



We connect a greener world

Interim Report Q2 2022

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

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Contents

Management review

- 03 Key messages Q2 2022
- 04 Key highlights Q2 2022
- 05 Financial highlights and ratios
- 06 Financial review
- 08 Sustainability
- 09 Business review – Solutions
- 11 Business review – Applications
- 12 Business review – Service & Accessories
- 13 Shareholder information

Financial statements

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

“Q2 2022 was another key quarter for NKT in connecting a greener world. Our high-voltage order backlog reached an all-time high level as order intake surpassed EUR 2bn in the quarter. This included two large projects, one in Germany and one in the USA, to transmit renewable energy over long distances. I am also pleased that we continued growing and delivered double-digit organic revenue growth in Q2 2022.”

During the quarter we entered into an agreement to divest NKT Photonics. The divestment marks the final step in the process to fully focus on our core business within power cable solutions, where we see an attractive outlook in the years ahead.”

Alexander Kara
President & CEO, NKT A/S

Key messages Q2 2022

NKT delivered 11% organic revenue growth in Q2 2022, driven by higher activity levels in Solutions and Applications. The operational EBITDA was slightly lower than in Q2 2021, where NKT had a high comparison base in Service & Accessories.

The high-voltage order backlog reached a new record-high level at end-Q2 2022. During the quarter, NKT received an order for the SuedOstLink 2nd system in Germany and signed a turnkey contract for the Champlain Hudson Power Express in the USA. Both projects are large high-voltage DC transmission lines.

Based on the all-time high high-voltage order backlog and to strengthen NKT's manufacturing capabilities, NKT will expand its high-voltage production capacity

further in Karlskrona, Sweden. The new capacity is expected to be ready for production by end-2023.

Despite the ongoing investments, mainly within Solutions, NKT generated a positive free cash flow in Q2 2022 and decreased the leverage ratio to 0.2x. The cash flow generation was positively impacted by earnings and the development in working capital.

Amounts in EURm	NKT			
	Q2 2022	Q2 2021	1st half 2022	1st half 2021
Revenue	578.0	498.0	1,067.5	912.0
Revenue in std.metal prices**	381.1	344.2	700.3	640.2
Organic growth**	11%	21%	9%	21%
Operational EBITDA**	41.3	42.4	79.6	72.6
Operational EBITDA margin*, **	10.8%	12.3%	11.4%	11.3%
EBIT	20.7	21.0	39.9	31.8
Net result - continuing operations	14.2	14.9	26.0	20.8
Working capital** - continuing operations			-211.7	112.8
Working capital % of revenue, LTM - continuing operations**			-1.5%	-3.0%
RoCE*** - continuing operations			4.1%	1.5%

* Std. metal prices

** Alternative performance measures

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



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 Q2 2022, NKT Photonics grew revenues organically by 18%. The EBITDA of EUR -5.8m was negatively impacted by transaction costs related to the divestment of EUR 6.1m. This led to a net result from discontinued operations of EUR -9.1m in Q2 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 24.

Key highlights Q2 2022

381m

Revenues (std. metal prices), EUR

Up from EUR 344m in Q2 2021, with Solutions and Applications contributing with improved revenue

11%

Organic growth

Reflecting growth of 22% in Solutions, 16% in Applications and -33% in Service & Accessories

41.3m

Operational EBITDA, EUR

Slightly lower than EUR 42.4m in Q2 2021, mainly due to the expected earnings decrease in Service & Accessories

4.6bn

High-voltage order backlog, EUR

Up from EUR 2.8bn at end-Q1 2022, due to the significant project awards of SuedOstLink 2nd system in Germany and Champlain Hudson Power Express in the USA

Financial outlook 2022

The financial outlook is unchanged from Company Announcement No. 2 of 23 February 2022.

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

The financial outlook assumes limited financial impact due to the global supply chain challenges.



Financial highlights and ratios

Amounts in EURm	Q2 2022	Q2 2021	1st half 2022	1st half 2021	Year 2021
Income statement					
Revenue	578.0	498.0	1,067.5	912.0	1,827.9
Revenue in std. metal prices** 3)	381.1	344.2	700.3	640.2	1,263.1
Operational EBITDA** 6)	41.3	42.4	79.6	72.6	131.1
One-off items** 5)	-0.4	0.0	0.1	1.8	-12.7
EBITDA	40.9	42.4	79.7	74.4	118.4
Amortization, depreciation and impairment	-20.2	-21.4	-39.8	-42.6	-94.5
Operational EBIT** 7)	21.1	21.0	39.8	30.0	36.6
EBIT	20.7	21.0	39.9	31.8	23.9
Financial items, net	-4.4	-2.1	-9.8	-5.0	-8.2
Earnings before tax (EBT)	16.3	18.9	30.1	26.8	15.7
Net result - continuing operations	14.2	14.9	26.0	20.8	11.9
Net result - discontinued operations	-9.1	-3.8	-6.0	-8.0	-7.8
Net result	5.1	11.1	20.0	12.8	4.1
Cash flow					
Cash flow from operating activities					
- continuing operations	137.0	-99.7	96.1	-122.4	208.8
Cash flow from investing activities					
- continuing operations	-49.3	-52.4	-102.9	-78.6	-211.2
hereof investments in PPE	-42.1	-46.2	-73.9	-68.0	-184.5
Free cash flow - continuing operations**	87.7	-152.1	-6.8	-201.0	-2.4
Balance sheet					
Share capital	115.4	115.4	115.4	115.4	115.4
Group equity	1,101.2	1,162.0	1,101.2	1,162.0	1,159.9
Total assets	2,628.1	2,405.0	2,628.1	2,405.0	2,553.4
Net interest-bearing debt** 8)	23.5	186.1	23.5	186.1	13.2
Capital employed** 9)	1,124.7	1,348.1	1,124.7	1,348.1	1,173.1
Working capital** 10)	-211.7	138.6	-211.7	138.6	-59.6

