2.4m

Operational EBITDA, EUR
(Q3 2021: EUR 9.0m)



Business review – Service & Accessories

Highlights

- Increase in revenues and earnings in Q3 2022
- High activity within both recurring and repair service businesses
- Recovery in sales of high-voltage accessories

Organic growth of 18% in Q3 2022

Revenues for Service & Accessories increased by EUR 10.8m from Q3 2021 to Q3 2022. The higher revenue level was driven by both the accessories and service businesses.

For the first nine months of 2022, revenues amounted to EUR 147m, against EUR 157m for the same period of 2021. The lower level was primarily due to an exceptionally high volume of repair work in the service business in 1st half 2021. Organic growth for the first nine months of 2022 was -14%.

Operational EBITDA positively impacted by higher activity level

Higher revenues drove operational EBITDA to almost doubling from Q3 2021 to Q3 2022. The operational EBITDA margin for Q3 2022 was 15.5%, up from 9.9% in Q3 2021. Both the accessories and service businesses are contributing to increasing profitability.

For the first nine months of 2022, operational EBITDA amounted to EUR 14.2m, compared to EUR 26.9m for the same period of 2021. This was due to a lower level of offshore repair work in the service business and a temporarily higher cost level in the accessories business.

High activity level in the service business

Financial performance in the service business was satisfactory in Q3 2022. The sustainable recurring revenues are gradually increasing as the market grows and NKT strengthens its market footprint. This development had a positive contribution in Q3 2022.

NKT also had a solid activity level within repair work for offshore and onshore power cables in Q3 2022. NKT continues to be selected for these projects due to its reliability and ability to execute repairs in complex conditions.

In Q3 2022, NKT saw a satisfactory level of sales of spare power cables to power cable owners. This is an important way to restore power cable connections fast if these are damaged. The unstable global geopolitical situation implies that there is an increased focus on securing critical infrastructure such as power cables.

As part of NKT's growth ambitions and to ensure a stable power grid, NKT is continuously striving to expand its portfolio of service agreements with power cable owners.

Improving performance in the accessories business

In the accessories business, revenues and operational EBITDA increased in Q3 2022 compared to Q3 2021. The improving performance was mainly related to a recovery in sales of high-voltage accessories that was at a low level in the comparison period. Sales of medium-voltage accessories remained at a high level.

The consolidation of high-voltage accessories production to Alingsås, Sweden, from Cologne, Germany, continued in Q3 2022. The transition is gradually progressed and further work is being done to reap the benefits of this transition.

The accessories business has faced some headwind due to the global supply chain challenges leading to higher transportation costs and shortages of raw materials. Higher energy prices have also impacted the business negatively. Various initiatives have been implemented to mitigate risks in order to protect earnings.

In Q3 2022, the accessories business introduced the first outer cone T-Connector for 145kV. This has been designed to address the increase in voltage levels in offshore wind projects. The new T-connector will offer various advantages in power cable routing to switchgear and transformer stations when voltage levels are increasing on inter-array and tower cables. This expands NKT's current offering of offshore wind connectors.

56.3m

Revenue*, EUR
(Q3 2021: EUR 45.5m)

* Std. metal prices

18%

Organic growth
(Q3 2021: 18%)

8.7m

Operational EBITDA, EUR
(Q3 2021: EUR 4.5m)

Shareholder information

NKT shares

The average daily turnover in NKT shares on all trading markets was EUR 13m in Q3 2022, up from EUR 12m in Q3 2021. The average daily trading volume was around 260,000 shares in Q3 2022, compared to around 290,000 in Q3 2021. Nasdaq Copenhagen continued to be the main trading market for the company's shares with 38% of the total traded volume in Q3 2022.

At end-Q3 2022, the NKT A/S share price was DKK 360.80, compared to DKK 315.60 at end-2021. This equalled a share price return of 14%. The corresponding dividend-adjusted share price returns in the same period for the company's largest European competitors, Prysmian and Nexans, were -9% and 8%, respectively. The return of the Danish OMXC25 index, adjusted for dividends, was -25% in the first nine months of 2022.

At end-Q3 2022, 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 (around EUR 115m).

