



We connect a greener world

The background of the entire page is a photograph of two workers in safety gear (hard hats and high-visibility jackets) handling a large black cable in an outdoor setting at sunset. The sky is filled with soft, colorful clouds, and the ground is covered in grass and some trees in the distance. A large spool of cable is visible on the right side of the frame.

Interim Report Q2 2021

Interim Report of NKT A/S for the period 1 January – 30 June 2021

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

Contents

Management review

- 03 Key messages Q2 2021
- 05 Financial highlights and ratios
- 06 NKT
- 12 NKT Photonics
- 14 Group financials
- 15 Shareholder information

Financial statements

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

“We have had a strong 1st half 2021 and the improved financial performance was driven by broad-based growth in both NKT and NKT Photonics. It is satisfying to see that we continue to benefit from the green transformation and successful implementation of improvement initiatives.

In the power cable business, we delivered a 1st half 2021 operational EBITDA higher than we expect for the 2nd half. This is mainly due to the anticipated mix of projects in the Solutions business line and to the completion of an exceptionally high amount of service repair work in the first part of the year.”

Alexander Kara

President & CEO, NKT A/S

Key messages Q2 2021

NKT Group delivered operational EBITDA of EUR 42.4m, the highest quarterly total since 2017, and an increase from EUR 15.2m in Q2 2020. The improved performance was achieved by contribution from both NKT and NKT Photonics.

In the power cable business, NKT, all three business lines contributed to higher revenue and earnings compared to Q2 2020, with particularly higher activity levels in Solutions and Service & Accessories. Operational EBITDA was at the highest level since 2017.

Driven by the project awards of Troll West in Norway and Dogger Bank C in the UK, NKT's high-voltage order backlog returned to a record level of EUR 3.16bn (EUR 2.66bn in std. metal prices) at end-Q2 2021. Progress continued on several tenders across market segments and geographies.

In Q2 2021, the free cash flow generation for NKT was negative as the positive earnings contribution was outweighed by an unfavourable development in working capital and by the continuation of the investment programme to upgrade the high-voltage production sites.

NKT Photonics improved both revenue and EBITDA in Q2 2021. The revenue, which in the corresponding period last year was adversely impacted by the COVID-19 pandemic, recovered well, particularly in the Industrial segment.

In July 2021, the Board of Directors decided to resume the review of strategic alternatives for NKT Photonics, with the objective of maximizing value creation.

The financial outlooks for 2021 for NKT and NKT Photonics are unchanged from Company Announcement No. 12 of 16 July 2021. See further information on page 4.

Amounts in EURm	NKT				NKT Photonics				NKT Group			
	Q2 2021	Q2 2020	1st half 2021	1st half 2020	Q2 2021	Q2 2020	1st half 2021	1st half 2020	Q2 2021	Q2 2020	1st half 2021	1st half 2020
Revenue	498.0	359.2	912.0	677.6	18.3	14.6	34.0	27.3	515.6	372.4	945.2	703.5
Revenue in std.metal prices	344.2	277.8	640.2	518.1	18.3	14.6	34.0	27.3	361.8	291	673.4	544.0
Organic growth	21%	15%	21%	17%	28%	-20%	27%	-17%				
Operational EBITDA	42.4	16.0	72.6	26.2	0.0	-0.8	-1.2	-2.6	42.4	15.2	71.4	23.6
Operational EBITDA margin (std. metal prices)	12.3%	5.8%	11.3%	5.1%	0.3%	-5.9%	-3.4%	-9.6%	11.7%	5.2%	10.6%	4.3%
EBIT	21.0	-12.3	31.8	-23.2	-3.5	-3.8	-8.2	-8.1	17.5	-16.1	23.6	-31.3
Net result	14.9	-9.7	20.8	-27.2	-3.8	-3.7	-8.0	-6.8	11.1	-13.4	12.8	-34.0
Working capital			112.8	2.9			25.8	30.8			138.6	33.7
Working capital % of revenue, LTM			-3.0%	-3.1%			36.8%	41.2%			-1.2%	-0.9%
RoCE			1.5%	-5.4%			-8.7%	-2.2%			0.5%	-5.1%

Key highlights Q2 2021



344m

Revenue (std. metal prices), EUR

Up from EUR 278m in Q2 2020, all three business lines contributing with improvements

21%

Organic growth

Reflecting growth of 19% in Solutions, 6% in Applications and 90% in Service & Accessories

18.3m

Revenue, EUR

Up from EUR 14.6m in Q2 2020. The increase was driven by a recovery after the challenging market conditions in 2020 due to the COVID-19 pandemic

28%

Organic growth

Solid positive development in Industrial, while growth in Medical & Life Science and Aerospace & Defence was modest

42.4m

Operational EBITDA, EUR

Up from EUR 16.0m in Q2 2020. The increased activity level led to improved profitability in all three business lines

3.16bn

High-voltage order backlog, EUR

Up from EUR 2.95bn at end-Q1 2021, due to the project awards of Troll West in Norway and Dogger Bank C in the UK

0.0m

EBITDA, EUR

Up from EUR -0.8m in Q2 2020 driven by the revenue growth. Earnings in Q2 2021 were impacted negatively by redundancy costs of EUR 0.4m

41%

Order intake growth

Up from -26% in Q2 2020, driven mainly by the Industrial segment

Financial outlook 2021

The financial outlook is unchanged from Company Announcement No. 12 of 16 July 2021.

Revenues (std. metal prices) are expected to be in the upper end of approx. EUR 1.1–1.2bn (previously approx. EUR 1.1–1.2bn) and the operational EBITDA is expected to be in the upper

end of approx. EUR 80–110m (previously approx. EUR 80–110m).

The financial outlook is still subject to uncertainty due to the general market situation of constrained access to both raw materials and material for the production as well as the continued unknown development of the COVID-19 pandemic.

Financial outlook 2021

The financial outlook is unchanged from Company Announcement No. 12 of 16 July 2021.

The organic revenue growth is expected to be approx. 8-15% (previously upper end of approx. 0-10%), and the EBITDA margin is expected to be approx. 6-8% (previously upper end of approx. 3-7%).

The financial outlook is still subject to uncertainty due to the general market situation of constrained access to both raw materials and material for the production as well as the continued unknown development of the COVID-19 pandemic.

