



# **Annual General Meeting**

Thursday, 24<sup>th</sup> March 2022

## **Opening Remarks**

Jens Due Olsen

*Chairman, NKT*

Dear shareholders. Welcome to the Annual General Meeting at NKT. For the first time since 2019, we can have our General Meeting with physical attendance with no restrictions. And that makes it an even greater pleasure to welcome you here at Tivoli Hotel. Last year, we were more interpreters and technicians than there were shareholders in the room. So it is great to see you back.

The AGM will be held in Danish and translated into English. You can also follow the general meeting online at our shareholder portal. Again, this year, we have elected Attorney-at-law Christian Lundgren from Kromann Reumert as the Chairman of the AGM.

I am the Chairman of the Board, but he will be the Chairman of the AGM. Apart from being an excellent Chairman, Christian also knows NKT really well. So it is with peace of mind that I pass the floor to Christian.

## **Introduction**

Christian Lundgren

*Chairman, AGM*

Thank you very much. Well, it is in English. I am Chairman here. I am just a delegate that is the Danish word. Anyway, thank you very much for entrusting me with being the Chairman of this meeting. I will do my best to steer us through the meeting.

As Jens said, the AGM is held in Danish. This is in accordance with Article 75 of the Articles of Association but we have simultaneous interpretation available. So you can also put questions in English, if you want to, and you can follow us online. But then you cannot interact with us throughout.

First of all, I need to find whether we can continue or call of the meeting and go home? Has the meeting been duly and lawfully convened? Do not worry, as far as I can tell, it has been duly and lawfully convened. According to Article 52, it must be held in the region of Copenhagen. And that is the case.

It must be held before the end of April according with Article 56 of the Articles of Association. That too has been met. And the company has informed me and I have checked that the date of the AGM was announced in a corporate release of November last year. This means that it has met the deadline, which says earlier than eight weeks before the AGM.

I have checked what the company has informed me that the convening notice with agenda, the complete proposals, the annual report 2021 and the number of voting stock, etc, etc. Also, forms to be used for voting, if you want to vote by mail or by letter. All this has been sent out in accordance with the requirements in the Danish company law, minimum five weeks and maximum three weeks before the meeting.

And I find that the agenda meets the requirements contained in Article 6 of the Articles of Association. And a corporate release was sent out on 2<sup>nd</sup> March this year with a convening notice. So NASDAQ Copenhagen's rules have also been complied with.

Are we quorate? Well, in view of the agenda, where there is no requirement for a specific proportion of the voting stock to be present, I find that we do not have to decide whether we are quorate. I will come back to you with how many shares are represented at the meeting. But everything on the agenda can be adopted by means of a simple majority.

So I find that the meeting has been duly and lawfully convened, and we are quorate in accordance with the Danish company law, the Articles of Association, and we can transact the business.

### **Agenda**

So we have an agenda. You see it on the slide. Now, first of all, we need to hear a report from the Board concerning the company's activities in 2021. Then we will have presentation of the audited Annual Report. Three, approval of the audited Annual Report; four, proposals from the Board concerning appropriation of profit or cover of loss; five, presentation of an advisory vote concerning the remuneration report of the company; six, discharge of liability for members of Board and management; seven, remuneration to the Board; eight, election of members of the Board; nine, election of one or more auditors; and 10, any proposals from Board or shareholders, there are none; and 11, any other business.

As per usual, I propose that we deal with items one to four in one go. So that the Chairman of the Board will now give us his report and will present the audited annual report and deal also with the proposals for distribution of profit. And as usual, there will also be from the Chairman, the arguments behind the Board's proposals here. Then we will have a debate of the first four items. And I would like to hear if you can agree to this procedure.

If that is the case, I will hand over to Jens. You have the floor.

## **Chairman's Speech 2022**

Jens Due Olsen

*Chairman, NKT*

### **Satisfactory year for the power cables business**

*Positive development in NKT Photonics*

Thank you very much. Dear shareholders, I will now go through the development in 2021 in both of our businesses, and I would also like to go through the work of the Board of Directors and give you some perspectives on the future. It has been an eventful year for NKT.

We have continued the positive development and expanded our positions in several core markets. Both businesses delivered better financial results than we expected at the beginning of 2021.

In our Cable business, all business units contributed to the positive development and we are still well positioned to make use of the opportunities created by the green transition globally.

NKT Photonics also delivered a satisfactory result, showing progress compared to 2020, where the result, particularly in the first half of the year, was affected negatively by COVID-19.

This positive development confirms that the growth potential for NKT Photonics is intact. That is why the Board of Directors in 2021 chose to continue the strategic review of Photonics to establish how to create the most value to our shareholders. In 2022, we expect that both businesses will continue the positive development from 2021.

### **130 years of innovation**

2021 was a historic milestone for NKT. We could celebrate our 130<sup>th</sup> anniversary as one of the world's leading suppliers of cable systems. Inspired by Thomas Edison, our founder H.P. Prior, started cable production in Denmark after a trip to the US. With a sense of quality and innovation, Prior laid the foundation that we continue to build on today as one of the true pioneers of the cable industry.

We have a long and proud tradition and a strong technological foundation that we continue to develop in order to create future growth and strengthen our central position in the market.