Capital Markets Day

On 22 September 2022, NKT hosted its Capital Markets Day in Copenhagen, where NKT's updated strategy ReNew BOOST and an upgrade of the medium-term financial ambitions were presented. The strategy is founded on three pillars: Let's Grow, Let's Innovate, and Let's Drive Sustainability.

The updated medium-term ambitions with a defined target year of 2025:

- Organic growth with a CAGR of >12% from 2021-2025
- Operational EBITDA margin (std. metal prices) of ~12-16% by 2025
- RoCE of >12% by 2025

150 external participants attended the event in Copenhagen - 65 physical and 85 virtual participants. In cooperation with PLANT-MY-TREE, NKT has donated 200 new trees, representing each participant at the Capital Markets Day, to support a sustainable future.

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

NKT A/S Share price



NKT 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

22 Feb: Annual Report 2022
 23 Mar: Annual General Meeting
 10 May: Interim Report, Q1 2023
 16 Aug: Interim Report, Q2 2023
 8 Nov: Interim Report, Q3 2023



Consolidated financial statements

Income statement

Amounts in EURm	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021	Year 2021
Revenue	492.0	479.7	1,559.5	1,391.7	1,827.9
Other operating income	4.7	23.7	12.5	30.6	30.9
Costs of raw materials, consumables and goods for resale	-355.7	-338.7	-1,115.1	-960.7	-1,241.6
Staff costs	-71.9	-85.6	-225.6	-234.8	-311.5
Other costs etc.	-33.9	-48.8	-116.4	-122.1	-187.3
Earnings before interest, tax, depreciation and amortization (EBITDA)	35.2	30.3	114.9	104.7	118.4
Depreciation of property, plant and equipment	-15.2	-18.3	-46.4	-49.8	-68.9
Amortization of intangible assets	-4.2	-5.4	-12.8	-16.5	-25.6
Earnings before interest and tax (EBIT)	15.8	6.6	55.7	38.4	23.9
Financial items, net	5.1	-3.3	-4.7	-8.3	-8.2
Earnings before tax (EBT)	20.9	3.3	51.0	30.1	15.7
Tax	-2.5	-2.0	-6.6	-8.0	-3.8
Net result - continuing operations	18.4	1.3	44.4	22.1	11.9
Net result - discontinued operations	1.5	-1.1	-4.5	-9.1	-7.8
Net result	19.9	0.2	39.9	13.0	4.1
To be distributed as follows:					
Equity holders of NKT A/S	17.4	-1.8	33.4	7.0	-4.0
Hybrid capital holders of NKT A/S	2.5	2.0	6.5	6.0	8.1
	19.9	0.2	39.9	13.0	4.1
Basic earnings - continuing operations, EUR, per share (EPS)	0.4	0.0	0.9	0.4	0.1
Diluted earnings - continuing operations, EUR, per share (EPS-D)	0.4	0.0	0.9	0.4	0.1
Basic earnings, EUR, per share (EPS)	0.4	0.1	0.8	0.2	-0.1
Diluted earnings, EUR, per share (EPS-D)	0.4	0.1	0.8	0.2	-0.1

Statement of comprehensive income

Amounts in EURm	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021	Year 2021
Comprehensive income					
Net result	19.9	0.2	39.9	13.0	4.1
Other comprehensive income: <i>Items that may not be reclassified to income statement:</i>					
Actuarial gains/(losses) on defined benefit pension plans	0.0	0.0	0.0	0.0	1.6
<i>Items that may be reclassified to income statement:</i>					
Currency adjustment of foreign subsidiaries and value adjustment of hedging instruments, etc.	-30.1	-25.2	-107.3	47.2	84.4
Total comprehensive income for the period	-10.2	-25.0	-67.4	60.2	90.1

Balance sheet

Amounts in EURm	30 Sep. 2022	30 Sep. 2021	31 Dec. 2021
Assets			
Intangible assets	534.7	625.3	621.7
Property, plant and equipment	819.6	715.6	782.9
Other investments and receivables	0.8	1.0	0.8
Deferred tax	15.8	27.0	24.9
Total non-current assets	1,370.9	1,368.9	1,430.3
Inventories	347.9	278.6	287.4
Receivables	518.8	473.9	528.9
Contract assets	90.5	159.2	97.3
Income tax receivable	4.6	6.4	8.8
Interest-bearing receivables	0.2	0.2	0.2
Cash at bank and in hand	117.1	109.9	200.5
Assets held for sale	147.3	0.0	0.0
Total current assets	1,226.4	1,028.2	1,123.1
Total assets	2,597.3	2,397.1	2,553.4