	Q2 2022	Q2 2021	1st half 2022	1st half 2021	Year 2021
Financial ratios and employees					
Organic growth**	11%	21%	9%	21%	15%
Operational EBITDA margin, (std. metal prices)**	10.8%	12.3%	11.4%	11.3%	10.4%
Gearing (NIBD as % of Group equity)** 11)	2%	16%	2%	16%	1%
NIBD relative to operational EBITDA** 12)	0.2x	1.8x	0.2x	1.8x	0.1x
Solvency ratio (equity as % of total assets)** 13)	42%	48%	42%	48%	45%
Return on capital employed (RoCE), continuing operations** 14)	4.1%	1.5%	4.1%	1.5%	3.4%
Number of DKK 20 shares ('000)**	42,976	42,976	42,976	42,976	42,976
EPS, continuing operations, EUR 1)	0.3	0.4	0.5	0.4	0.1
Diluted EPS, continuing operations, EUR 2)	0.3	0.4	0.5	0.4	0.1
EPS, EUR 1)	0.1	0.3	0.4	0.2	-0.1
Diluted EPS, EUR 2)	0.1	0.3	0.4	0.2	-0.1
Equity value, EUR per outstanding share** 15)	22	23	22	23	23
Market price, DKK per share**	302	288	302	288	316
Average number of employees, continuing operations	4,011	3,729	4,009	3,650	3,775

1)-15) Definitions appear in Note 7

** 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 organically by 11% in Q2 2022 driven by Solutions and Applications. The operational EBITDA was slightly lower than Q2 2021, mainly due to lower earnings in Service & Accessories as the offshore repair work as expected was lower and temporarily higher costs. Despite the ongoing investments in Solutions, NKT generated a positive free cash flow and decreased the leverage ratio compared to the end of the previous quarter.

Higher revenue driven by Solutions and Applications

NKT's revenue* in Q2 2022 increased by EUR 36.9m from Q2 2021, corresponding to 11% organic growth. The improvement was driven by higher activity levels in Solutions and Applications, while Service & Accessories, as expected, realized lower revenue.

1st half 2022 revenue* totalled EUR 700m, against EUR 640m in the same period last year. The organic growth for 1st half 2022 was 9% with positive contribution from Solutions and Applications.

Expressed in market prices, revenue in Q2 2022 were EUR 578m, against EUR 498m in Q2 2021.

Solutions was positive contributor to operational EBITDA

The operational EBITDA of EUR 41.3m in Q2 2022 was slightly below the level in the same period in 2021. Solutions contributed with an increasing earnings level, while Applications and Service & Accessories saw a decrease in operational EBITDA. Consequently, the operational EBITDA margin* decreased from 12.3% in Q2 2021 to 10.8% in Q2 2022.

The operational EBITDA for 1st half 2022 was EUR 79.6m, compared to EUR 72.6m in 1st half 2021. This was due to improved profitability margins in Solutions and Applications.

In Q2 2022, NKT had one-off items of EUR -0.4m. These related to the accounting gain on bargain purchase from the acquisition of Ventcroft Ltd. in January 2022.

EBIT in Q2 2022 of EUR 20.7m was on par with the level in Q2 2021, driven by the same parameters as operational EBITDA.

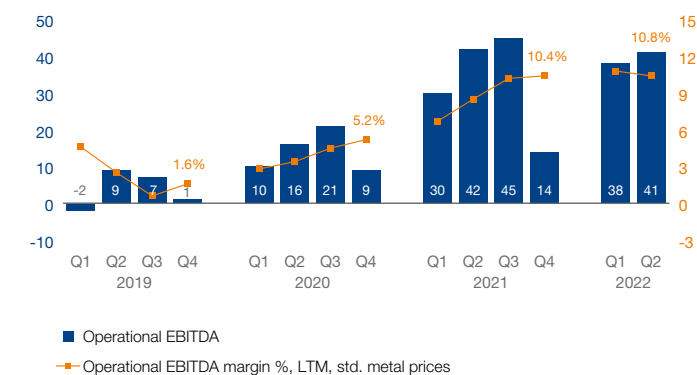
Financial items and net result

The net financial items in Q2 2022 amounted to EUR -4.4m, compared to EUR -2.1m in Q2 2021. The financial items mainly comprised of interest and effects from foreign exchange rate fluctuations.

Earnings before tax (EBT) totalled EUR 16.3m in Q2 2022, compared to EUR 18.9m in Q2 2021. The net result from continuing operations was 14.2m in Q2 2022, against EUR 14.9m in Q2 2021.

Operational EBITDA

Amounts in EURm



Revenue development and organic growth

Amounts in EURm

Q2 2021 revenue*	344.2
Currency effect	-4.0
Acquisition	3.6
Organic growth	37.3
Q2 2022 revenue*	381.1
Organic growth, %	11%

* Std. metal prices

High free cash flow generation despite continued investments

The cash flow from operating activities from continuing operations was EUR 137m in Q2 2022 compared to EUR -99.7m in Q2 2021. The cash flow generation was positively impacted by the earnings level and the development in working capital.

In Solutions, the planned investment programme to upgrade the high-voltage production sites was further progressed in Q2 2022. Accordingly, cash flow from investing activities amounted to EUR -49.3m in Q2 2022, compared to EUR -52.4 m for the same period last year.

The free cash flow from continuing operations in Q2 2022 was 87.7m, up from EUR -152m in Q2 2021.

Improvement in working capital

At end-Q2 2022, working capital amounted to EUR -212m. This was a significant improvement from EUR 34.6m at end-Q1 2022.

Solutions was the main contributor to the lower working capital level. The decrease was driven by phasing of milestone payments relating to projects in the order

backlog, including the order intake in Q2 2022. Unrealized value adjustments of hedging instruments reduced the working capital by EUR 129m, due to lower commodity prices. These adjustments have no cash flow impact.

The working capital ratio, LTM, was -1.5% at end-Q2 2022, against 0.0% at end-Q1 2022.

Development in RoCE positively impacted by gradual earnings improvement

RoCE was 4.1% at end-Q2 2022, on par with the level at end-Q1 2022, but an increase of 2.6%-points compared to end-Q2 2021. The capital employed was positively impacted by the development in working capital in Q2 2022.

Liquidity, debt leverage and equity

The cash generation in Q2 2022 led to a reduction in the net interest-bearing debt to EUR 23.5m at end-Q2 2022 from EUR 109m at the end of the previous quarter.

The net interest-bearing debt relative to operational EBITDA amounted to 0.2x at end-Q2 2022, down from 0.7x at end-Q1 2022.

At end-Q2 2022, NKT had total available liquidity reserves of EUR 379m, comprising cash of EUR 199m (of which EUR 2.4m are related to assets held for sale) and undrawn credit facilities of EUR 180m. Group equity, including the hybrid security issued in 2018, amounted to EUR 1,101m. The solvency ratio was 42%, compared to 45% at the end of the previous quarter.

NKT will redeem its outstanding EUR 150m hybrid securities issued in 2018 on 12 September 2022. The securities issued were originally due to mature in 3018. The redemption price when repaid is the principal amount of the securities and accrued interest up until the day before the redemption.