NKT Group – Financial highlights and ratios

Amounts in EURm	Q2 2021	Q2 2020	1st half 2021	1st half 2020	Year 2020
Income statement					
Revenue	515.6	372.4	945.2	703.5	1,470.2
Revenue in std. metal prices** 3)	361.8	291.0	673.4	544.0	1,154.7
Operational EBITDA** 6)	42.4	15.2	71.4	23.6	59.3
EBITDA	42.4	6.5	73.2	14.5	49.4
Amortization, depreciation and impairment	-24.9	-22.6	-49.6	-45.8	-97.3
Operational EBIT** 7)	17.5	-7.4	21.8	-22.2	-38.0
EBIT	17.5	-16.1	23.6	-31.3	-47.9
Financial items, net	-3.5	0.2	-7.1	-6.9	-16.7
Earnings before tax (EBT)	14.0	-15.9	16.5	-38.2	-64.6
Net result	11.1	-13.4	12.8	-34.0	-74.5
Cash flow					
Cash flow from operating activities	-99.6	-11.8	-121.9	-133.3	136.3
Cash flow from investing activities	-55.7	-21.3	-85.3	-35.7	-107.4
hereof investments in PPE	-47.7	-9.6	-70.6	-15.3	-65.5
Free cash flow**	-155.3	-33.1	-207.2	-169.0	28.9

Amounts in EURm	Q2 2021	Q2 2020	1st half 2021	1st half 2020	Year 2020
Balance sheet					
Share capital	115.4	86.6	115.4	86.6	115.4
Group equity	1,162.0	862.2	1,162.0	862.2	1,076.4
Total assets	2,405.0	1,901.8	2,405.0	1,901.8	2,150.6
Net interest-bearing debt** 9)	186.1	323.8	186.1	323.8	-25.9
Capital employed** 10)	1,348.1	1,186.0	1,348.1	1,186.0	1,050.5
Working capital** 11)	138.6	33.7	138.6	33.7	-137.1
Financial ratios and employees					
Operational EBITDA margin, continuing operations (std. metal prices)**	11.7%	5.2%	10.6%	4.3%	5.1%
Gearing (NIBD as % of Group equity)** 8)	16%	38%	16%	38%	-2%
NIBD relative to operational EBITDA** 12)	1.7x	7.6x	1.7x	7.6x	-0.4x
Solvency ratio (equity as % of total assets)** 13)	48%	45%	48%	45%	50%
Return on capital employed (RoCE)** 14)	0.5%	-5.1%	0.5%	-5.1%	-3.5%
Number of DKK 20 shares ('000)**	42,976	32,232	42,976	32,232	42,976
EPS, EUR 1)	0.3	-0.4	0.2	-1.1	-2.7
Diluted EPS, EUR 2)	0.3	-0.4	0.2	-1.2	-2.7
Equity value, EUR per outstanding share** 15)	23	22	23	22	22
Market price, DKK per share**	288	148	288	148	271
Average number of employees	4,120	3,764	4,046	3,756	3,800

¹⁾⁻¹⁵⁾ Definitions appear in Note 4.

** Alternative performance measures

NKT – Financial review

In Q2 2021, NKT delivered improvements in both revenue and earnings. All three business lines contributed to the positive development, leading to the highest quarterly operational EBITDA since 2017. The free cash flow was negative due to a temporary rise in working capital and the continued increased investment level to prepare for future growth.

Improved revenue across all business lines

NKT's revenue* in Q2 2021 increased to EUR 344m from EUR 278m in Q2 2020, corresponding to 21% organic growth. The improvement was particularly due to higher activity levels in Solutions and Service & Accessories.

1st half 2021 revenue* totalled EUR 640m, against EUR 518m in the same period last year. The organic growth for 1st half 2021 was 21%, which was

mainly due to higher revenue in Solutions and Service & Accessories.

Expressed in market prices, revenue in Q2 2021 was EUR 498m, against EUR 359m in Q2 2020.

Operational EBITDA margin* up more than 6 percentage points

Operational EBITDA increased from EUR 16.0m in Q2 2020 to EUR 42.4m in Q2 2021. The growth in revenue resulted in higher profitability margins. In particular, Service & Accessories improved profitability in an exceptionally strong quarter.

The operational EBITDA margin* increased from 5.8% in Q2 2020 to 12.3% in Q2 2021.

The operational EBITDA for 1st half 2021 was EUR 72.6m, compared to EUR 26.2m in 1st half 2020.

In Q2 2021, NKT had no one-off items, against EUR -8.7m in Q2 2020 which mainly related to legal costs.

EBIT in Q2 2021 increased to EUR 21.0m from EUR -12.3m in Q2 2020, driven by the same parameters as operational EBITDA.

Key financials

Amounts in EURm	Q2 2021	Q2 2020	1st half 2021	1st half 2020	FY 2020
Income statement					
Revenue	498.0	359.2	912.0	677.6	1,402.5
Revenue in std. metal prices**	344.2	277.8	640.2	518.1	1,087.0
Operational EBITDA**	42.4	16.0	72.6	26.2	56.7
EBITDA	42.4	7.3	74.4	17.1	46.8
Depreciations and amortizations	-21.4	-19.6	-42.6	-40.3	-85.2
Operational EBIT**	21.0	-3.6	30.0	-14.1	-28.5
EBIT	21.0	-12.3	31.8	-23.2	-38.4
Financial items, net	-2.1	1.1	-5.0	-6.3	-11.5
EBT	18.9	-11.2	26.8	-29.5	-49.9
Tax	-4.0	1.5	-6.0	2.3	-13.6
Net result	14.9	-9.7	20.8	-27.2	-63.5
Cash flow					
Cash flow from operating activities	-99.7	-10.0	-122.4	-128.3	135.6
Cash flow from investing activities excl. acq. & div.**	-52.4	-17.3	-80.7	-27.3	-90.8
Free cash flow excl. acq. & div.**	-152.1	-27.3	-203.1	-155.6	44.8
Balance sheet					
Capital employed**	1,238.4	1,075.9	1,238.4	1,075.9	939.8
Working capital**	112.8	2.9	112.8	2.9	-164.5
Financial ratios and employees					
Organic growth**	21%	15%	21%	17%	15%
Operational EBITDA margin*, **	12.3%	5.8%	11.3%	5.1%	5.2%
RoCE**	1.5%	-5.4%	1.5%	-5.4%	-2.9%
Average number of employees	3,729	3,357	3,650	3,348	3,390

** Alternative performance measures

* Std. metal prices

The net result for Q2 2021 was EUR 14.9m, compared to EUR -9.7m in Q2 2020. The nominal increase in the net result was lower than for EBIT as earnings before tax were positive in Q2 and 1st half 2021 and thereby led to a tax cost.