Amounts in EURm	30 Sep. 2022	30 Sep. 2021	31 Dec. 2021
Equity and liabilities			
Equity attributable to equity holders of NKT A/S	931.3	979.0	1,007.5
Hybrid capital	150.9	150.3	152.4
Total equity	1,082.2	1,129.3	1,159.9
Deferred tax	38.1	59.2	71.8
Provisions and pension liabilities	62.6	74.8	62.5
Borrowings	179.3	192.8	196.4
Total non-current liabilities	280.0	326.8	330.7
Borrowings	13.5	14.0	17.5
Trade payables	348.2	300.2	341.8
Other liabilities	245.0	190.3	170.4
Contract liabilities	561.8	373.6	459.3
Income tax payable	9.2	15.6	10.5
Provisions	34.3	47.3	63.3
Liabilities associated with assets held for sale	23.1	0.0	0.0
Total current liabilities	1,235.1	941.0	1,062.8
Total liabilities	1,515.1	1,267.8	1,393.5
Total equity and liabilities	2,597.3	2,397.1	2,553.4

Cash flow statement

Amounts in EURm	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021	Year 2021
Earnings before interest, tax, depreciation and amortization (EBITDA)	35.2	30.3	114.9	104.7	118.4
Change in provisions, gain and loss on sale of assets, etc.	-9.4	37.3	-25.2	41.0	48.5
Changes in working capital	-30.5	84.8	16.9	-111.9	50.7
Cash flow from operations before financial items, etc.	-4.7	152.4	106.6	33.8	217.6
Net financial items paid/received, net	5.2	-3.3	-4.9	-8.2	-8.0
Income tax paid/received, net	-0.9	0.5	-6.0	1.6	-0.8
Cash flow from operating activities from continuing operations	-0.4	149.6	95.7	27.2	208.8
Acquisition of businesses	0.0	0.0	-15.7	0.0	0.0
Divestment of business	0.0	0.0	0.0	2.1	2.1
Investments in property, plant and equipment	-34.0	-36.8	-107.9	-104.8	-184.5
Disposal of property, plant and equipment	0.9	0.1	1.6	0.1	0.1
Intangible assets and other investments, net	-7.9	-7.5	-21.9	-20.2	-28.9
Cash flow from investing activities from continuing operations	-41.0	-44.2	-143.9	-122.8	-211.2
Free cash flow from continuing operations	-41.4	105.4	-48.2	-95.6	-2.4
Changes in borrowings	-26.9	-11.1	-16.4	-21.6	-23.3
Repayment of lease liabilities	-1.4	-1.3	-4.0	-4.0	-5.2
Purchase of treasury shares	0.0	0.0	-2.5	0.0	0.0
Coupon payments on hybrid capital	-8.1	-8.1	-8.1	-8.1	-8.1
Repurchase of hybrid capital	-63.3	0.0	-63.3	0.0	0.0
Proceeds from issuance of hybrid capital	61.7	0.0	61.7	0.0	0.0
Cash flow from financing activities	-38.0	-20.5	-32.6	-33.7	-36.6

Amounts in EURm	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021	Year 2021
Net cash flow from continuing operations	-79.4	84.9	-80.8	-129.3	-39.0
Net cash flow from discontinued operations	-0.2	-0.1	0.3	0.0	0.3
Net cash flow	-79.6	84.8	-80.5	-129.3	-38.7
Cash at bank and in hand at the beginning of the period	198.6	25.2	200.5	239.2	239.2
Currency adjustments	0.4	-0.1	-0.6	0.0	0.0
Net cash flow	-79.6	84.8	-80.5	-129.3	-38.7
Cash at bank and in hand at the end of the period - continuing operations	117.1	109.9	117.1	109.9	200.5
Cash at bank and in hand at the end of the period - discontinued operations	2.3	0.0	2.3	0.0	0.0
Cash at bank and in hand at the end of the period	119.4	109.9	119.4	109.9	200.5