NKT has sufficient funds in place to repay the hybrid securities, and is further considering the future financing capacity including potential issuance of new hybrid securities to support growth opportunities.

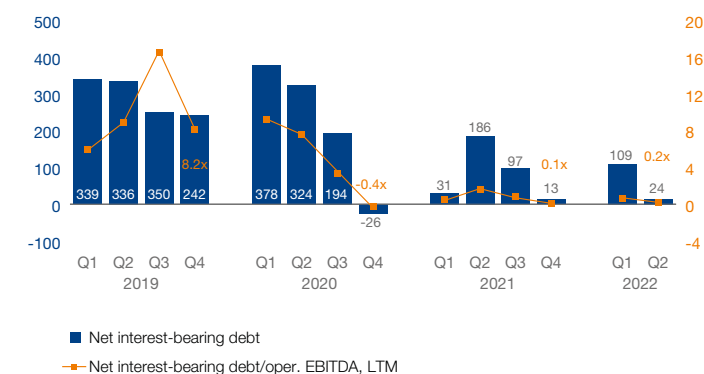
Working capital

Amounts in EURm



Net interest-bearing debt

Amounts in EURm



Sustainability

In Q2 2022, NKT continued progressing its overall ESG agenda. NKT has joined the Powering Net Zero Pact, increased focus on workplace health and safety, and rolled out a number of initiatives to increase female representation in senior leadership positions.

Continued climate action

In Q2 2022, NKT joined the *Powering Net Zero Pact* as a founding member together with a group of global energy sector companies. The purpose is to encourage collaboration at all tiers of the sector to deliver net zero and support decarbonization. Together, signatories of the Pact operate across more than 100 countries, have a combined annual turnover in 2021 of more than EUR 66bn, are responsible for the livelihoods of over 240,000 employees, and work with more than 120,000 suppliers. The Powering Net Zero Pact

contains five shared commitments and areas of collaboration:

- Work towards 1.5°C science-based carbon targets
- Disclose wider environment metrics
- Set waste reduction targets and incorporate circularity
- Create a roadmap for net zero skills and guarantee fair work standards
- Identify shared responsible developer/constructor/operator principles

This Pact is another step in NKT's continued commitment to climate action and builds on the Science Based Target initiative that NKT signed in 2020.

A healthy and safe working environment

The safety and wellbeing of employees is a top priority to NKT. For 2022, one of the corporate targets was to strengthen the safety culture across NKT with various events and initiatives including the below *Safety Week*.

Under the headline *Zero by choice – Together we make a difference*, the first global Safety Week was held in May 2022 across all sites at NKT. The purpose of the week was to bring safety into people's

daily work, enable them to reflect on safety, recognize risks and act on them. Across five days, NKT hosted 100+ workshops and trainings across the organization and embedded health and safety even more into the DNA of the company.

Diversity and inclusion

NKT continues its efforts to become an even more diverse and inclusive company, with the target of achieving 30% female representation in senior leadership positions by 2024. In June 2022, 13 of its up-and-coming female leaders graduated from a special leadership program called the Above and Beyond Academy - a leadership training program for female managers and potential leaders in the early career stage to equip them with tools and techniques to lead effectively. NKT will continue to support their development in the coming years with targeted development planning, learning anchoring activities and a follow-up physical gathering later in 2022.



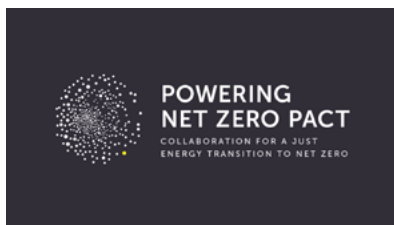
More sustainability information is available at nkt.com/about-us/sustainability



“I am proud that we are taking a holistic approach to ESG, focusing on each area with equal weight, and to deliver real progress across environmental, social, and governance areas.”

Alexander Kara

President & CEO, NKT A/S





Business review – Solutions

Highlights

- Increased revenue and profitability in Q2 2022
- Contract awards of more than EUR 2bn in Q2 2022
- Additional investments initiated in Karlskrona to increase NKT's high-voltage production capacity

Growth in revenue driven by increased level of activity

Revenue* of EUR 196m in Q2 2022 for Solutions increased by EUR 33.2m compared to Q2 2021. The organic growth of 22% was due to execution of orders awarded over recent years covering most power cable types.

Revenue measured in market prices amounted to EUR 230m in Q2 2022, against EUR 191m in Q2 2021.

Revenue* in 1st half 2022 amounted to EUR 347m, compared to EUR 323m in 1st half 2021. Organic growth in 1st half 2022 was 9%.

Operational EBITDA margin* of 15.3% in Q2 2022

The increased activity in Solutions resulted in improved profitability, with operational EBITDA amounting to EUR 30.0m (margin* of 15.3%) in Q2 2022 compared to EUR 23.0m (margin* of 14.1%) in Q2 2021. In 1st half 2022, the operational EBITDA amounted to EUR 54.7m, compared to EUR 42.5m in the same period of 2021.

NKT progressed on several projects through varying stages of execution in Q2 2022. These projects included Attica-Crete, Borwin 5, Dogger Bank A and B, Ostwind 2, Shetland, SuedLink and Troll West.

In April 2022, NKT commissioned the 220 kV HVAC power cable system for the Hornsea 2 offshore wind farm located 89 km off the English east coast. The wind farm holds a central position in the transition to renewable energy in the UK and will power more than 1.3 million households when fully operational.

NKT Victoria, the company's cable-laying vessel, was fully utilized for various installation assignments in Q2 2022. This included commencement of installation of the power cables for Dogger Bank A.

Contract awards of more than EUR 2bn in Q2 2022

In Q2 2022, NKT signed the turnkey contract for the Champlain Hudson Power Express. The contract includes engineering, manufacturing and installation of the high-voltage 400kV DC transmission line in the USA with its partner in the project CHPE LLC. The contract has a value of more than EUR 1.4 bn (more than EUR 1.3 bn in std. metal prices). For NKT, the contract is an important step in strengthening its market position in the USA.

Additionally, NKT secured an order for the SuedOstLink 2nd system by the German transmission system operator 50Hertz. The contract value is less than EUR 700m (less than EUR 550m in std. metal prices). The order is an extension of the SuedOstLink project adding a second, parallel transmission line from the Northern part of Germany to the South and comprises supply and installation of 525 kV XLPE high-voltage DC onshore power cable solutions.