Temporary increase in working capital

At end-Q2 2021, working capital amounted to EUR 113m. This was an increase from EUR -65m at end-Q1 2021.

For Solutions, the increase in working capital was driven by phasing of milestone payments relating to projects in the order backlog. Additionally, unrealized value adjustments of hedging instruments drove up the working capital due to higher commodity prices. However, this does not have a cash impact.

In the case of Applications, the higher commodity prices led to increases in inventory and receivables that offset the corresponding increase in payables. Furthermore, inventory was as in previous years built up for the summer period.

The working capital ratio, LTM, was -3.0% at end-Q2 2021, against -5.6 % at end-Q1 2021 and -3.1% at end-Q2 2020.

Negative cash flow due to working capital and planned investments

The cash flow from operating activities was EUR -99.7m in Q2 2021 compared to EUR -10.0m in Q2 2020. The cash generation was negative as the positive earnings contribution was outweighed by the development in working capital.

In Solutions, the planned investment programme to upgrade the high-voltage production sites was further progressed in Q2 2021. Accordingly, cash flow from investing activities amounted to EUR -52.4m in Q2 2021, compared to EUR -17.3 m for the same period last year.

Return to positive RoCE

As earnings continued to improve, positive RoCE was achieved and was 1.5% at end-Q2 2021, up from -0.9% at end-Q1 2021.

Revenue development and organic growth

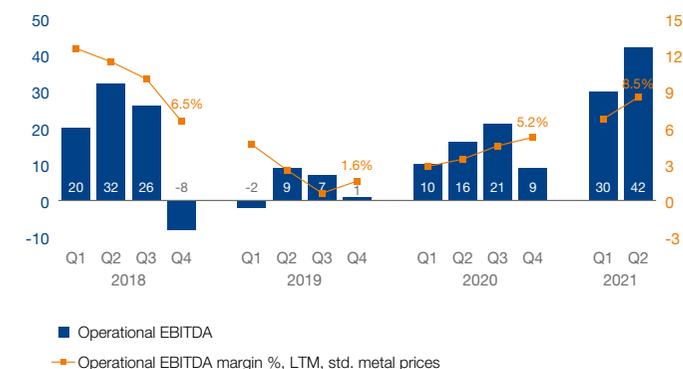
Amounts in EURm

Q2 2020 revenue*	277.8
Currency effect	8.2
Organic growth	58.2
Q2 2021 revenue*	344.2
Organic growth, %	21%

* Std. metal prices

Operational EBITDA

Amounts in EURm



Working capital

Amounts in EURm



Sustainability

In 1st half 2021 NKT intensified its sustainability efforts in support of its ambitions to become a net-zero emission company by 2050 and achieved progress on a number of Environmental, Social and Governance parameters.

NKT has been a signatory to the UN Global Compact since 2009 and is committed to running its business in accordance with the UN's Sustainable Development Goals. During 1st half 2021, progress was demonstrated on a number of ESG parameters relating to NKT's overall sustainability strategy.

Environment

In December last year, NKT was the first major power cable manufacturer to sign up for the Science Based Target initiative to achieve net-zero emissions status by 2050. NKT has already committed to reduce its greenhouse gas (GHG) emissions by an annual average of 5% in line with the Paris climate agreement to limit global warming to 1.5°C above pre-industrial levels. In 1st half 2021, NKT tested its environmental data quality by external audit

and initiated decarbonization dialogue with its supply chain, contacting more than 20 core suppliers. NKT estimates that more than 95% of its total CO₂ emissions (Scope 1, 2 and 3) relate to the supply chain (Scope 3).

One of the enablers to reach the net-zero emission ambition is to ensure recycling of resources. In 1st half 2021, NKT was the first power cable company to successfully recycle cross-linked polyethylene (XLPE). Such circularity approach significantly lowers material costs compared to new raw materials and approx. 2,000 kg of CO₂ are saved for every 1,000 kg of recycled XLPE.

In addition, NKT has started the transition to electrical company cars targeting a fully electrical car fleet by 2025. Currently, less than 5% of the company cars are electric. NKT has installed chargers at several corporate sites and more are planned.

Social

NKT has launched its diversity policy which includes a corporate target of 30% female representation in senior leadership in 2024. NKT has also subscribed to the UN Women's Empowerment Principles to promote diversity and inclusion across the company.

In 2020, the NKT LTIR (Lost Time Incident Rate) dropped to 0.41 from 0.73 in 2019, driven by an increased focus on safety throughout the company combined with the overall focus on physical well-being during the COVID-19 pandemic.

Despite expansion work in the fully operating high-voltage factories in Karlskrona and Cologne as well as various production footprint activities throughout NKT, the positive trend from 2020 with 12-month rolling LTIR of 0.4 has continued in 1st half 2021. Compared to the – in terms of safety – very successful 2nd half 2020, NKT will increase its efforts to stay on its current low level of incidents in 2nd half 2021.

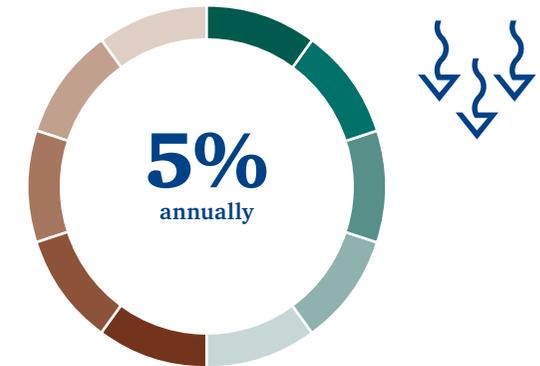
Governance

During 1st half 2021, NKT remained focused on business ethics and has fully implemented the enhanced compliance due diligence process for agents and distributors aimed at ensuring responsibility and transparency in the value chain.