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

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
Equity, 1 January 2021	115.4	0.0	-9.1	71.9	0.3	745.5	0.0	924.0	152.4	1,076.4
<i>Other comprehensive income:</i>										
Foreign exchange translation adjustments			-6.0					-6.0		-6.0
Value adjustment of hedging instruments:										
Value adjustment for the period				72.2				72.2		72.2
Transferred to financial expenses				-0.1				-0.1		-0.1
Tax on other comprehensive income				-18.9				-18.9		-18.9
Total other comprehensive income	0.0		-6.0	53.2	0.0	0.0	0.0	47.2	0.0	47.2
Net result						7.0		7.0	6.0	13.0
Comprehensive income for the period	0.0		-6.0	53.2	0.0	7.0	0.0	54.2	6.0	60.2
<i>Transactions with owners:</i>										
Coupon payments, hybrid capital								0.0	-8.1	-8.1
Share based payment						0.8		0.8	0.0	0.8
Total transactions with owners in Q1-Q3 2021	0.0		0.0	0.0	0.0	0.8	0.0	0.8	-8.1	-7.3
Equity, 30 September 2021	115.4		-15.1	125.1	0.3	753.3	0.0	979.0	150.3	1,129.3
Equity, 1 January 2022	115.4	0.0	-18.6	165.8	0.3	744.6	0.0	1,007.5	152.4	1,159.9
<i>Other comprehensive income:</i>										
Foreign exchange translation adjustments			-30.6					-30.6		-30.6
Value adjustment of hedging instruments:										
Value adjustment for the period				-56.8				-56.8		-56.8
Transferred to income statement				-45.7				-45.7		-45.7
Transferred to financial expenses				0.0				0.0		0.0
Tax on other comprehensive income				25.8				25.8		25.8
Total other comprehensive income	0.0	0.0	-30.6	-76.7	0.0	0.0	0.0	-107.3	0.0	-107.3
Net result						33.4		33.4	5.9	39.3
Comprehensive income for the period	0.0	0.0	-30.6	-76.7	0.0	33.4	0.0	-73.9	5.9	-68.0
<i>Transactions with owners:</i>										
Coupon payments, hybrid capital								0.0		0.0
Purchase of treasury shares		-2.5						-2.5		-2.5
Exercise of performance shares		1.6				-1.6		0.0		0.0
Share based payment						1.8		1.8		1.8
Issue of hybrid capital						-1.6		-1.6	150.0	148.4
Disposal of hybrid capital	0.0					0.0		0.0	-157.4	-157.4
Total transactions with owners in Q1-Q3 2022	0.0	-0.9	0.0	0.0	0.0	-1.4	0.0	-2.3	-7.4	-9.7
Equity, 30 September 2022	115.4	-0.9	-49.2	89.1	0.3	776.6	0.0	931.3	150.9	1,082.2

* Hedging reserve consists of both the Cash flow hedge reserve as well as the Cost of hedging reserve, shown separately as of 31 December 2021. As of 30 September 2022, the Cash flow hedge reserve was EUR 107.1 million and Cost of hedging was EUR -18.0 million (31 December 2021: EUR 182.0 million and EUR -16.2 million respectively).

Notes

Note 1 Basis of reporting

Accounting policies and new standards and interpretations

This unaudited condensed consolidated interim financial report for the period 1 January – 30 September 2022 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 2021. On 1 January 2022, amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets, and Annual Improvements 2018-2020 became effective. None of these amendments had an impact on this Interim Report and 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.

As announced on 24 June 2022, NKT has entered into an agreement with Photonics Management Europe S.R.L., to divest NKT Photonics. Closing of the transaction is subject to regulatory approvals being obtained and is expected to take place latest by end Q1 2023. Consequently, NKT Photonics are presented separately in this report under discontinued operations and comparison figures are presented accordingly. Assets and liabilities are shown in one line in the balance sheet. In accordance with IFRS 5, comparative figures in the balance sheet are not adjusted. For further information and specifications, see note 5.

As announced on 25 August 2022, NKT successfully issued green hybrid securities in the amount of EUR 150m, thus replacing the existing hybrid securities (due 3018). For the previous holders of securities, that accepted the tender offer announced on 22 August 2022, these were settled on 1 September and the remaining were redeemed on 12 September 2022, including a total interest payment of EUR 8.1 million (interest rate 5.375%). The new hybrid bear an interest rate of 7.24% and matures on 1 July 3022. Payment of interest for the new hybrid is at the discretion of NKT.