### **Global megatrends**

NKT as well as NKT Photonics are well positioned to make use of the opportunities that will arise out of the global megatrends that shape the world around us. The green transition and the general electrification of society is driving the market for our Cable business. Here, we are a central player, and we continue to develop new and better solutions. These solutions, together with timely political decisions, can ensure that our power grid is dimensioned to meet the increased demand for green energy.

We have the products as well as the skills to efficiently and safely transport green energy from wind farms to people's electrical cars and their power outlets in their living rooms. The increased focus on renewable energy increases the demand for DC cables that are particularly suitable for transmission of energy over large distances. Here, we have a strong position with a technological foundation that we ensured with our strategic acquisition of ABB's cable business in 2017.

In NKT Photonics, we continue to expand our market position within high tech areas, where we expect rising demand. That goes, for instance, for the development of advanced technologies that will revolutionise the way in which we diagnose diseases. We also supply laser technology for research projects and space stations and components for advanced quantum computers, where we see a particularly attractive growth potential.

To make use of these growth opportunities, we have turned Quantum and Nano Technology into a separate business segment.

### **NKT share price development**

*End-December 2020 to mid-March 2022*

This chart shows the NKT share price development in 2021. The share price increased by 16%. And that is, of course, positive to our shareholders. In 2022, the share price has been negatively affected by the uncertainty in the global economy.

In 2021, we maintained a large volume of orders in high-voltage projects. That underlines our central position when it comes to making use of the opportunities created by the green transition within, for instance, offshore wind farms and interconnectors.

In order to strengthen our position in the market, we continue to invest in our business. In 2022, we expect to complete the ongoing expansion of capacity in our high-voltage factories in Cologne and Karlskrona. These investments will enable us to take more and larger projects on board so that we are ready to follow the positive development and the increased demand.

In Applications, we continue the ongoing optimisation and we maintain our focus on increasing our market position through innovation, and more recently, through acquisitions. We demonstrated that in the beginning of 2022, the acquisition of the British company, Ventcroft, specialised in developing and producing fireproof cables.

In Service and Accessories, we continue our focus on developing our business and strengthening our position in central markets. In 2021, that led to an expansion of our Service business in Poland in order to make use of the opportunities that we see in the Polish market.

### **Business impact from global challenges**

During the course of 2021, and the first couple of months of 2022, we have seen a number of derived effects from COVID-19, affecting the global economy negatively. We have seen challenges within the supply of goods and materials and increased prices on commodities and energy.

More recently, we have witnessed Russia's tragic invasion of Ukraine and the effect of the economic sanctions against Russia. Until now, the Cable business has been good at navigating these global challenges and it has therefore only been affected to a limited extent. We follow the development closely in order to be able to take necessary measures.

When it comes to the war in Ukraine, we do not expect that it will have any direct effect on our business. We do not have any offices or factories in Ukraine, Russia, Moldova, or Belarus, and we have stopped or are limited sales activities in Russia. To show their support for the victims of the war in Ukraine, the employees of NKT have collected more than DKK250,000. This impressive amount has been doubled by NKT. So together, we have donated more than DKK500,000 to the Danish Red Cross.

With the war in Ukraine, we have seen that energy policy is now also security policy. The EU and several other countries, such as Denmark, are now working to become independent from oil and gas from Russia. If we are to succeed, that will take an expansion of other energy forms such as renewable energy. We are already hearing political ambitions about accelerating the green transition as part of the solution. That means that the war might increase the speed of the green transition, and thereby, also increase the demand for cable solutions.

In 2020, NKT photonics was negatively affected by COVID-19. Since then, our business has found its way back to a positive development as the markets stabilised in 2021. Currently, we are following the development closely when it comes to global access to technical components and the general price increases in the market.

As a cable business, NKT Photonics has no direct activities in Russia, Ukraine, Moldova, or Belarus, and is therefore not directly affected by the invasion. Of course, we follow the global development closely in order to minimise the effects on our business.

### **Global focus on sustainability**

#### *Progress in NKT*

Sustainability is another global agenda that we follow closely. It is clear that the demands on companies' social and climate responsibilities are becoming more acute. In NKT, we take our corporate social responsibility seriously. And in 2021, we have continued to strengthen our focus on sustainability.

Among other things, we have reduced our own CO2 emission by 34% compared to 2020. We have begun the replacement of all of our company cars to electric cars. We have set new standards for the recycling of waste from our cable production, and we have increased our focus on diversity and inclusion in our organisation.

The overall goal is to be carbon neutral by 2050. And we continue to focus on sustainability. That also goes for the Board of Directors. Here, in 2022, we expect to establish a separate committee with the responsibility of ensuring the development within sustainability.

In 2021, our efforts within sustainability were acknowledged by the market. We saw that with the assessments of our results by external rating agencies, all assessments developed positively, and NKT is today one of the best placed companies in the cable industry.

Within the social aspects of sustainability, we continue our focus on creating a culture that promotes employee engagement and inclusiveness. We have a set of values that constitute the framework for concrete initiatives such as talent development and diversity. In 2021, we saw a positive development in the annual employee engagement survey, where the ongoing focus on diversity was also acknowledged.