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

We commit to reduce our greenhouse gas emission by an average of





Business review – Solutions

Highlights

- Improved revenue and profitability in Q2 2021
- Contract awards of Troll West in Norway and Dogger Bank C in UK
- NordLink power cable system connecting the German and Norwegian power grids in operation

Growth in revenue driven by increased level of activity

Revenue* for Solutions amounted to EUR 163m in Q2 2021, up from EUR 135m in Q2 2020. The organic growth of 19% was due to execution of orders awarded over recent years covering most power cable types, which helped increase overall factory utilization.

Revenue measured in market prices amounted to EUR 191m in Q2 2021, against EUR 152m in Q2 2020.

The revenue* in 1st half 2021 amounted to EUR 323m, compared to EUR 258m in 1st half 2020. The organic growth in 1st half 2021 was 23%.

* Std. metal prices

Operational EBITDA margin* of 14% in Q2 2021

The increased activity in Solutions resulted in improved profitability, with operational EBITDA amounting to EUR 23.0m in Q2 2021 against EUR 9.1m in Q2 2020. In 1st half 2021, the operational EBITDA amounted to EUR 42.5m, compared to EUR 14.7m in the same period of 2020.

NKT progressed on several projects through varying stages of execution in Q2 2021. These projects included Dogger Bank A, Ostwind 2, Shetland, Troll West and Viking Link.

The NordLink power cable system was put in operation enabling efficient exchange of renewable energy between Norway and Germany. The 525 kV MI HVDC power cable system supplied by NKT was subsequently put into operation by the owners TenneT, Statnett and KfW. As a cornerstone project for an inter-connected and green Europe, NordLink can meet the power needs of 3.6 million German households.

NKT Victoria, the company's cable-laying vessel, was utilized extensively for installation assignments in Q2 2021.

To further support the journey towards the medium-term ambitions, NKT is currently reviewing the setup and cost structure in Solutions, with the aim to improve

profitability, to be able to compete in a broader part of the high-voltage market and increase business opportunities. The current estimation is that costs and investments related to this review will be up to EUR 40m.

Increased order intake in Q2 2021

In April 2021, NKT was awarded the turnkey order to provide power from shore to Troll West in Norway. The order comprises turnkey supply and installation by NKT Victoria of more than 110 km of 145 kV high-voltage AC offshore power cable system with three dynamic sections to electrify the Troll West B and C platforms. The contract value is approx. EUR 95m (approx. EUR 85m in std. metal prices)

In June 2021, NKT secured the high-voltage turnkey order for the Dogger Bank C offshore wind farm from project owners Equinor and SSE Renewables. For NKT, the order comprises the manufacture and delivery of more than 2x250 km total system length of 320 kV DC offshore export power cables and accessories as well as installation by NKT Victoria. The contract value is approx. EUR 280m (approx. EUR 230m in std. metal prices).

High-voltage order backlog returned to record level

Driven by the project awards in Q2 2021, NKT's high-voltage order backlog expanded to EUR 3.16bn (EUR 2.66bn in

std. metal prices) at the end of the quarter. This was an increase of more than EUR 200m compared to end-Q1 2021.

High activity in high-voltage market

NKT estimates that the value of projects awarded in the market in 1st half 2021 was more than EUR 2bn (NKT's assessment of its addressable high-voltage power cable projects). These projects covered all power cable types and geographies.

Progress continued in Q2 2021 on several project tenders across market segments and geographies. The timing of actual project awards will depend on the timelines for the individual projects. For NKT, achieving optimal production and installation flow, and thereby optimizing earnings, is contingent upon high utilization of capacity across all production and installation phases, which among others requires a balanced mix of DC and AC projects.

During 2020, the majority of projects awarded in the market was based on DC technology while awards of AC projects were at a lower level. This trend has to a large degree continued in 2021.

163m

Revenue*, EUR
(Q2 2020: EUR 135m)

* Std. metal prices

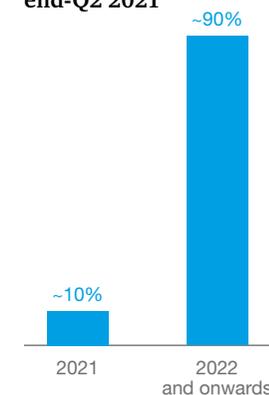
19%

Organic growth
(Q2 2020: 21%)

23.0m

Operational EBITDA, EUR
(Q2 2020: EUR 9.1m)

Expected revenue distribution of high-voltage order backlog (EUR 3.16bn) at end-Q2 2021



Business review – Applications

Highlights

- Revenue growth in Q2 2021 mainly driven by building wire segment
- Continued improvement in profitability due partly to effectiveness of efficiency initiatives
- Ambition to restore profitability level on track

Organic revenue growth of 6% in Q2 2021

Revenue* in Applications amounted to EUR 124m in Q2 2021, an increase from EUR 114m in Q2 2020. Markets were largely healthy and the COVID-19 pandemic was assessed to have had limited negative impact.

Revenue expressed in market prices amounted to EUR 249m in Q2 2021, up from EUR 180m in Q2 2020. The high growth was primarily due to the increase in metal prices.

1st half 2021 revenue* amounted to EUR 219m, against EUR 208m in 1st half 2020. The organic growth for 1st half 2021 was 4%.

* Std. metal prices

Continued improvement in profitability

Driven by the higher revenue and various efficiency initiatives, the operational EBITDA increased to EUR 7.6m in Q2 2021 from EUR 5.5m in Q2 2020. The operational EBITDA margin* was 6.1% in Q2 2021 against 4.8% in Q2 2020.

In 1st half 2021, the operational EBITDA amounted to EUR 13.1m, up from EUR 9.0m in 1st half 2020.

During the past quarters, NKT has launched several efficiency initiatives to improve profitability in Applications, and these measures are gradually translating into sustained improved performance.

In the first part of 2021, NKT has been operating in an environment with rising input costs. NKT has managed the situation satisfactorily and been able to protect profit margins in cooperation with customers.

As previously announced, NKT has initiated relocation of building wire production from Asnæs, Denmark to Warszowice, Poland. This progressed according to plan with investment in the required production area in Poland and ramping up of employees to prepare for the transfer.

Growth driven by sales of building wires

Market conditions were broadly favourable in Q2 2021, supporting the organic growth delivered by NKT.

The demand for building wires was high, which was reflected in a high utilization level for NKT's factory in Warszowice, Poland. Growth in this segment was mainly driven by demand in Poland supplemented by surrounding markets in Northern Europe.