The Interim Report includes financial performance measures that are not defined according to IFRS. These measures are considered to provide valuable information to stakeholders and Management. Since other companies might calculate these differently from NKT Group, they may not be comparable to the measures applied by other companies. These financial measures should therefore not be considered a replacement for performance measures as defined under IFRS, but rather as supplementary information. Alternative performance measures are defined in Note 6.

Significant estimates and judgements

Significant accounting estimates and judgements are described in Note 1.3 of the Annual Report 2021. 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. As reported in the Annual Report 2021, unannounced inspections were carried out in January 2022 at NKT's two main German sites as part of investigations by the German Federal Cartel Office into various power cable manufacturers

and other industry-related companies. The reason behind the investigations are suspicions that power cable manufacturers potentially have coordinated calculations of industry-standard metal surcharges in Germany. The investigation is still ongoing and the potential financial implications remain unknown. Consequently, no material changes have been made related to the applied estimates and judgements in the period, that have impacted the financial position as of 30 September 2022.

Management considers whether events in the reporting period constitute impairment triggers. So far, the impact from the strained supply chains following the tragic circumstances in Ukraine and the COVID-19 pandemic have not materially altered the expectations related to the future growth in the power cable market and is not currently considered a trigger. The latest developments in the financial markets with increasing interest levels, uncertainty and high inflation will increase the WACC used to calculate the value in use of the assets. However, as NKT previously normalized the interest levels used, the impact is considered immaterial and is thus also not considered a trigger. Based on this and the high order intake in 2022, Management has not identified any trigger events for impairment in Q3 2022.

NKT provides customer guarantees, mainly in high-voltage projects, to cover the risks relating to NKT's performance inherent in these projects, quality and delays. At 30 September 2022, NKT has issued guarantees with a value of EUR 1,209m (EUR 1,015m at 31 December 2021), none of which are currently expected to materialize.

For the presentation of this interim report for the period 1 January – 30 September 2022, Management is required to assess whether the interim financial report 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 coming 12 months.

Risks and risk management

In the Annual Report for 2021, risks are described in Note 5.6 in the consolidated financial statement as well as on page 44. No events or risk management activities carried out in the period 1 January – 30 September 2022 have altered the risk assessment applied in the Annual Report.

Notes

Note 2 Segment reporting

Amounts in EURm	Solutions	Applica- tions	Service & Acces- sories	Non allocated	Inter- segment transact.	NKT
Q3 2022						
Income statement						
Goods ¹⁾	10.4	235.6	35.2	0.0	-9.5	271.7
Services etc. ¹⁾	4.2	0.0	1.8	0.0	-0.4	5.6
Construction contracts ²⁾	199.4	0.0	19.1	0.0	-3.8	214.7
Revenue (market prices)	214.0	235.6	56.1	0.0	-13.7	492.0
Adjustment of market prices to std. metal prices	-28.1	-106.6	0.2	0.0	0.2	-134.3
Revenue (std. metal prices)	185.9	129.0	56.3	0.0	-13.5	357.7
Costs and other income, net (excl. one-off items)	-190.0	-233.2	-47.4	0.1	13.7	-456.8
Operational EBITDA	24.0	2.4	8.7	0.1	0.0	35.2
Depreciation, amortization and impairment	-14.0	-3.7	-1.1	-0.6	0.0	-19.4
Operational EBIT	10.0	-1.3	7.6	-0.5	0.0	15.8
Working capital	-345.8	102.7	29.5	11.2	0.0	-202.4

¹⁾ Revenue from the sale of goods and services are recognized at a point in time.

²⁾ Revenue from construction contracts are recognized over time.