When it comes to health and safety, we continue to work to create a safe working environment with focus on high health and safety for employees, customers, and suppliers. In 2022, we continue to improve safety through education and targeted initiatives. Nobody should get hurt in the workplace.

On the business side, we continue to operate NKT in accordance with the recommendations for good corporate governance and in compliance with applicable law rules and international standards and sanctions. To ensure all of this, we have a robust structure that enables us to navigate through the global development, and we expect the same from our suppliers.

And during the course of 2021, we strengthened transparency and the demands for responsibility in our supply chain.

### **Financial results for 2021 were satisfactory**

Now, let me turn to our financial results for NKT A/S in 2021. Compared to 2020, we saw progress in both of our businesses. In the Cable business, the positive development continued both in revenue and in earnings. The results became better than we expected to begin with and landed within the adjusted guidance from October 2021.

The development was driven by a good performance in all of our three business units, and they are strongly positioned in their respective markets. In NKT Photonics, the positive

development from the second half of 2020 continued. We delivered a satisfactory result in the upper end of our adjusted guidance from July 2021.

In 2021, revenue increased to €1.9 billion from €1.5 billion in 2020. The operational EBITDA increased in 2021 to €139 million from €59 million in 2020. That development was a result of satisfactory execution in both businesses, which resulted in a positive bottom line with a net profit of €4.1 million. That is a clear improvement compared to last year, where we saw a net loss of €74.5 million.

Operational cash flows increased to €280 million from €136 million in 2020, while free cash flows fell to about minus €18 million in 2021 from €29 million in 2020. In spite of improved earnings, this development is due to the fact that we continue to invest in our high-voltage factories in order to expand our capacity. The Board of Directors recommends that no dividend be paid as the net profit was quite moderate in 2021.

Furthermore, we continue to need liquidity in order to carry out a strategically important investment programme.

## **Capital structure**

### *End 2021*

Now let us take a look at our capital structure. By the end of 2021, NKT had net interest bearing debt of €13.2 million. That was a small increase compared to the end of 2020. Here, we had no net debt due to a positive liquidity effect from ingoing orders and the two capital increases that we carried out in 2020 in order to finance the current investment programme in our high-voltage business.

By the end of 2021, our net interest bearing debt was of 0.1 times the operational EBITDA. That is within our goal of operating with a leverage of up to 1 times the operational EBITDA in order to have the necessary financial capacity to pursue opportunities in the market. It is also important that our financial capacity is big enough to allow for fluctuations connected with the handling of large and long-term cable projects.

## **Development in NKT**

Let me now look at the development of our Cable business. Here, we are operating within three business areas: Solutions, covering high-voltage cables for on and offshore projects; Applications, servicing the market for low and medium-voltage cables, including installation cables for the construction industry; and Service and Accessories, where we do maintenance on cable solutions and where we sell cable accessories for project within medium and high voltage.

## **Financial Result for 2021**

The result in our cable business was satisfactory and in line with the adjusted guidance published in October 2021. Revenue measured in standard metal prices increased to about €1.3 billion up from €1.1 billion in 2020, and operational EBITDA increased to €131 million from €57 million in 2020. This development was driven by a good performance in all of our three business units.

## **Solutions**

### *Satisfactory result*

In Solutions, in 2021, we won several large orders, all at the same time as we continue to execute satisfactorily on projects from the existing order backlog. So it is very difficult to expand a factory while operating it at the same time.

## **High-voltage order backlog**

### *Ultimo 2021 the backlog of high-voltage projects was EUR 2.87bn*

And it is worthwhile mentioning the order for the offshore wind farm, Dogger Bank C. With this order, we completed the hat trick as a cable supplier to all three phases of the Dogger Bank project. Once finished, it will be one of the world's largest offshore wind farm, and it will deliver green electricity to up to six million households in the UK.

In September 2021, we could announce that we had been appointed the preferred supplier for the American cable project, Champlain Hudson Power Express. We are currently working on landing the final order, which will supply electricity to more than one million households in New York. This is a fine example of the opportunities that we expect will arise in step with the development of the green transition also in the United States.

## **Investments for a greener future**

With the development in 2021, we emphasise our strong position in the market. Our cables are vital in efforts to ensure that both capacity in the power grid and the production of sustainable energy have the right capacity to make the green transition a success. We have a strong position here. We have the technology, the competencies, the modern high-voltage plants that have a strategic fine position to meet the growing demand for cable solutions.

In order to have the capacity to tap into the potential of the green transition, we launched an investment programme in 2020 at our high-voltage factories. This will enable us to be ready for meeting the growing demand for high-voltage cables and execute the existing order book. As part of the investment programme, we will expand capacity in Karlskrona. And as you can tell from the picture here, we are also building the third tallest tower for installation of high-voltage cables in Sweden. People call it mini New York by the way.

In Cologne, we are building a new high-tech test centre and we have increased the production capacity in order for the factory to be ready for the production of DC cables.

With these investments, we are in an even stronger position to continue the positive development of solutions and tap into all the opportunities that we expect in the high-voltage market incoming years. We simply do not have worldwide sufficient production capacity to take account of the developments over the next four to six years.