High-voltage order backlog at all-time high level

Driven by the significant project awards in Q2 2022, NKT's high-voltage order backlog expanded to a record level of EUR 4.6bn (EUR 4.0bn in std. metal prices) at

end-Q2 2022. This was an increase of close to EUR 2bn compared to Q1 2022, where the order backlog was EUR 2.8bn.

Around 10% of the high-voltage order backlog is expected to be executed in the remaining two quarters of 2022, and around 90% in 2023 and beyond.

In July 2022, NKT announced that it is turnkey supplier for the prospective East Anglia THREE offshore wind farm in the UK. The contract includes production and installation of the export power cables for the prospective offshore wind farm developed by ScottishPower Renewables. The project has an estimated contract value for NKT of approx. EUR 250-300m (approx. EUR 190-225m in std. metal prices). A confirmed order is conditional upon the project owners providing NKT a notice to proceed and that they make a final investment decision, which is anticipated no later than Q1 2023. The contract is not included in the high-voltage order backlog.

196m

Revenue*, EUR
(Q2 2021: EUR 163m)

* Std. metal prices

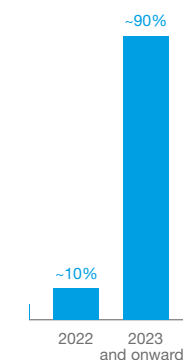
22%

Organic growth
(Q2 2021: 19%)

30.0m

Operational EBITDA, EUR
(Q2 2021: EUR 23.0m)

Expected revenue distribution of high-voltage order backlog (EUR 4.6bn) at end-Q2 2022



* Std. metal prices

Additional investments to strengthen NKT's capabilities

In 2020, NKT initiated an investment programme covering the period 2020-2022 aimed at strengthening and expanding its high-voltage manufacturing facilities. The programme remains on track and will be finalized before the end of 2022.

A key part of the investment was expansions in Karlskrona including the construction of an additional extrusion tower. Based on the all-time high order backlog, NKT will increase its high-voltage production capacity further by adding additional production equipment. The additional investment is expected to be approx. EUR 90m and will take place during 2022 and 2023. The new capacity is expected to be ready for production by end-2023. This will strengthen NKT's manufacturing capabilities further, ensure that NKT can deliver its order backlog and add further projects from the attractively growing market.

High market activity continues

NKT estimates that the value of projects awarded in its addressable high-voltage power cable market in 1st half 2022 was around EUR 5bn. These projects mainly covered long-distance DC interconnectors. The development in the first part of 2022 is aligned 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.

In Q2 2022, progress continued on several project tenders across market segments and geographies. This includes projects arising on the back of the recent 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.

Recent notable high-voltage project awards for NKT

Name	Announced	Size EURm	Type
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

- Broad-based revenue growth in Q2 2022
- Operational EBITDA slightly lower than Q2 2021 due to increasing costs
- Slowdown in some European market segments compared to recent quarters

Organic revenue growth of 16% in Q2 2022

Revenue* in Applications increased by EUR 24.3m from Q2 2021 to Q2 2022. The positive development was broad-based across geographies and product segments. The growth was mainly due to the high inflationary pressure on several cost items being passed on to customers. The acquired Ventcroft business contributed with revenues* of EUR 3.6m in Q2 2022.

Revenue expressed in market prices amounted to EUR 310m in Q2 2022, up from EUR 249m in Q2 2021.

1st half 2022 revenue* amounted to EUR 279m, compared to EUR 219m in 1st half 2021. The organic growth for 1st half 2022 was 23% with a broad-based contribution.

Operational EBITDA margin* of 4.9%

Despite the higher revenue level, NKT delivered a slight decrease in the operational EBITDA to EUR 7.2m in Q2 2022 from EUR 7.6m in Q2 2021. The operational EBITDA margin* was 4.9% in Q2 2022 against 6.1% in Q2 2021.

The lower margin level occurred due to a combination of high market demand and global supply chain disruptions. Among others as NKT decided to close deliveries from Russian suppliers after Russia's invasion of Ukraine. This has led NKT to purchase more metal for production in new markets geographically located further away from Northern Europe and caused increased material costs for Applications in Q2 2022.

NKT is in cooperation with its customers working to protect margins. This includes ongoing price increases to reflect the cost environment with higher input costs.

NKT continued to execute on efficiency initiatives to improve future profitability in Applications, which among others include production footprint optimizations that have been launched during the past years.

In 1st half 2022, the operational EBITDA amounted to EUR 17.6m, up from EUR 13.1m in 1st half 2021. The improvement was due to the higher revenue level.

Broad-based contribution to revenue growth

The European market sentiment slowed down in some markets in Q2 2022 after a period of strong growing markets, but volumes remained at a high level. The organic growth delivered by NKT was driven by price increases.

The demand for building wires continued at a high level in Q2 2022 leading to high factory utilization for NKT in this segment, but markets were gradually slowing down.

In medium-voltage market, NKT delivered broad-based organic growth across geographies. The market is being positively influenced by the electrification of societies.

The telecom market contributed positively to growth for Applications in Q2 2022 due to the continued roll-out of the 5G network.

148m

Revenue*, EUR
(Q2 2021: EUR 124m)

* Std. metal prices

16%

Organic growth
(Q2 2021: 6%)

7.2m

Operational EBITDA, EUR
(Q2 2021: EUR 7.6m)



Business review – Service & Accessories

Highlights

- Decrease in revenue and earnings in Q2 2022 as expected on high comparison base
- Satisfactory development in service business
- Accessories business temporarily impacted negatively by high cost base

Revenue lower against a high comparison base

Revenue for Service & Accessories decreased by EUR 18.0m from Q2 2021 to Q2 2022. The decrease in revenues was due to the exceptionally high volume of repair work in the service business in Q2 2021. As a result hereof organic growth was -33%. In Q2 2022 as expected, NKT had limited offshore repair work in the service business.

The revenue* in 1st half 2022 amounted to EUR 90.8m, against EUR 111m in 1st half 2021. The organic growth in 1st half 2022 was -26%.

Operational EBITDA negatively impacted by lower revenues

With the lower revenue level, operational EBITDA decreased to EUR 1.8m in Q2 2022 against EUR 14.5m in Q2 2021. Additionally, the cost level was temporarily higher in the accessories business. The operational EBITDA margin for Q2 2022 was 3.8%, compared to 22.2% in Q2 2021.

For 1st half 2022, operational EBITDA amounted to EUR 5.5m, compared to EUR 22.4m for 1st half 2021.

Satisfactory development in the service business

The lower revenue level in the services business in Q2 2022 was solely due to the reduced offshore repair work activity. The other areas of the business grew satisfactorily in Q2 2022.