Q3 2021

Amounts in EURm	Solutions	Applica- tions	Service & Acces- sories	Non allocated	Inter- segment transact.	NKT
Q3 2021						
Income statement						
Goods ¹⁾	16.0	232.7	25.5	0.0	-7.4	266.8
Service, etc. ¹⁾	0.0	0.0	1.1	0.0	-0.4	0.7
Construction contracts ²⁾	194.2	0.0	19.0	0.0	-1.0	212.2
Revenue (market prices)	210.2	232.7	45.6	0.0	-8.8	479.7
Adjustment of market prices to std. metal prices	-32.1	-114.3	-0.1	0.0	0.0	-146.5
Revenue (std. metal prices)	178.1	118.4	45.5	0.0	-8.8	333.2
Costs and other income, net (excl. one-off items)	-175.6	-223.7	-41.1	-3.3	8.8	-434.9
Operational EBITDA	34.6	9.0	4.5	-3.3	0.0	44.8
Depreciation, amortization and impairment	-17.1	-4.3	-1.2	-1.1	0.0	-23.7
Operational EBIT	17.5	4.7	3.3	-4.4	0.0	21.1
Working capital	-81.5	98.8	15.8	-26.5	0.0	6.6

¹⁾ Revenue from the sale of goods and services are recognized at a point in time.

²⁾ Revenue from construction contracts are recognized over time.

Amounts in EURm	NKT
Q3 2022	
Reconciliation to net result	
Operational EBITDA	35.2
One-off items	0.0
EBITDA	35.2
Depreciation, amortization and impairment	-19.4
EBIT	15.8
Financial items, net	5.1
EBT	20.9
Tax	-2.5
Net result - continuing operations	18.4
Net result - discontinued operations	1.5
Net result	19.9

Q3 2021

Amounts in EURm	NKT
Q3 2021	
Reconciliation to net result	
Operational EBITDA	44.8
One-off items	-14.5
EBITDA	30.3
Depreciation, amortization and impairment	-23.7
EBIT	6.6
Financial items, net	-3.3
EBT	3.3
Tax	-2.0
Net result - continuing operations	1.3
Net result - discontinued operations	-1.1
Net result	0.2

Notes

Note 2 Segment reporting

Amounts in EURm	Solutions	Applica- tions	Service & Acces- sories	Non allocated	Inter- segment transact.	NKT
Q1-Q3 2022						
Income statement						
Goods ¹⁾	26.3	822.4	99.7	0.0	-19.5	928.9
Services etc. ¹⁾	10.6	0.0	3.9	0.0	-1.9	12.6
Construction contracts ²⁾	581.5	0.0	43.5	0.0	-7.0	618.0
Revenue (market prices)	618.4	822.4	147.1	0.0	-28.4	1,559.5
Adjustment of market prices to std. metal prices	-85.7	-414.4	0.0	0.0	-1.4	-501.5
Revenue (std. metal prices)	532.7	408.0	147.1	0.0	-29.8	1,058.0
Costs and other income, net (excl. one-off items)	-539.7	-802.4	-132.9	1.9	28.4	-1,444.7
Operational EBITDA	78.7	20.0	14.2	1.9	0.0	114.8
Depreciation, amortization and impairment	-43.6	-11.2	-3.2	-1.2	0.0	-59.2
Operational EBIT	35.1	8.8	11.0	0.7	0.0	55.6
Working capital	-345.8	102.7	29.5	11.2	0.0	-202.4

¹⁾ Revenue from the sale of goods and services are recognized at a point in time.

²⁾ Revenue from construction contracts are recognized over time.

Q1-Q3 2021

Income statement

Goods ¹⁾	36.0	666.1	85.2	0.0	-15.0	772.3
Service, etc. ¹⁾	1.9	0.0	3.1	0.0	-1.2	3.8
Construction contracts ²⁾	553.7	0.0	68.7	0.0	-6.8	615.6
Revenue (market prices)	591.6	666.1	157.0	0.0	-23.0	1,391.7
Adjustment of market prices to std. metal prices	-90.3	-328.3	-0.2	0.0	0.5	-418.3
Revenue (std. metal prices)	501.3	337.8	156.8	0.0	-22.5	973.4
Costs and other income, net (excl. one-off items)	-514.5	-644.0	-130.1	-8.7	23.0	-1,274.3
Operational EBITDA	77.1	22.1	26.9	-8.7	0.0	117.4
Depreciation, amortization and impairment	-46.9	-12.7	-3.3	-3.4	0.0	-66.3
Operational EBIT	30.2	9.4	23.6	-12.1	0.0	51.1
Working capital	-81.5	98.8	15.8	-26.5	0.0	6.6

¹⁾ Revenue from the sale of goods and services are recognized at a point in time.