## **Applications**

### *Positive development*

Applications cover our low and medium current business. And here, we see a positive development continuing from 2020. The primary causes for this development was that we now see the results of efforts to increase productivity at our factories to reduce general costs and tap into the potential of the market.



In 2022, we maintained focus on growing earnings and execute the long-term growth strategy. As part of the strategy, in early 2022, we acquired the UK cable producer Ventcroft, specialised in fireproof cables for building and construction. We see growing demands in this respect as a result of the harmonised legislation in the EU.

### **Service & Accessories**

#### *Satisfactory result*

In the Service business, the fine result in 2021 was driven by a growing number of orders for repair work of cable systems from the year before. We also signed several long-term service agreements that will ensure ongoing and stable income. After a focused effort, we now will have one of the strongest service offerings in the cable industry and we are among the absolute fastest movers when it comes to mobilising resources whenever a sudden need arises for repair work.

In Accessories, the positive developments continued primarily on the backdrop of a growth in sales of accessories to DC cables for markets in the Middle East and Europe.

### **Development in NKT Photonics**

And now NKT Photonics. Here, we have the following business segments: Medical & Life Science, primarily covering lasers, enabling the creation of imagery of very small structures such as skin cells; Industrial, covers extremely accurate lasers for production in electronics and industrial production, and advanced measuring and sorting equipment for the food industry; Aerospace and Defence covering lasers in equipment for aerospace and defence. And lastly, Quantum & Nano Technology, the most recent segment in NKT Photonics. It includes components for quantum computers and laser solutions making it possible to develop new materials with very small structures.

In these areas, NKT photonics has a leading position, building upon several years of innovation and product development. We still expect these segments to develop on a positive note in coming years.

In order to underpin developments in NKT photonics, we divested our activities in fibre optic sensor solution in March 2022. In this way, we can sharpen focus on developing fibre and laser business to generate future growth. In 2021, NKT Photonics achieved satisfactory result from the year before when, as you know the business, was adversely affected by COVID-19.

### **Financial results for 2021**

Revenue developed positively increased to €80 million in 2021 from €70 million the year before, or organic growth of 15% in 2021 after the decline of minus 6% in 2020. This development emphasises that the growth expectations for NKT photonics are intact, and this is a business that is well positioned to deliver future growth. And this is why we have decided to resume the strategic review of the future potential for value creation in NKT Photonics.

### **Financial outlook 2021**

As announced in our Annual Report, we expect the financial results from 2022 to be positive compared to 2021. In the Cable business, we expect revenue, in standard metal prices, will be between €1.35 billion and €1.45 billion and an operational EBITDA of between €130 million and €155 million.

For overall priorities, we will make sure that we deliver on these expectations. We will execute the large order book effectively. We will continue growing the order book by winning more high-voltage project with satisfactory margins. We will improve earnings in Applications by maintaining the current focus on improved earnings, at the same time as we execute the growth strategy. And we will keep up momentum and continue the positive development in the Service business and in relation to sales of cable accessories.

NKT Photonics, we see good growth potential in future and that is why we expect the financial results to develop positively compared to 2021. Organic growth is expected at between 12% and 17% and EBITDA between 11% and 14%. We continue strategic focus on commercialising the business based on the expansion of our technological foundation, which is strengthened through innovation the whole time.

It applies to both NKT and NKT Photonics that the current challenges in the global supply chains are a risk when it comes to delivering the promises or the expectations we have in relation to the financial situation. We follow the situation in our supply chains very closely to be at the cutting edge and we have introduced several measures to reduce risks.

### **Board of Directors**

Now let us have a look at the Board and a brief update on the work we do on the Board. We have had a year with a wide agenda and many meetings on the Board and together with the Group management we have had a year with a high activity level. In addition to the already planned activities, we have had special focus on general strategic considerations, public tenders, and investments in the cable business.

### **The work of the Board of Directors**

We carried out the annual self evaluation of the Board. This was done by the nomination committee and the results were then discussed on the Board. We concluded, among other things, that we are a good team with room for good discussions. The Board has a high level of trust to each other and our governance model continues to work well. This also applies to the committees and in the interaction between committees and the Board.

We find that with the new Board, we will have the right composition when it comes to professional competencies. And in general, I can also say that to you, we are meeting the objective of having minimum 30% of the members elected by the AGM from the underrepresented gender. We always believe in looking for improvements and the self evaluation. This year also showed that we could do with an improved structuring of meeting document and continued improvement of the balance between room for discussion and keeping the times set aside for meetings.

I get good feedback. And I am still supported by the Board as its Chairman. And I think we have a competent and committed Board. And I am very pleased with the cooperation we have.

### **The Board of Directors**

So I am happy to see that five of the six members of the Board elected by the AGM have decided to be available for re-election. Jutta af Rosenborg is the only Board member that decided after seven years on the Board, not to continue. Thank you very much for good cooperation. We shall miss you.

This means that we have an available seat on the Board and new candidate is Nebahat Albayrak. She has a number of personal and professional competencies, in particular in relation to sustainability that we, on the Board, find is a good supplement to existing competencies on the Board.

### **Nebahat Albayrak**

*Proposed as member of the Board of Directors*

Nebahat is a Dutch-Turkish citizen and has a background in law. She works in the global energy group, Fortum, that is leading in energy production and waste handling and industrial battery solutions. She has general legal responsibility and is also in charge of the Group's efforts in relation to sustainability.