The medium-voltage segment in Scandinavia also contributed to growth in Q2 2021. However, sales to the German and Dutch markets were down on the strong performance levels achieved in the same period last year.

124m

Revenue*, EUR
(Q2 2020: EUR 114m)

* Std. metal prices

6%

Organic growth
(Q2 2020: 10%)

7.6m

Operational EBITDA, EUR
(Q2 2020: EUR 5.5m)



Business review – Service & Accessories

Highlights

- Very strong financial performance in Q2 2021
- Exceptionally high volume of repair work in the service business
- Continued growth in the accessories business driven by medium-voltage segment

Record-high quarterly revenue

Revenue for Service & Accessories hit a record-high level of EUR 65.2m in Q2 2021, up from EUR 36.2m in Q2 2020, corresponding to organic growth of 90%. This performance was mainly due to an exceptionally high volume of repair work in the service business combined with continued growth in the accessories business.

The revenue* in 1st half 2021 amounted to EUR 111m, against EUR 64.6m in 1st half 2020. The organic growth in 1st half 2020 was 87%.

Operational EBITDA exceptionally high

The high level of revenue impacted earnings positively, with operational EBITDA rising to EUR 14.5m in Q2 2021 against EUR 4.1m in Q2 2020. The operational EBITDA margin for Q2 2021 was 22.2%, almost double that from Q2 2020. The improvement in profitability arising from the increased revenue demonstrated the operational leverage in the service business.

For 1st half 2021, operational EBITDA amounted to EUR 22.4m, compared to EUR 7.0m for 1st half 2020.

Growth in service business driven by repair work

Q2 2021 was a record quarter for the service business. The strong revenue performance was driven by the high level of activity in offshore repair work. In the quarter, NKT successfully executed three offshore power cable repairs in parallel.

Works completed by NKT included the second repair this year of BritNed, the key power cable connection linking the UK with the Netherlands. NKT repaired the 450 kV HVDC power cable system that was down due to an outage caused by external impact.

NKT is continuously striving to expand its portfolio of service agreements with power cable owners and added further to this portfolio in Q2 2021. Repair works carried out during the quarter were partly based on existing service agreements.

NKT's recurring onshore maintenance business also performed well in Q2 2021 driven by both the German and Swedish markets. Additional initiatives are being implemented to grow this segment further.

In Q2 2021, NKT completed a high-voltage power cable replacement for the Letsi hydropower plant in Sweden. Under this turnkey project, which was commissioned by Vattenfall, NKT was responsible for the design, production and installation of the new 400 kV AC single-core XLPE power cable system.

Continued growth in accessories

The accessories business also achieved continued growth in Q2 2021. This was driven by the medium-voltage accessories segment served out of the Nordenham factory in Germany. A high level of site utilization was maintained, and sales were increased further particularly to the Middle East.

Sales of high-voltage power cable accessories in Q2 2021 were on par with the same period last year. NKT continued the centralization of high-voltage accessories production from Cologne, Germany to its existing production site in Alingsås, Sweden. The transition has led to temporarily increased costs to ensure successful execution.

In the accessories market, NKT has so far managed supply chain difficulties despite both challenges in the global transportation market and shortages of raw materials. Various initiatives have been implemented to mitigate risks, and NKT has been able to protect profits.

65.2m

Revenue*, EUR
(Q2 2020: EUR 36.2m)

* Std. metal prices

90%

Organic growth
(Q2 2020: 4%)

14.5m

Operational EBITDA, EUR
(Q2 2020: EUR 4.1m)

* Std. metal prices

NKT Photonics – Financial & Business Review

Driven by the industrial segment, revenue grew 28% organically compared to the same period last year, demonstrating NKT Photonics' recovery from the impacts of the COVID-19 pandemic which particularly affected 1st half 2020. The revenue and the order intake in Q2 2021 was the highest ever recorded Q2 figures for NKT Photonics. The growth in revenue led to improved EBITDA. Working capital developed favourably through effective collection of trade receivables.

Growth in revenue driven by Industrial segment

In Q2 2021, NKT Photonics' revenue amounted to EUR 18.3m, up from EUR 14.6m in Q2 2020, which was adversely impacted by the COVID-19 pandemic. This corresponded to organic growth of 28% compared to Q2 2020.

Industrial, the segment most heavily impacted by the COVID-19 pandemic

in Q2 2020, recovered to become the main growth contributor in Q2 2021 with broad-based progress across sectors.

The two smaller segments, Medical & Life Science and Aerospace & Defence, reported modest growth in Q2 2021. Medical & Life Science continued to benefit from product launches in 2020, while Aerospace & Defence, NKT Photonics' smallest business segment, is primarily driven by relatively large projects.

1st half 2021 revenue was EUR 34.0m, against EUR 27.3m in the same period last year. Driven by the same factors which influenced Q2 2021, the organic growth for 1st half 2021 was 27%.

EBITDA at breakeven

NKT Photonics' EBITDA in Q2 2021 increased by EUR 0.8m compared to Q2 2020. The growth in earnings was mainly due to the higher revenue. The results for Q2 2021 included redundancy costs of EUR 0.4m.

NKT Photonics has so far experienced limited delays in supply of components for production. However, this continues to be a focus area and actions have been taken to mitigate risks and ensure unimpacted production flow.

Key financials

Amounts in EURm	Q2 2021	Q2 2020	1st half 2021	1st half 2020	FY 2020
Income statement					
Revenue	18.3	14.6	34.0	27.3	69.9
EBITDA	0.0	-0.8	-1.2	-2.6	2.6
Depreciations and amortizations	-3.5	-3.0	-7.0	-5.5	-12.1
EBIT	-3.5	-3.8	-8.2	-8.1	-9.5
Financial items, net	-1.4	-0.9	-2.1	-0.6	-5.2
EBT	-4.9	-4.7	-10.3	-8.7	-14.7
Tax	1.1	1.0	2.3	1.9	3.7
Net result	-3.8	-3.7	-8.0	-6.8	-11.0
Cash flow					
Cash flow from operating activities	0.1	-1.8	0.5	-5.0	0.7
Cash flow from investing activities excl. acq. & div.**	-3.3	-4.0	-6.7	-8.4	-16.6
Free cash flow excl. acq. & div.**	-3.2	-5.8	-6.2	-13.4	-15.9
Balance sheet					
Capital employed**	109.7	110.1	109.7	110.1	110.7
Working capital**	25.8	30.8	25.8	30.8	27.4
Financial ratios and employees					
Organic growth**	28%	-20%	27%	-17%	-6%
EBITDA margin	0.3%	-5.9%	-3.4%	-9.6%	3.7%
RoCE**	-8.7%	-2.2%	-8.7%	-2.2%	-8.8%
Average number of employees	391	407	396	408	410

** Alternative performance measures

EBITDA amounted to EUR -1.2m for 1st half 2021, compared to EUR -2.6m in 1st half 2020. The increase reflected the higher revenue in the period.