²⁾ Revenue from construction contracts are recognized over time.

Amounts in EURm	NKT
Q1-Q3 2022	
Reconciliation to net result	
Operational EBITDA	114.8
One-off items	0.1
EBITDA	114.9
Depreciation, amortization and impairment	-59.2
EBIT	55.7
Financial items, net	-4.7
EBT	51.0
Tax	-6.6
Net result - continuing operations	44.4
Net result - discontinued operations	-4.5
Net result	39.9

Q1-Q3 2021

Reconciliation to net result

Operational EBITDA	117.4
One-off items	-12.7
EBITDA	104.7
Depreciation, amortization and impairment	-66.3
EBIT	38.4
Financial items, net	-8.3
EBT	30.1
Tax	-8.0
Net result - continuing operations	22.1
Net result - discontinued operations	-9.1
Net result	13.0

Notes

Note 3 Net interest-bearing debt and working capital

Amounts in EURm	30 Sep. 2022	30 Sep. 2021	31 Dec. 2021
Net interest-bearing debt			
Borrowings, non-current	179.3	192.8	196.4
Borrowings, non-current - classified as Liabilities associated with assets held for sale	4.3	0.0	0.0
Borrowings, current	13.5	14.0	17.5
Borrowings, current - classified as Liabilities associated with assets held for sale	2.3	0.0	0.0
Interest-bearing receivables	-0.2	-0.2	-0.2
Cash at bank and in hand	-117.1	-109.9	-200.5
Cash at bank and in hand - classified as Assets held for sale	-2.3	0.0	0.0
Net interest-bearing debt	79.8	96.7	13.2
Working capital			
Inventories	347.9	278.6	287.4
Receivables	518.8	473.9	528.9
Contract assets	90.5	159.2	97.3
Income tax receivable	4.6	6.4	8.8
Trade payables	-348.2	-300.2	-341.8
Other liabilities	-245.0	-190.3	-170.4
Contract liabilities	-561.8	-373.6	-459.3
Income tax payables	-9.2	-15.6	-10.5
Working capital	-202.4	38.4	-59.6

Amounts in EURm	Q1-Q3 2022	Q1-Q3 2021	Year 2021
Reconciliation to change in working capital in cash flow			
Working capital 1 January	-59.6	-137.1	-137.1
Reclassification of discontinued operations 1 January	-33.6	0.0	0.0
Working capital end of period	-202.4	38.4	-59.6
Change in working capital based on balance sheet	-109.2	175.5	77.5
Effect of unrealized hedges reported on Equity	102.5	-72.2	-127.4
Effect of discontinued operations	0	-2.4	-4.1
Effect of changes in current tax	-2.5	11.7	4.2
Effect of changes in exchange rates, etc.	-7.7	-0.7	-0.9
Change in working capital based on cash flow statement	-16.9	111.9	-50.7

Notes

Note 4 Acquisition and divestment of companies

Acquisitions

Amounts in EURm

Non-current assets	20.9
Current assets	6.7
Non-current liabilities	-7.3
Current liabilities	-3.3
Acquired net assets	17.0
Gain on business acquisition	-1.2
Purchase price	15.8
Acquired cash and cash equivalents	-0.1
Cash flow used for acquisition	15.7

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 is 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, as well as below the equity value of the company at the time of acquisition, a gain of EUR 1.2m 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 30 September 2022, Ventcroft Ltd contributed positively to the results with a revenue of EUR 16.3m and a profit of EUR 0.6m. Had the acquisition occurred on 1 January 2022, the impact for the period until 30 September 2022 on revenue and profit would in all material aspects have been similar.

Divestments

On 10 March 2022 NKT Photonics divested its 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, why reference is made to note 5.

Notes

Note 5 Discontinued operations and assets held for sale

Discontinued operations and assets held for sale

NKT Photonics is classified as Discontinued operations and information of discontinued operations and assets held for sale below solely relates to NKT Photonics. One-off items for discontinued operations in 2022 comprise costs associated with the divestment of EUR 6.1m recognized in Q2 2022 and the accounting gain of EUR 8.0m related to the divestment of the LIOS sensing business recognized in Q1 2022.