NKT has performed satisfactorily on various onshore service projects in Q2 2022, particularly for the Swedish market. NKT is continuously strengthening its service offerings to expand its business. In recent quarters, new employees have been added in Poland and the UK to ensure NKT can capture further parts of the market.

As part of its growth ambitions, NKT is continuously striving to expand its portfolio of service agreements with power cable owners.

Profitability too low in the accessories business

In the accessories business, revenues increased in Q2 2022 compared to Q2 2021. As in previous quarters, the growth was driven by the medium-voltage accessories segments, while the high-voltage accessories segment was challenged. The main contributor to growth was sales to the Middle East region.

The high-voltage accessories business continued to be impacted by the centralization of production to Alingsås, Sweden, from Cologne, Germany. The transition has led to temporary delays, cost increases and unsatisfactory earnings.

Furthermore, the accessories business has faced challenges due to the global supply chain difficulties leading to higher transportation costs and shortages of raw materials. Various initiatives have been implemented to mitigate risks in order to protect earnings.

47.2m

Revenue*, EUR
(Q2 2021: EUR 65.2m)

* Std. metal prices

-33%

Organic growth
(Q2 2021: 90%)

1.8m

Operational EBITDA, EUR
(Q2 2021: EUR 14.5m)

Shareholder information

NKT shares

The average daily turnover in NKT shares on all trading markets was EUR 13m in Q2 2022, compared to EUR 10m in Q2 2021. The average daily trading volume was around 300,000 shares in Q2 2022, up from around 290,000 in Q2 2021. Nasdaq Copenhagen continued to be the main trading market for the company's shares with 37% of the total traded volume in Q2 2022.

At end-Q2 2022, the NKT A/S share price was DKK 301.60, compared to DKK 315.60 at end-2021, equal to a share price return of -4%. The corresponding dividend-adjusted share price returns for the company's largest European competitors, Prysmian and Nexans, were -19% and -12%, respectively. The Danish OMX C25 index, adjusted for dividends, decreased by 18% in 1st half 2022.

At end-Q2 2022, two NKT investors had reported shareholdings of between 5.00-9.99%:

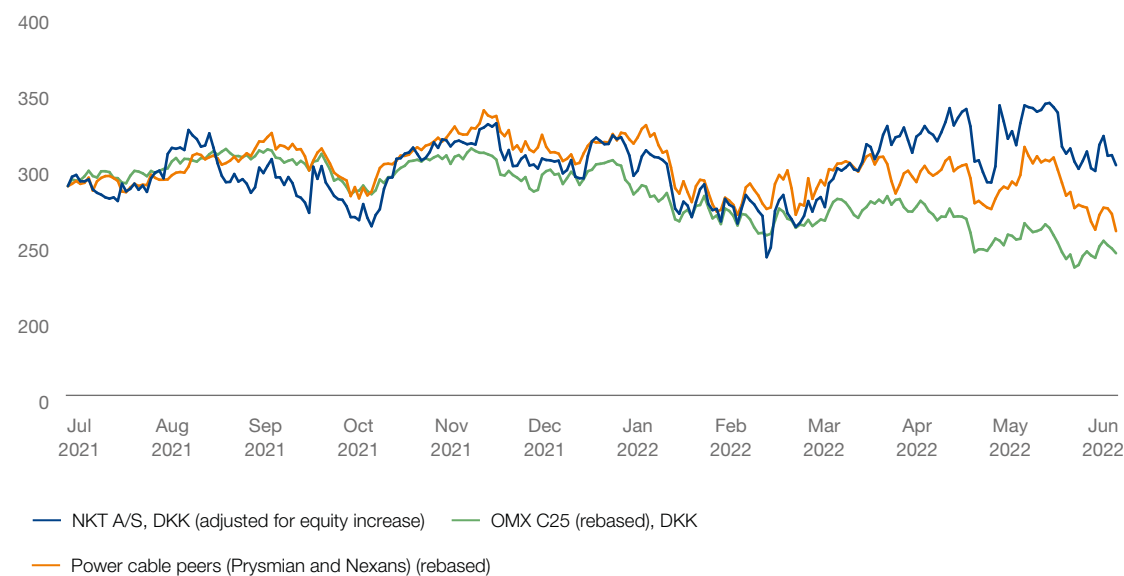
- ATP (Denmark)
- Greenvale Capital (UK)

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).



More shareholder information is available at 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 2022

22 Sep: Capital Markets Day
 16 Nov: Interim Report, Q3 2022



Consolidated financial statements

Income statement

Amounts in EURm	Q2 2022	Q2 2021	1st half 2022	1st half 2021	Year 2021
Revenue	578.0	498.0	1,067.5	912.0	1,827.9
Other operating income	2.3	2.8	7.8	6.9	30.9
Costs of raw materials, consumables and goods for resale	-417.0	-346.1	-759.4	-622.0	-1,241.6
Staff costs	-78.8	-78.2	-153.7	-149.2	-311.5
Other costs etc.	-43.6	-34.1	-82.5	-73.3	-187.3
Earnings before interest, tax, depreciation and amortization (EBITDA)	40.9	42.4	79.7	74.4	118.4
Depreciation of property, plant and equipment	-15.9	-15.8	-31.2	-31.5	-68.9
Amortization of intangible assets	-4.3	-5.6	-8.6	-11.1	-25.6
Earnings before interest and tax (EBIT)	20.7	21.0	39.9	31.8	23.9
Financial items, net	-4.4	-2.1	-9.8	-5.0	-8.2
Earnings before tax (EBT)	16.3	18.9	30.1	26.8	15.7
Tax	-2.1	-4.0	-4.1	-6.0	-3.8
Net result - continuing operations	14.2	14.9	26.0	20.8	11.9
Net result - discontinued operations	-9.1	-3.8	-6.0	-8.0	-7.8
Net result	5.1	11.1	20.0	12.8	4.1
To be distributed as follows:					
Equity holders of NKT A/S	3.1	9.1	16.0	8.8	-4.0
Hybrid capital holders of NKT A/S	2.0	2.0	4.0	4.0	8.1
	5.1	11.1	20.0	12.8	4.1
Basic earnings - continuing operations, EUR, per share (EPS)	0.3	0.4	0.5	0.4	0.1
Diluted earnings - continuing operations, EUR, per share (EPS-D)	0.3	0.4	0.5	0.4	0.1
Basic earnings, EUR, per share (EPS)	0.1	0.3	0.4	0.2	-0.1
Diluted earnings, EUR, per share (EPS-D)	0.1	0.3	0.4	0.2	-0.1