Despite a higher depreciation and amortization level, EBIT increased from EUR -3.8m in Q2 2020 to EUR -3.5m in Q2 2021.

The net result for Q2 2021 was EUR -3.7m, compared to EUR -3.6m in the same quarter of 2020.

Improved working capital

The working capital at end-Q2 2021 was EUR 25.8m. This was an improvement from EUR 26.3m at end Q1-2021 and EUR 30.8m at end-Q2 2020. More effective collection of trade receivables has contributed to the positive development during the quarter.

Order intake up by 41%

Order intake continued to grow in Q2 2021, and ended at a record high Q2 level for NKT Photonics. The industrial segment was the main contributor, but Aerospace & Defence also delivered growth.

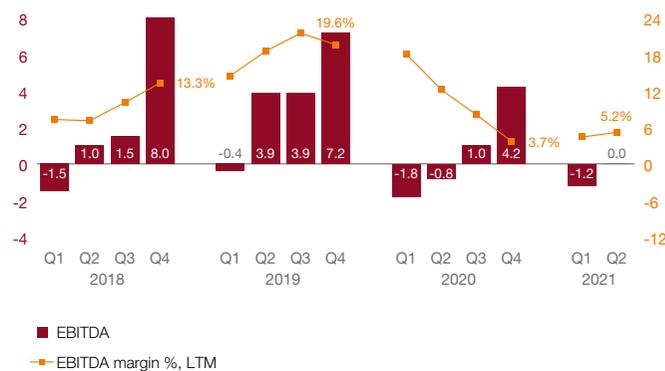
Revenue development and organic growth

Amounts in EURm

Q2 2020 revenue	14.6
Currency effect	-0.4
Organic growth	4.1
Q2 2021 revenue	18.3
Organic growth, %	28%

EBITDA

Amounts in EURm



Medical & Life Science

The Medical & Life Science segment continued the pattern from recent quarters with microscopy and ophthalmology as the primary growth drivers. Growth came from new laser products launched in 2020 and further growth is expected as new products are ramping up following introduction of new systems on the customer side.

Industrial

The Industrial segment, which includes research markets like quantum- and nano technology, remained the primary growth driver in Q2 2021. The most significant contributions came from the semiconductor industry's transition to more advanced tools using NKT Photonics' lasers and fibers, the growth in quantum research and quantum computing, and healthy development in the use of remote sensing within power cable monitoring and Distributed Acoustic Sensing

Aerospace & Defence

Development in Aerospace & Defence was relatively flat in Q2 2021. This was due to timing factors in this project-heavy segment. Activity continued to be high, with several large orders received and new opportunities identified. Existing projects continued as planned, although with some COVID-19-induced delays. Overall, the segment was in growth and further new orders are expected in the coming quarters.

NKT Group – Financial review

Operational EBITDA and EBIT

Both NKT and NKT Photonics delivered improved financial performance in Q2 2021. Driven by the higher activity level and subsequent growth in revenue, the operational EBITDA for the NKT Group amounted to EUR 42.4m in Q2 2021, an increase from EUR 15.2m in Q2 2020.

The operational EBITDA totalled 71.4m in 1st half 2021, up from EUR 23.6m in the same period of 2020. The operational EBITDA, LTM, was EUR 107.1m in Q2 2021.

EBIT increased to EUR 17.5m in Q2 2021 from EUR -16.1m in Q2 2020. The positive development was due to the same factors responsible for the growth in operational EBITDA.

Financial items and net result

The net financial items in Q2 2021 amounted to EUR -3.5m, compared to EUR 0.2m in Q2 2020. The financial items

mainly comprised interest and realized and unrealized currency effects and hedges.

Earnings before tax (EBT) totalled EUR 14.0m in Q2 2021, compared to EUR -15.9m in Q2 2020. The Group's net result improved from EUR -13.4m in Q2 2020 to EUR 11.1m in Q2 2021, after tax charges of EUR 2.9m following the improvement in earnings.

Cash flow

The cash flow from operating activities was EUR -99.6m in Q2 2021, compared to EUR -11.8m in Q2 2020. The lower cash generation was due to unfavourable development in working capital in the power cable business, NKT, that outweighed the improvement in EBITDA.

The cash flow from investing activities amounted to EUR -55.7m in Q2 2021, against EUR -21.3m in Q2 2020. This development was driven by the

planned increased level of investment in high-voltage production facilities for the power cable business.

Liquidity, debt leverage and equity

As a consequence of the above, the free cash flow was negative in Q2 2021, and the Group's net interest-bearing debt increased to EUR 186m at end-Q2 2021 from EUR 30.5m at the end of the previous quarter.

The net interest-bearing debt relative to operational EBITDA amounted to 1.7x at end-Q2 2021, up from 0.4x at end-Q1 2021.

At end-Q2 2021, the NKT Group had total available liquidity reserves of EUR 322m, comprising cash of EUR 25m and undrawn credit facilities of EUR 297m. Group equity, including the hybrid security issued in 2018, amounted to EUR 1,162m. The solvency ratio was 48%, compared to 49% at the end of the previous quarter.

Net interest-bearing debt

Amounts in EURm



Q2 2021 financial development for NKT Group

Amounts in EURm	Revenue*			Operational EBITDA			Operational EBITDA margin	
	Q2 2021	Q2 2020	Change	Q2 2021	Q2 2020	Change	Q2 2021	Q2 2020
NKT	344.2	277.8	66.4	42.4	16.0	26.4	12.3%	5.8%
NKT Photonics	18.3	14.6	3.7	0.0	-0.8	0.8	0.3%	-5.9%
Elimination	-0.7	-1.4	0.7	0.0	0.0	0.0	-	-
NKT Group	361.8	291.0	70.8	42.4	15.2	27.2	11.7%	5.2%

* Std. metal prices

Shareholder information

NKT A/S shares

The average daily turnover in NKT A/S shares on all trading markets was EUR 10m in Q2 2021, compared to EUR 7m in Q2 2020. The average daily trading volume was around 280,000 shares in Q2 2021, down from around 360,000 in Q2 2020. Nasdaq Copenhagen continued to be the main trading market for the company's shares with 44% of the total traded volume in Q2 2021.