She has a lot of experience of international management and has in-depth knowledge of working with sustainability in large companies.

Also welcome to Pernille Blume and Christian Dyhr that have now joined the Board as employee elected members. And together with Stig Steen Knudsen that was re-elected, you will join the board from today. Welcome.

### **Expected committees in 2022**

The Board works well, as I said, and if it is re-elected, we intend to have the same structure as last year with me as Chair and René Svendsen-Tune as Deputy Chair. We will continue to have the same committees as in recent years and expect to have a new committee that will focus on sustainability.

We wish to make sure that we maintain our focus and strong position in relation to sustainability. If Nebahat is elected today, she will be Chair of the Sustainability Committee. We will get back to elections under item eight.

### **Remuneration of the Board of Directors 2021**

In 2021, the basic amount of the remuneration paid to the Board remained unchanged from the framework introduced more than 10 years ago. We have made a survey of levels paid in the peer group and it showed that our level is not contemporary. And that is why we have a proposal to raise or adjust the basic amount in order to retain and attract candidates with relevant experience.

The Board will still receive basic amount and allowances for certain posts as Chair and members of committees. I wish to make sure that in keeping with the recommendations for good corporate governance, we, on the board, do not have any kind of bonus programmes. We have a specific tender board that together with management approves bids that we make for large high-voltage projects. We have had a lot of activity in this field in 2021 and we expect it to continue in 2022. Members of the tender Board do not receive a separate fee for this work. We will come back to remuneration for the Board under item seven on the agenda.

### **Remuneration report 2021**

Again this year, we have our remuneration report on the agenda in NKT. We focus on paying our top management in a manner that reflects the results achieved. It is important to be able to attract and retain competent profiles. So we adjust, on an ongoing basis, the basic fee or pay and the bonus programmes applying to members of the executive management also in order to be competitive with the peer group.

In 2021, pay reflects the positive results seen throughout the year with good activity and progress in both Cable business and NKT Photonics. We will get back to this later in the agenda.

Thank you to all employees for their efforts in 2021, we had yet another year with COVID-19. And that took an extra toll on all our members of staff and our managers in order to create positive results. Also, thanks to our shareholders for yet another year with good cooperation.

### **Financial outlook 2022**

As previously stated, we expect the financial results in 2022 to develop positively from the year before. In the medium and long term, we are looking at a future with some very interesting growth opportunities. Both the Cable business and NKT Photonics are in good positions to partake of the new opportunities that will arise with the green transition, the general technological development, and other mega trends. Now it is a question of continuing the dedicated effort to generate growth in NKT.

With these words, I would like to say thank you and give the floor to our Chairman of the Meeting. Thank you.

## **Questions and Comments**

**Christian Lundgren:** Thank you very much, Jens. Let me start by saying that we have 49.55% of the total share capital and the total number of votes. Now I open the floor to a debate about item one to four on the agenda. I know that Claus Wiinblad from ATP, and the Association of Danish Shareholders, Carsten, would like to speak. If there are any other speakers, please make yourselves known. But let us take the two previously announced speakers first. Claus, I give you the floor.

**Claus Wiinblad:** Thank you for the floor. My name is Claus Wiinblad. I represent the pension fund ATP. Let me start by thanking the Chairman for his report and for the Annual Report for 2021.

2021 was a year where NKT succeeded in increasing the EBITDA from €57 million to more than €100 million now. But even though you deduct the extraordinary winnings of €21 million, it is still an impressive result that I would like to congratulate you on. I am glad to see that this result is driven by all of the three business units.

Also, the Applications business delivered the good growth of 13% and an EBITDA margin of 6.3%. It's remarkable to see that increase in earnings over the past few years. In 2021, we also see Photonics getting back on track with organic growth of 15%. In June, the Board chose to continue the strategic review of the future of Photonics.

As I see it, the time is almost right for new ownership for Photonics. So for all parties, I hope that we will soon have a clarification of this process. It has really been going on for quite some time, taking the COVID challenges into account. As a long-term investor, we are very interested in the green transition. To succeed with the green transition, we need cables to transport renewable energies.

Across countries and geographies, we see high ambitions here. And as a consequence of the war in Ukraine and the supply challenges, that gives us the EU is expected to further develop

its renewable energy. That means we can also expect a growing market for high-voltage cables in the coming years. That was also mentioned at the most recent telephone conference that this market might increase by billions of euros a year.

And if that happens, NKT will not have enough capacity to maintain the current market shares, even if you carry out the announced expansions of your two factories. So to make use of this growth potential in a value adding way, it is crucial to your long term development. I, therefore, look forward to a clear statement from NKT as to how you are going to make use of these opportunities? Where are you going to expand your capacity? And how are you going to finance these projects? And not least, how are you going to create value in the long-term? In my view, that is some of the most pressing questions for the Board and management to answer in the coming time.

Finally, let me comment on your work on ESG. It is positive to see the development you have been through for the past year. You have set some ambitious goals for CO2 reduction, and reporting on ESG has been improved significantly. It is an important element for positioning that yourselves as a sustainable company playing a key role in the green transition. That said, there is some way to go still, in order to position NKT in a central position for the green transition, branding wise. Therefore, I am glad to see that you nominate a new interesting candidate for the Board, who clearly has the competencies to help solve that problem.