Statement of comprehensive income

Amounts in EURm	Q2 2022	Q2 2021	1st half 2022	1st half 2021	Year 2021
Comprehensive income					
Net result	5.1	11.1	20.0	12.8	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.	-120.4	41.4	-77.2	72.4	84.4
Total comprehensive income for the period	-115.3	52.5	-57.2	85.2	90.1

Balance sheet

Amounts in EURm	30 June 2022	30 June 2021	31 Dec. 2021
Assets			
Intangible assets	537.7	626.6	621.7
Property, plant and equipment	808.3	698.0	782.9
Other investments and receivables	0.8	1.0	0.8
Deferred tax	28.5	36.1	24.9
Total non-current assets	1,375.3	1,361.7	1,430.3
Inventories	308.5	294.0	287.4
Receivables	505.5	540.2	528.9
Contract assets	102.5	178.3	97.3
Income tax receivable	4.2	5.4	8.8
Interest-bearing receivables	0.2	0.2	0.2
Cash at bank and in hand	196.2	25.2	200.5
Assets held for sale	135.7	0.0	0.0
Total current assets	1,252.8	1,043.3	1,123.1
Total assets	2,628.1	2,405.0	2,553.4

Amounts in EURm	30 June 2022	30 June 2021	31 Dec. 2021
Equity and liabilities			
Equity attributable to equity holders of NKT A/S	944.8	1,005.6	1,007.5
Hybrid capital	156.4	156.4	152.4
Total equity	1,101.2	1,162.0	1,159.9
Deferred tax	48.1	66.9	71.8
Provisions and pension liabilities	61.9	72.7	62.5
Borrowings	200.5	198.5	196.4
Total non-current liabilities	310.5	338.1	330.7
Borrowings	14.7	13.0	17.5
Trade payables	400.5	329.7	341.8
Other liabilities	241.3	177.6	170.4
Contract liabilities	474.2	350.4	459.3
Income tax payable	16.4	21.6	10.5
Provisions	45.7	12.6	63.3
Liabilities associated with assets held for sale	23.6	0.0	0.0
Total current liabilities	1,216.4	904.9	1,062.8
Total liabilities	1,526.9	1,243.0	1,393.5
Total equity and liabilities	2,628.1	2,405.0	2,553.4

Cash flow statement

Amounts in EURm	Q2 2022	Q2 2021	1st half 2022	1st half 2021	Year 2021
Earnings before interest, tax, depreciation and amortization (EBITDA)	40.9	42.4	79.7	74.4	118.4
Change in provisions, gain and loss on sale of assets, etc.	-0.7	1.7	-15.8	3.7	48.5
Changes in working capital	105.6	-143.7	47.4	-196.7	50.7
Cash flow from operations before financial items, etc.	145.8	-99.6	111.3	-118.6	217.6
Net financial items paid	-4.9	-2.1	-10.1	-4.9	-8.0
Income tax paid	-3.9	2.0	-5.1	1.1	-0.8
Cash flow from operating activities from continuing operations	137.0	-99.7	96.1	-122.4	208.8
Acquisition of businesses	-0.4	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	-42.1	-46.2	-73.9	-68.0	-184.5
Disposal of property, plant and equipment	0.0	0.0	0.7	0.0	0.1
Intangible assets and other investments, net	-6.8	-6.2	-14.0	-12.7	-28.9
Cash flow from investing activities from continuing operations	-49.3	-52.4	-102.9	-78.6	-211.2
Free cash flow from continuing operations	87.7	-152.1	-6.8	-201.0	-2.4
Changes in borrowings	-5.4	-0.7	10.5	-10.5	-23.3
Repayment of lease liabilities	-1.3	-1.3	-2.6	-2.7	-5.2
Coupon payments on hybrid capital	0.0	0.0	0.0	0.0	-8.1
Purchase of treasury shares	0.0	0.0	-2.5	0.0	0.0
Cash flow from financing activities from continuing operations	-6.7	-2.0	5.4	-13.2	-36.6

Amounts in EURm	Q2 2022	Q2 2021	1st half 2022	1st half 2021	Year 2021
Net cash flow from continuing operations	81.0	-154.1	-1.4	-214.2	-39.0
Net cash flow from discontinued operations*	0.2	0.2	0.5	0.1	0.3
Net cash flow	81.2	-153.9	-0.9	-214.1	-38.7
Cash at bank and in hand at the beginning of the period	118.5	178.9	200.5	239.2	239.2
Currency adjustments	-1.1	0.2	-1.0	0.1	0.0
Net cash flow	81.2	-153.9	-0.9	-214.1	-38.7
Cash at bank and in hand at the end of the period	198.6	25.2	198.6	25.2	200.5
Of which classified as Assets held for sale	2.4	0.0	2.4	0.0	0.0
Cash at bank and in hand at the end of the period	196.2	25.2	196.2	25.2	200.5

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

* Note 5 Discontinued operations and assets held for sale, include the split of the cash flow from operating, investing and financing activities from discontinued operations

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			-1.1					-1.1		-1.1
Value adjustment of hedging instruments:										
Value adjustment for the period				100.1				100.1		100.1
Value adjustment transferred to the Income statement				-0.1				-0.1		-0.1
Tax on other comprehensive income				-26.5				-26.5		-26.5
Total other comprehensive income	0.0	0.0	-1.1	73.5	0.0	0.0	0.0	72.4	0.0	72.4
Net result						8.8		8.8	4.0	12.8
Comprehensive income for the period	0.0	0.0	-1.1	73.5	0.0	8.8	0.0	81.2	4.0	85.2
<i>Transactions with owners:</i>										
Share based payment						0.4		0.4		0.4
Total transactions with owners in 1st half 2021	0.0	0.0	0.0	0.0	0.0	0.4	0.0	0.4	0.0	0.4
Equity, 30 June 2021	115.4	0.0	-10.2	145.4	0.3	754.7	0.0	1,005.6	156.4	1,162.0
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			-22.7					-22.7		-22.7
Value adjustment of hedging instruments:										
Value adjustment for the period				-45.0				-45.0		-45.0
Value adjustment transferred to the Income statement				-28.9				-28.9		-28.9
Tax on other comprehensive income				19.4				19.4		19.4
Total other comprehensive income	0.0	0.0	-22.7	-54.5	0.0	0.0	0.0	-77.2	0.0	-77.2
Net result						16.0		16.0	4.0	20.0
Comprehensive income for the period	0.0	0.0	-22.7	-54.5	0.0	16.0	0.0	-61.2	4.0	-57.2
<i>Transactions with owners:</i>										
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						1.0		1.0		1.0
Total transactions with owners in 1st half 2022	0.0	-0.9	0.0	0.0	0.0	-0.6	0.0	-1.5	0.0	-1.5
Equity, 30 June 2022	115.4	-0.9	-41.3	111.3	0.3	760.0	0.0	944.8	156.4	1,101.2

* 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 June 2022, the Cash flow hedge reserve was EUR 132.8 million and Cost of hedging was EUR -21.5 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 June 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. The closing of the transaction is subject to regulatory approvals being obtained and is expected to take place latest by end Q1 2023. NKT Photonics are consequently presented separately in this report under discontinued operations and comparison figures are presented accordingly. Assets and liabilities are shown in one line without adjusting comparative figures in accordance with IFRS 5. For further information and specifications, see note 5.