At end-Q2 2021, the NKT A/S share price was DKK 287.80, compared to DKK 271.20 at end-2020, equal to a share price return of 6%. The corresponding dividend-adjusted share price returns for the Group's largest European competitors, Prysmian and Nexans, were 6% and 31%, respectively. The Danish OMX C25 index, adjusted for dividends, increased by 12% in 1st half 2021.

At end-Q2 2021, two NKT A/S investors had reported shareholdings of between 5.00-9.99%: ATP (Denmark), and Green-vale 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).

New employee-elected Board member

Pia Kaaber Bossen, Sales Manager at NKT, became a new employee-elected member of the NKT A/S Board of Directors on 30 June 2021. She replaced Thomas Torp Hansen, who resigned from his position as Production Manager at NKT Photonics, and consequently also stepped down as a member of the Board.



More shareholder information is available at investors.nkt.com

NKT A/S Share price



NKT A/S shares – basic data

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



Financial calendar 2021

17 Nov: Interim Report, Q3 2021

A man and a woman in business attire are standing in an office. The man, on the left, is wearing a white shirt, dark trousers, and a blue lanyard with a badge. He is holding a black laptop and looking towards the woman. The woman, on the right, is wearing a white shirt, a dark skirt, and glasses. She is holding a blue and white cup and a smartphone, looking back at the man. In the background, there are two large, reflective copper spheres and a wall with some text. The overall scene is brightly lit, suggesting a modern office environment.

Consolidated financial statements

Income statement

Amounts in EURm	Q2 2021	Q2 2020	1st half 2021	1st half 2020	Year 2020
Revenue	515.6	372.4	945.2	703.5	1,470.2
Costs of raw materials, consumables and goods for resale	-349.3	-260.5	-628.9	-478.7	-961.4
Staff costs	-88.7	-73.2	-170.6	-138.9	-299.6
Other costs etc.	-35.2	-32.2	-72.5	-71.4	-159.8
Earnings before interest, tax, depreciation and amortization (EBITDA)	42.4	6.5	73.2	14.5	49.4
Depreciation amortization of property, plant and equipment	-17.3	-17.1	-34.5	-34.9	-70.5
Amortization of intangible assets	-7.6	-5.5	-15.1	-10.9	-26.8
Earnings before interest and tax (EBIT)	17.5	-16.1	23.6	-31.3	-47.9
Financial items, net	-3.5	0.2	-7.1	-6.9	-16.7
Earnings before tax (EBT)	14.0	-15.9	16.5	-38.2	-64.6
Tax	-2.9	2.5	-3.7	4.2	-9.9
Net result	11.1	-13.4	12.8	-34.0	-74.5
To be distributed as follows:					
Equity holders of NKT A/S	9.1	-15.4	8.8	-38.0	-82.6
Hybrid capital holders of NKT A/S	2.0	2.0	4.0	4.0	8.1
	11.1	-13.4	12.8	-34.0	-74.5
Basic earnings, EUR, per share (EPS)	0.3	-0.4	0.2	-1.1	-2.7
Diluted earnings, EUR, per share (EPS-D)	0.3	-0.4	0.2	-1.2	-2.7

Statement of comprehensive income

Amounts in EURm	Q2 2021	Q2 2020	1st half 2021	1st half 2020	Year 2020
Comprehensive income					
Net profit	11.1	-13.4	12.8	-34.0	-74.5
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	-0.9
<i>Items that may be reclassified to income statement:</i>					
Currency adjustment of foreign subsidiaries and value adjustment of hedging instruments, etc.	41.4	62.5	72.4	2.9	96.9
Total comprehensive income for the period	52.5	49.1	85.2	-31.1	21.5

Balance sheet

Amounts in EURm	30 June 2021	30 June 2020	31 Dec. 2020
Assets			
Intangible assets	626.6	601.4	626.9
Property, plant and equipment	698.0	622.1	657.6
Other investments and receivables	1.0	1.5	1.0
Deferred tax	36.1	55.0	23.1
Total non-current assets	1,361.7	1,280.0	1,308.6
Inventories	294.0	255.2	243.6
Receivables, contract assets and income tax	723.9	361.4	359.1
Interest-bearing receivables	0.2	0.4	0.1
Cash at bank and in hand	25.2	4.8	239.2
Total current assets	1,043.3	621.8	842.0
Total assets	2,405.0	1,901.8	2,150.6

Amounts in EURm	30 June 2021	30 June 2020	31 Dec. 2020
Equity and liabilities			
Equity attributable to equity holders of NKT A/S	1,005.6	705.8	924.0
Hybrid capital	156.4	156.4	152.4
Total equity	1,162.0	862.2	1,076.4
Deferred tax	66.9	34.3	40.9
Provisions and pension liabilities	72.7	66.5	67.1
Interest-bearing loans and borrowings	198.5	307.5	200.6
Total non-current liabilities	338.1	408.3	308.6
Interest-bearing loans and borrowings	13.0	21.5	12.8
Contract liabilities	350.4	145.2	296.5
Trade payables, tax and other liabilities	528.9	437.7	443.3
Provisions	12.6	26.9	13.0
Total current liabilities	904.9	631.3	765.6
Total liabilities	1,243.0	1,039.6	1,074.2
Total equity and liabilities	2,405.0	1,901.8	2,150.6