And with those words, I would like to wish management and the employees good luck in the coming year. Thank you very much.

**Christian Lundgren:** Thank you very much, Claus. Let us take Carsten Christiansen from the Association of Danish Shareholders.

**Carsten Christiansen:** Thank you. I am Carsten Christiansen. I represent the Danish association of Shareholders. I myself am a shareholder of NKT. First of all, thank you to the Chairman for good report. In 2021, we saw a good increase in revenue of 15%, although the fourth quarter showed a slight decrease, and the expected revenue growth in 2022 of between 7% and 15% could have been a bit better. Nevertheless, it is a fine result.

Let us hope that the good development from 2021 continues in 2022. When we look at the situation from 2021, the standard metal prices, if we use them, well, we saw what the revenue was. But looking at the bottom line, we only see 11.9 million. That is a profit ratio of only 0.94%. Comparing that with others, you see figures that are better, where there is a net result of DKK64 million and a profit ratio of 2.7 million.

So generally speaking, I think our profit ratio is a bit on the low side, both compared with other industries and compared with our peers. And therefore, I would like to ask the Chairman, how can you reach the same level as Nexans for instance? How can we get to that level?

The Annual Report, there is a description of NKT as a leading business in the production of cables. But if we try to compare you with some of the peers, Nexans and Prysmian, I would like to ask you how are you positioned in relation to these two companies when it comes to competition?

Revenue in standard metal prices, well, in factual prices, you had a revenue of about 1.8 billion, but Nexans had 7.3 billion and Prysmian 12.7 billion. And that is why I would like to

ask the Chairman if you could not verbalise a bit about this, how can you say that NKT is a leading business in relation to Nexans and Prysmian, which appear to have a much higher level of revenue. Thank you very much for your attention.

**Christian Lundgren:** Thank you very much. Does anyone else wish to take the floor? That does not seem to be the case. Then I will give the floor back to Jens to reply.

**Jens Due Olsen:** Thank you for these good comments and questions. Let me start with ATP and Mr Claus Wiinblad. It is not a question. But you mentioned a new ownership for Photonics that it is about time. And I can only say that we are in full swing with a strategic review. So we will expect the results of that review. And about the markets, it is true that as we have been saying, in our report, but also at the Capital Market Day.

At Capital Market meetings, we see a significant increase in the market driven by the green transition, as I mentioned before, and not just the green transition, but also by the fact that we are now trying to become less dependent on Russian oil and gas. And as I hear you, you asked the question that as a shareholder, would you like to know more about what we are going to do? We see an increasing market, what are we going to match that demand?

And I can tell you that that is the highest priority on our strategic agenda is to position ourselves to be able to make use of the opportunities that are arising in the market. But we are already investing in the expansion of capacity in our factory in Karlskrona, but also in Cologne, where we before only produced AC cables, but now we can also produce DC cables.

And that capacity expansion, without telling you too much, we are not completely open as to how much we are expanding our capacity, also in the interest of competition. But that said, there is not enough capacity in the market to meet the demand that we foresee for the coming years. So, of course, we are working with this quite a bit. And if we expand, where should that factory be placed? Should we expand our existing factories in Cologne and Karlskrona, that is the easiest and the cheapest? But if you are to deliver to the US, you might want a factory there. And what happens in Asia? So it is not that simple.

But I can promise you that we will get back to that question about where and when, and how it will be financed. Those are very relevant questions.

When it comes to ESG, I also noted that you are satisfied with a good foundation that we have laid, but that the narrative might be presented in a better way. And that is completely true. We can see that as well. I think we come from a position of less confidence. But now we can straighten our backs and be proud of our history. And we have a good story to tell.

A new member of the Board has also challenged us as to that fact in the conversations we have had with her. So I think there is room for improvement here and we can live up to your expectations in this regard, Claus.

So Mr Carsten Christiansen, also thank you for the good questions. Your first question was about our growth and lack of growth. Perhaps more generally speaking, there was a lack of growth in the fourth quarter. We are a business consisting of projects in our Solutions business. And then we have our Applications business, which is a bit more of a stable business.

And the projects that we have are so large, that if in one quarter, we have a couple of weeks with a shot down of a production line because we need to update our equipment, or if we

have a different profile on our production compared to before, it will very quickly become apparent in our revenue, which is an expression of our production. Because these projects are so big, we cannot really put too much significance into each quarter. You need to compare the full year to the next full year.

Then there was a question about profitability compared to Nexans. And it is quite true what you say that we have lower earnings than Nexans. And here, you have to dissociate the business a bit and divide it into segments. We have, as I said, the Solutions business, which is our large project business and then everything else. I will just call it Applications for now.

In our projects business, well, Prysmian is seven times as large as us and Nexans is three times bigger than us. But in the high-voltage business, in our project, we are bigger than Nexans when it comes to DC cables, which is where we see the fastest growth. And we are almost at the same level as Prysmian's. So we are very much geared towards the green transition, very much more so relatively than Nexans, as well as Prysmian's.