As described in the management review, NKT will redeem its outstanding hybrid securities on 12 September 2022. This has not had any impact on the accounting and classification applied in this interim report. See also Note 6 Subsequent events for a more elaborate description.

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 7.

Significant estimates and judgements

Significant accounting estimates and judgements are described in Note 1.3 of the 2021 Annual Report. They are related to the recognition of revenue from construction contracts, impairment of assets, valuation of tax assets and recognition and measurement of contingent liabilities.

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 first half of 2022 that have impacted the financial position as of 30 June 2022.

Management has carefully considered the possible impact from the strained supply chains following the tragic circumstances in Ukraine and the COVID-19 pandemic. Currently the impact from these events has not materially altered the expectations related to the growth in the power cable market. While management closely follows the development of these events as well as the development in the financial markets with increasing interest rates and inflation, Management has, also considering the high order intake in Q2 2022, assessed that no trigger events for impairment have been identified in Q2 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 June 2022, NKT has issued guarantees with a value of EUR 1,169m (EUR 1,015m at 31 December 2021), none of which are currently expected to materialize.

For the presentation of this interim report for the first half of 2022, Management is required to assess whether the financial statements can be presented on a 'going concern' basis. Based on estimated future prospects, expectations of future cash flows, existence of credit facilities, etc., it is management's opinion that the financial headroom is sufficient to manage the level of activity expected in the remainder of 2022.

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 first half of 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
Q2 2022						
Income statement						
Goods ¹⁾	12.5	309.5	34.6	0.0	-5.0	351.6
Service, etc. ¹⁾	4.2	0.0	1.7	0.0	-1.1	4.8
Construction contracts ²⁾	213.5	0.0	10.9	0.0	-2.8	221.6
Revenue (market prices)	230.2	309.5	47.2	0.0	-8.9	578.0
Adjustment of market prices to std. metal prices	-34.3	-161.6	0.0	0.0	-1.0	-196.9
Revenue (std. metal prices)	195.9	147.9	47.2	0.0	-9.9	381.1
Costs and other income, net (excl. one-off items)	-200.2	-302.3	-45.4	2.3	8.9	-536.7
Operational EBITDA	30.0	7.2	1.8	2.3	0.0	41.3
Depreciation, amortization and impairment	-15.1	-3.6	-1.1	-0.4	0.0	-20.2
Operational EBIT	14.9	3.6	0.7	1.9	0.0	21.1
Working capital	-295.5	72.2	28.9	-17.3	0.0	-211.7
Q2 2021						
Income statement						
Goods ¹⁾	9.3	249.2	30.5	0.0	-4.7	284.3
Service, etc. ¹⁾	0.0	0.0	1.6	0.0	-0.7	0.9
Construction contracts ²⁾	181.6	0.0	33.2	0.0	-2.0	212.8
Revenue (market prices)	190.9	249.2	65.3	0.0	-7.4	498.0
Adjustment of market prices to std. metal prices	-28.2	-125.6	-0.1	0.0	0.1	-153.8
Revenue (std. metal prices)	162.7	123.6	65.2	0.0	-7.3	344.2
Costs and other income, net (excl. one-off items)	-167.9	-241.6	-50.8	-2.7	7.4	-455.6
Operational EBITDA	23.0	7.6	14.5	-2.7	0.0	42.4
Depreciation, amortization and impairment	-14.9	-4.2	-1.1	-1.2	0.0	-21.4
Operational EBIT	8.1	3.4	13.4	-3.9	0.0	21.0
Working capital	5.4	108.9	15.0	-16.5	0.0	112.8

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
Q2 2022	
Reconciliation to net result	
Operational EBITDA	41.3
One-off items	-0.4
EBITDA	40.9
Depreciation, amortization and impairment	-196.9
EBIT	20.7
Financial items, net	-4.4
EBT	16.3
Tax	-2.1
Net result - continuing operations	14.2
Net result - discontinued operations	-9.1
Net result	5.1

Q2 2021	
Reconciliation to net result	
Operational EBITDA	42.4
One-off items	0.0
EBITDA	42.4
Depreciation, amortization and impairment	-21.4
EBIT	21.0
Financial items, net	-2.1
EBT	18.9
Tax	-4.0
Net result - continuing operations	14.9
Net result - discontinued operations	-3.8
Net result	11.1

Notes

Note 2 Segment reporting

Amounts in EURm	Solutions	Applica- tions	Service & Acces- sories	Non allocated	Inter- segment transact.	NKT
1st half 2022						
Income statement						
Goods ¹⁾	15.9	586.8	64.6	0.0	-10.1	657.2
Service, etc. ¹⁾	6.4	0.0	2.1	0.0	-1.5	7.0
Construction contracts ²⁾	382.1	0.0	24.3	0.0	-3.1	403.3
Revenue (market prices)	404.4	586.8	91.0	0.0	-14.7	1,067.5
Adjustment of market prices to std. metal prices	-57.6	-307.8	-0.2	0.0	-1.6	-367.2
Revenue (std. metal prices)	346.8	279.0	90.8	0.0	-16.3	700.3
Costs and other income, net (excl. one-off items)	-349.7	-569.2	-85.5	1.8	14.7	-987.9
Operational EBITDA	54.7	17.6	5.5	1.8	0.0	79.6
Depreciation, amortization and impairment	-29.6	-7.5	-2.1	-0.6	0.0	-39.8
Operational EBIT	25.1	10.1	3.4	1.2	0.0	39.8
Working capital	-295.5	72.2	28.9	-17.3	0.0	-211.7
1st half 2021						
Income statement						
Goods ¹⁾	20.0	433.4	59.7	0.0	-7.6	505.5
Service, etc. ¹⁾	1.9	0.0	2.0	0.0	-0.8	3.1
Construction contracts ²⁾	359.5	0.0	49.7	0.0	-5.8	403.4
Revenue (market prices)	381.4	433.4	111.4	0.0	-14.2	912.0
Adjustment of market prices to std. metal prices	-58.2	-214.0	-0.1	0.0	0.5	-271.8
Revenue (std. metal prices)	323.2	219.4	111.3	0.0	-13.7	640.2
Costs and other income, net (excl. one-off items)	-338.9	-420.3	-89.0	-5.4	14.2	-839.4
Operational EBITDA	42.5	13.1	22.4	-5.4	0.0	72.6
Depreciation, amortization and impairment	-29.8	-8.4	-2.1	-2.3	0.0	-42.6
Operational EBIT	12.7	4.7	20.3	-7.7	0.0	30.0
Working capital	5.4	108.9	15.0	-16.5	0.0	112.8