Amounts in EURm	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021	Year 2021
Profit for the year – discontinued operations					
Revenue	20.2	18.5	54.6	52.5	80.1
Costs and other income, net	-17.6	-15.3	-53.4	-50.5	-72.6
Operational EBITDA	2.6	3.2	1.2	2.0	7.5
One-off items	0.0	0.0	1.9	0.0	0.0
EBITDA	2.6	3.2	3.1	2.0	7.5
Depreciation, amortization and impairment	0.0	-3.5	-6.7	-10.5	-14.6
EBIT	2.6	-0.3	-3.6	-8.5	-7.1
Financial items, net	-0.6	-1.1	-2.8	-3.2	-4.2
Earnings before tax (EBT)	2.0	-1.4	-6.4	-11.7	-11.3
Tax	-0.5	0.3	1.9	2.6	3.5
Net result - discontinued operations	1.5	-1.1	-4.5	-9.1	-7.8
NKT' share hereof	1.5	-1.1	-4.5	-9.1	-7.8
Basic earnings - discontinued operations, EUR, per share (EPS)	0.0	0.0	-0.1	-0.2	-0.2
Diluted earnings - discontinued operations, EUR, per share (EPS-D)	0.0	0.0	-0.1	-0.2	-0.2
Cash flows from discontinued operations					
Cash flow from operating activities	-6.7	-3.8	-13.7	-3.3	-1.0
Cash flow from investing activities	-3.7	-3.1	6.4	-9.8	-14.3
Cash flow from financing activities	10.4	6.8	7.7	13.1	15.6
Net cash flow from discontinued operations	0.0	-0.1	0.4	0.0	0.3

Balance sheet items comprise	30 Sep. 2022
Non-current assets	91.7
Current assets	55.6
Assets held for sale	147.3
Non-current liabilities	7.4
Current liabilities	15.7
Liabilities associated with assets held for sale	23.1

Notes

Note 6 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 (Diluted EPS)** – Earnings attributable to equity holders of NKT A/S relative to average number of outstanding shares, including the dilutive effect of outstanding share programmes.

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

3. **Revenue at standard metal prices** – Revenue at standard metal prices for copper and aluminium is set at EUR/tonne 1,550 and EUR/tonne 1,350 respectively.
4. **Organic growth** – Revenue growth (standard metal price), excluding the impact of exchange rate adjustments, internal revenue, acquisitions and divestments, as a percentage of prior-year revenue (standard metal price).
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 including cash and interest-bearing debt classified as assets held for sale. 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 from continuing operations.
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 last twelve months from continuing operations as a percentage of average of the last five quarters of capital employed from continuing operations.
15. **Equity value, EUR per outstanding share** – Equity attributable to equity holders of NKT A/S per outstanding share at 31 December. Dilutive effect of outstanding share programmes is excluded.

Statements made about the future in this report reflect the Group Management's current expectations with regard to future events and financial results. Statements about the future are by their nature subject to uncertainty, and the results achieved may therefore differ from the expectations, among other things due to economic and financial market developments, legislative and regulatory changes in NKT A/S markets, development in product demand, competitive conditions, and energy and raw material prices. See also latest Annual Report for a more detailed description of risk factors.

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

The NKT A/S Interim Report Q3 2022 was published on 16 November 2022 and released through Nasdaq Copenhagen. The report is also available at investors.nkt.com.

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Group Management's statement

The Board of Directors and the Executive Management Board have today considered and adopted the Interim Report of NKT A/S for the period 1 January – 30 September 2022.

The Interim Report for the period 1 January – 30 September 2022, which has not been audited or reviewed by the company auditor, has been prepared in accordance with IAS 34 'Interim Financial Reporting', as approved by the EU, and Danish disclosure requirements for interim reporting by listed companies.

In our opinion the Interim Report gives a true and fair view of the Group's assets, liabilities and financial position at 30 September 2022 and the results of the Group's activities and cash flow for the period 1 January – 30 September 2022.

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

Brøndby, 16 November 2022

Executive Management

Alexander Kara
President & CEO

Line Andrea Fandrup
CFO

Board of Directors

Jens Due Olsen
Chairman

René Svendsen-Tune
Deputy Chairman

Nebahat Albayrak

Christian Dyhr*

Stig Nissen Knudsen*

Karla Lindahl

Jens Maaløe

Andreas Nauen

Pernille Blume Simonsen*

* 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.