And I think Claus Wiinblad was alluding to that when he said that we could tell our story in a better way. And what we are seeing today, our projects we have one, a long time ago when the profitability was lower than today. And that means that as we deliver these projects and we get them out of our order backlog, we will see increased profitability because the new projects we get in are more profitable than the old ones.

But comparing ourselves to Nexans, we have relatively more projects that we won three years ago than they have. And that means that our earnings is decreased by that because just looking back three years, profitability has increased. So it is pure math, really.

And that leads me to the answer to your third question, how can we call ourselves a leading company when we are so much smaller than our competitors? And we can, because this industry is so specific that you cannot look at it on size alone. You have to look at what you are big on. And we are big on projects, particularly on DC projects. Here, we are among the 2.5 biggest companies in the world, I would say. So here we are relatively big.

Looking at our Applications business, of course, we are much smaller than Prysmians and Nexans, who are global companies. But we are big in the markets in which we operate, in Denmark, in Sweden, in Poland, in the Czech Republic. So you can say that our footprint is that we are smaller than the others but we are stronger in the markets in which we operate. And we are leading within DC technology, which is the technology of the future, high-voltage cables and on Applications within the markets that I just mentioned. I think those were the questions that you had.

**Christian Lundgren:** Thank you. Are there any other comments or questions from the shareholders?

**Speaker:** Christian Salomonsson[?] is my name. One question is, could you say a bit more about the idea of divesting Photonics? It might be a good idea to use the funds in the cable part instead. But if it has turned into a nest egg, it might be good to hold on to it. And then you showed us the development in the share price. You probably compared us to an average of leading companies, but I have followed you, and NKT does seem to be highly volatile, going up and down a lot, why is that, do you know? Those were my two questions.

**Jens Due Olsen:** Thank you very much, Mr Salomonsson. Your first question had to do with Photonics, where we had this strategic review. That might mean either contributing more funds, or as Mr Wiinblad said, perhaps you should divest. Well, this is emotional, because we have had Photonics for many, many years and it is comfortable to have it. It is nice and it feels good. But the question is, who is the right owner of Photonics? And it was used to be more a R&D lab. And now with the most recent divestment, we see how it had become more focused on laser technology and crystal fibres.

The areas we are active in medical, industrial, aerospace and space and defence, and also nano and quantum. All of them are important areas in themselves, and you probably need very deep pockets and a very long term in order to be really successful there. What might persuade us to divest this company?

Well, if a person comes by and says, this has much more value for us than for you, if that happens, then we think it is in the best interest of Photonics to be allowed to generate more. But I see it as a nest egg. And I hope that we can show you as much when we get to the conclusion of our strategic review. We have invested funds in the company. And we do not know what is going to happen. Only time can tell. But we have some core technologies in it that are fairly unique. But the question is, can we take them forward in the right way?

The share price of NKT, the curve, I do not know whether you recall all this, but it showed our price compared to the general market in Denmark. We had risen a bit above the general market. But some of this has to do with the heavy emphasis we have on projects. If you sell vacuum cleaners, for instance, that we used to do, in fact, you sell a lot of vacuum cleaners everyday and selling one less or one more does not really matter. But the projects today, some of them are €1 billion, €2 billion, €3 billion. And that is a sort of a different kind of business.

We are heavy on projects, so things happen a lot more in relation to our share price. And we emerged a couple of years ago from a situation, where we had a fairly low earnings level because of orders signed previously. So we were at a low ebb with regard to earnings. We did not really make a lot of money for a number of periods after we had made some major acquisitions.

And in that situation, it does not take much to change the share price. So I think the combination of the type of business that we actually have, but also the fairly low earnings level that we came for and the fairly high leverage resulted in the highly fluctuating share price. We will still be a project-based business going forward and we will still be exposed to more fluctuations than you see in some of the other companies in Denmark. Thank you.

## **Agenda Items**

**Christian Lundgren:** Thank you very much for that answer. Are there any other questions or comments? That does not seem to be the case. I can then close the debate.

Moving on to item two to four in our agenda, the Group management statement appears from page 126 in the Annual Report dated on 23<sup>rd</sup> February 2022. The auditor's report is on page 127 and the next many pages. And it has been signed by the company auditors Deloitte by



[inaudible 0:58:57]. It is an unqualified auditor's report, and that means that the annual report is in compliance with all applicable laws and legislations.

I can then know that the General Meeting has taken note of the report and the additional remarks from shareholders and management. Does anyone wish to have a vote on the approval of the Annual Report? If that is not the case, I can simply note that the Annual Report has been adopted under item three.

Under item four, the Board of Directors proposes that no dividend be paid out for 2021, because in accordance with the Danish Companies Act, the General Meeting cannot decide to pay out a larger dividend than proposed by the Board. So, therefore, it is self evident. But I would still like to ask whether there are any comments or objections to this proposal. That does not seem to be the case, either. And I can conclude that that item has also been adopted.

Now we are speeding up a bit. Item 5 is the presentation of and advisory vote on the Company's Remuneration Report. The Chairman of the Board gave a brief presentation about the remuneration report in his report on the past year. The reasons behind this have been uploaded to the company's website and the report has been drawn up in accordance with Section 39 (b) of the Danish Companies Act. And there is a statement from the auditor on page 13, saying that it complies with Section 139 of the Danish Companies Act. Are there any comments or questions to the Remuneration Report?