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
1st half 2022	
Reconciliation to net result	
Operational EBITDA	79.6
One-off items	0.1
EBITDA	79.7
Depreciation, amortization and impairment	-39.8
EBIT	39.9
Financial items, net	-9.8
EBT	30.1
Tax	-4.1
Net result - continuing operations	26.0
Net result - discontinued operations	-6.0
Net result	20.0

1st half 2021	
Reconciliation to net result	
Operational EBITDA	72.6
One-off items	1.8
EBITDA	74.4
Depreciation, amortization and impairment	-42.6
EBIT	31.8
Financial items, net	-5.0
EBT	26.8
Tax	-6.0
Net result - continuing operations	20.8
Net result - discontinued operations	-8.0
Net result	12.8

Notes

Note 3 Net interest-bearing debt and working capital

Amounts in EURm	30 June 2022	30 June 2021	31 Dec. 2021
Net interest-bearing debt			
Borrowings, non-current	200.5	198.5	196.4
Borrowings, non-current - classified as Liabilities associated with assets held for sale	4.6	0.0	0.0
Borrowings, current	14.7	13.0	17.5
Borrowings, current - classified as Liabilities associated with assets held for sale	2.5	0.0	0.0
Interest-bearing receivables	-0.2	-0.2	-0.2
Cash at bank and in hand	-196.2	-25.2	-200.5
Cash at bank and in hand - classified as Assets held for sale	-2.4	0.0	0.0
Net interest-bearing debt	23.5	186.1	13.2
Working capital			
Inventories	308.5	294.0	287.4
Receivables	505.5	540.2	528.9
Contract assets	102.5	178.3	97.3
Income tax receivable	4.2	5.4	8.8
Trade payables	-400.5	-329.7	-341.8
Other liabilities	-241.3	-177.6	-170.4
Contract liabilities	-474.2	-350.4	-459.3
Income tax payables	-16.4	-21.6	-10.5
Working capital	-211.7	138.6	-59.6

Amounts in EURm	Q2 2022	Q2 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	-211.7	138.6	-59.6
Change in working capital based on balance sheet	-118.5	275.7	77.5
Effect of unrealized hedges reported on Equity	73.9	-100.1	-127.4
Effect of discontinued operations	0.0	3.3	-4.1
Effect of changes in current tax	5.1	14.5	4.2
Effect of changes in exchange rates, etc.	-7.9	3.3	-0.9
Change in working capital based on cash flow statement	-47.4	196.7	-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 June 2022, Ventcroft Ltd contributed positively to the results with a revenue of EUR 11.2m and a profit of EUR 0.6m. Had the acquisition occurred on 1 January 2022, the impact for the period until 30 June 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.

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	Q2 2022	Q2 2021	1st half 2022	1st half 2021	Year 2021
Profit for the year – discontinued operations					
Revenue	18.3	18.3	34.4	34.0	80.1
Costs and other income, net	-18.0	-18.3	-35.8	-35.2	-72.6
Operational EBITDA	0.3	0.0	-1.4	-1.2	7.5
One-off items	-6.1	0.0	1.9	0.0	0.0
EBITDA	-5.8	0.0	0.5	-1.2	7.5
Depreciation, amortization and impairment	-3.2	-3.5	-6.7	-7.0	-14.6
EBIT	-9.0	-3.5	-6.2	-8.2	-7.1
Financial items, net	-0.9	-1.4	-2.2	-2.1	-4.2
Earnings before tax (EBT)	-9.9	-4.9	-8.4	-10.3	-11.3
Tax	0.8	1.1	2.4	2.3	3.5
Net result - discontinued operations	-9.1	-3.8	-6.0	-8.0	-7.8
NKT' share hereof	-9.1	-3.8	-6.0	-8.0	-7.8
Basic earnings - discontinued operations, EUR, per share (EPS)	-0.2	-0.1	-0.1	-0.2	-0.2
Diluted earnings - discontinued operations, EUR, per share (EPS-D)	-0.2	-0.1	-0.1	-0.2	-0.2
Cash flows from discontinued operations					
Cash flow from operating activities	-2.0	0.1	-7.0	0.5	-1.0
Cash flow from investing activities	-4.4	-3.3	10.1	-6.7	-14.3
Cash flow from financing activities	6.6	3.4	-2.7	6.3	15.6
Net cash flow from discontinued operations	0.2	0.2	0.4	0.1	0.3

Balance sheet items comprise	30 June 2022
Non-current assets	87.7
Current assets	48.0
Assets held for sale	135.7
Non-current liabilities	7.3
Current liabilities	16.3
Liabilities associated with assets held for sale	23.6

Note 6 Subsequent events

On 11 August 2022, NKT gave irrevocable notice of early redemption to all holders of its EUR 150m hybrid securities issued in 2018.

The outstanding hybrid securities will be redeemed on 12 September 2022 at a redemption price equal to the principal amount of the securities together with interest accrued up until the day before the redemption date.

NKT has sufficient funds in place to repay the hybrid securities, and is further considering the future financing capacity including potential issuance of new hybrid securities to support growth opportunities.

Notes

Note 7 Definitions

The Group operates with the following performance measures which are calculated in accordance with the Danish Finance Society's guidelines:

Performance measures defined by IFRS:

1. **Earnings, EUR per outstanding share (EPS)** – Earnings attributable to equity holders of NKT A/S relative to average number of outstanding shares.
2. **Diluted earnings, EUR per outstanding share (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 Q2 2022 was published on 17 August 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 June 2022.

The Interim Report for the period 1 January – 30 June 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 June 2022 and the results of the Group's activities and cash flow for the period 1 January – 30 June 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, 17 August 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.