That does not seem to be the case. Are there any shareholders who wish to have an advisory vote? And if not, I simply conclude that the General Meeting can approve of the Remuneration Report as presented.

Excellent. Let us move on to item six, about discharge of the management and the Board of Directors from their liabilities vis-à-vis any elements of the Annual Report for 2021? Are there any questions or comments or objections to this item on the agenda? That does not seem to be the case. Then I can again conclude that the General Meeting has adopted this item on the agenda and have granted discharge to the management and Board of Directors.

Item seven concerns the remuneration of the Board of Directors. In general, I here refer to the explanation from the Board and the reasoning for the adjustments proposed. The Board proposes that the base fee is increased from DKK300,000 to DKK375,000. The Chairman receives the three times the base fee and no further fee for participating in committees. The Vice Chairman received DKK750,000.

The proposal is that members of committees will receive the same fixed amount as before, but because there are increased regulatory demands for reporting, it is proposed that the members of the remuneration committee should receive 25% of the base fee, which is DKK375,000 and that the Chairman of the remuneration committee should receive 50%.

Looking at the Audit Committee, it is proposed that ordinary members receive DKK125,000 and that the committee chair receives two thirds of that fee on top of it. The nomination committee should receive 17% of the base fee, and the committee chair should receive 33%. There is also members of working committee in NKT Photonics here, ordinary members should receive 25% of the base fee and the Committee Chair 50% of the base fee.

As it was mentioned, the intention is to establish an ESG committee as well. And in case that is decided, the ordinary members should receive 17% of the base fee, which is DKK62,500. And the committee chair should receive 33% of the base fee. Depending on how many members there will be finally and how many committees there will be in the end, but the total amount, if there is, is to be an ESG committee as well, will be just above 6 million.

Are there any questions or comments for this proposal? That does not seem to be the case. Does anyone wish to have a vote on this item on the agenda? That does not seem to be the case either, and I can therefore conclude that the General Meeting has adopted this proposal.

Item eight, election of members of the Board. As already explained by the Chairman, Jutta af Rosenborg does not wish to be re-elected. The Board proposes the re-election of the following members elected by the AGM: Jens Due Olsen, René Svendsen-Tune, Karla Marianne Lindahl, Jens Maaløe and Andreas Nauen. In a release of yesterday, 23<sup>rd</sup> March, the Board also proposes that new member be elected, Nebahat Albayrak.

According to Danish company law, prior to elections of Board members, there must be information handed out concerning their management positions and activities and other businesses. This has all been sent out in connection with the original convening notice and was also updated yesterday after the most recent company release.

Mr Jens Due Olsen has outlined the background of the proposal for the election of Nebahat Albayrak. Well, I would like to hear if there are any other candidates? There is someone asking the floor and also speaking without a microphone. We cannot hear sorry.

**Speaker:** According to the recommendations concerning good corporate governance, well, there are some rules defining when you are considered independent as a Board member. Well, if you have been a Board member for 10 years, on the same Board, you are found to be so much involved that you can no longer be considered an independent Board member. But it does not mean that you cannot be re-elected. I do not think there is anyone else.

Yes. Right. But this also means that since there are now six members of the Board elected by the AGM, this is in keeping with the recommendations of the good corporate governance committee to the effect that half of those elected by the AGM must be considered independent at minimum.

**Christian Lundgren:** Other comments? Anyone requiring a vote? Requesting a vote. Right. it has been approved.

Item nine, election of auditors. The Board proposes the re-election of Deloitte Statsautoriseret Revisionspartnerselskab. Good. Any other candidates? That does not seem to be the case. And you do not even want to vote on this. Okay. It has been adopted.

Item 10. Any proposals from shareholders and the Board of Directors? Well, this is one of the quickest because we have received no proposals from Board or shareholders, which brings us to item 11. As per usual, this is the item where you cannot make any resolutions. But it is okay to come with questions or comments if you so wish.

**Speaker:** I would not ask you to come up here and say that. Whoever is responsible for this, please make a note of what was just said. Well, we could not hear it. But apparently the Chairman of the meeting could.

**Christian Lundgren:** Thank you very much. We have now exhausted the agenda. It is a pleasure to be back to system with physical appearance. And I would now like to hand over to the Chairman of the Board for final remark.

### **Conclusion**

Jens Due Olsen

*Chairman, NKT*

Thank you very much, Christian. Thank you for your time, your questions, and your interest. And if you would allow me to do a spot of promotion, I can show you our Annual Report. And I hope that you would like to read our sustainability report as well. We need to take care of this beautiful planet. And our company takes a big responsibility.

So, if you have the time, please read it. It is only going to get better in the future, but we are quite proud of it. So, thank you very much for your support for the Board of Directors. And thank you for your support for the continued development of NKT. Also, thank you to all of our employees and the management for their great efforts in 2021. Also, a big thank you to our business partners and customers for a good cooperation throughout the year.

Finally, thank you to you, Christian, to the interpreters. Thank you, and the technicians and any employee who contributed to the smooth running of the AGM. Thank you very much.

[END OF TRANSCRIPT]