Cash flow statement

Amounts in EURm	Q2 2021	Q2 2020	1st half 2021	1st half 2020	Year 2020
Earnings before interest, tax, depreciation and amortization (EBITDA)	42.4	6.5	73.2	14.5	49.4
Change in provisions, gain and loss on sale of assets, etc.	1.7	9.1	3.6	2.8	-11.7
Changes in working capital	-142.5	-26.5	-193.4	-142.0	114.5
Cash flow from operations before financial items, etc.	-98.4	-10.9	-116.6	-124.7	152.2
Net financial items paid	-3.5	-0.2	-7.0	-7.3	-17.0
Income tax paid	2.3	-0.7	1.7	-1.3	1.1
Cash flow from operating activities	-99.6	-11.8	-121.9	-133.3	136.3
Divestment of business	0.0	0.0	2.1	0.0	0.0
Investments in property, plant and equipment	-47.7	-9.6	-70.6	-15.3	-65.5
Disposal of property, plant and equipment	0.0	0.2	0.0	0.4	0.4
Intangible assets and other investments, net	-8.0	-11.9	-16.8	-20.8	-42.3
Cash flow from investing activities	-55.7	-21.3	-85.3	-35.7	-107.4
Free cash flow	-155.3	-33.1	-207.2	-169.0	28.9

Amounts in EURm	Q2 2021	Q2 2020	1st half 2021	1st half 2020	Year 2020
Changes in interest-bearing loans	3.2	-53.3	-3.2	80.6	-41.3
Repayment of lease liabilities	-1.8	-1.3	-3.7	-2.7	-5.8
Coupon payments on hybrid capital	0.0	0.0	0.0	0.0	-8.1
Capital increase	0.0	89.2	0.0	89.2	258.6
Cash from issue of new shares / exercise of warrants	0.0	0.0	0.0	0.1	0.3
Cash flow from financing activities	1.4	34.6	-6.9	167.2	203.7
Net cash flow	-153.9	1.5	-214.1	-1.8	232.6
Cash at bank and in hand at the beginning of the period	178.9	3.3	239.2	6.9	6.9
Currency adjustments	0.2	0.0	0.1	-0.3	-0.3
Net cash flow	-153.9	1.5	-214.1	-1.8	232.6
Cash at bank and in hand at the end of the period	25.2	4.8	25.2	4.8	239.2

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

Statement of changes in equity

Amounts in EURm	Share capital	Foreign exchange reserve	Hedging reserve	Fair value reserve	Retained compreh. income	Proposed dividends	Total	Hybrid capital	Total equity
Equity, 1 January 2020	73.2	-34.1	0.0	0.3	612.0	0.0	651.4	152.4	803.8
<i>Other comprehensive income:</i>									
Foreign exchange translation adjustments		-4.2					-4.2		-4.2
Value adjustment of hedging instruments:									
Value adjustment for the period			9.8				9.8		9.8
Tax on other comprehensive income			-2.7				-2.7		-2.7
Total other comprehensive income	0.0	-4.2	7.1	0.0	0.0	0.0	2.9	0.0	2.9
Net result					-38.0		-38.0	4.0	-34.0
Comprehensive income for the period	0.0	-4.2	7.1	0.0	-38.0	0.0	-35.1	4.0	-31.1
<i>Transactions with owners:</i>									
Capital increase	13.3				75.9		89.2	0.0	89.2
Exercise of warrants	0.1				0.2		0.3	0.0	0.3
Total transactions with owners in 1st half 2020	13.4	0.0	0.0	0.0	76.1	0.0	89.5	0.0	89.5
Equity, 30 June 2020	86.6	-38.3	7.1	0.3	650.1	0.0	705.8	156.4	862.2
Equity, 1 January 2021	115.4	-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
Transferred to financial expenses			-0.1				-0.1		-0.1
Tax on other comprehensive income			-26.5				-26.5		-26.5
Total other comprehensive income	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	-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 1st half 2021	0.0	0.0	0.0	0.0	0.4	0.0	0.4	0.0	0.4
Equity, 30 June 2021	115.4	-10.2	145.4	0.3	754.7	0.0	1,005.6	156.4	1,162.0

Notes

Note 1 Basis of reporting

Accounting policies and new standards and interpretations

This condensed consolidated interim financial report for the period 1 January – 30 June 2021 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 2020.

On 1 January 2021, amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform, Phase 2 became effective. None of these amendments had an impact on the Interim Report and are not expected to materially impact the Annual Report for 2021.

The Group has not prematurely adopted any standards, interpretations or amendments issued but not yet effective.

The Interim Report includes financial performance measures that are not defined according to IFRS. These measures are considered to provide valuable information to stakeholders and Management. Since other companies might calculate these differently from 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 4.

Significant estimates and judgements

Significant accounting estimates and judgements are described in Note 1.3 of the 2020 Annual Report and are related to: recognition of revenue from construction contracts, impairment of assets, valuation of tax assets and recognition and measurement of contingent liabilities. In the first half of 2021 no material changes relating to the applied estimates and judgements were made that have impacted the financial position as at 30 June 2021.

Management has assessed that the megatrends driving growth in both the power cable and the photonics markets will outlast the expected impact from the COVID-19 pandemic. Based on this, no trigger events for impairment have been identified in Q2.

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 2021, NKT has issued guarantees with a value of EUR 978.7m (EUR 991.8m at 31 December 2020), none of which are expected to materialize.

For the presentation of the Q2 2021 interim report, Management is required to assess whether the financial statements can be presented on a 'going concern' basis. Based on estimated future prospects, expectations of future cash flows, existence of credit facilities, etc., it is Management's opinion that the financial headroom is sufficient to manage the level of activity expected in the 2nd half of 2021.

Risks and risk management

In the Annual Report for 2020, risks are described in Note 5.6 in the consolidated financial statement as well as on page 40 and 61 for NKT and NKT Photonics respectively. No events or risk management activities carried out in the first half of 2021 have altered the risk assessment applied in the Annual Report.

Notes

Note 2 Segment reporting

Amounts in EURm	Solutions	Appli- cations	Service & Acces- sories	Non allocated	Inter- segment transact.	NKT	NKT Photonics	Inter- segment transact.	NKT Group
Q2 2021									
Income statement									
Revenue (market prices)	190.9	249.2	65.3	0.0	-7.4	498.0	18.3	-0.7	515.6
Adjustment of market prices to std. metal prices	-28.2	-125.6	-0.1	0.0	0.1	-153.8	0.0	0.0	-153.8
Revenue (std. metal prices)	162.7	123.6	65.2	0.0	-7.3	344.2	18.3	-0.7	361.8
Costs and other income, net (excl. one-off items)	-167.9	-241.6	-50.8	-2.7	7.4	-455.6	-18.3	0.7	-473.2
Operational EBITDA	23.0	7.6	14.5	-2.7	0.0	42.4	0.0	0.0	42.4
Depreciation, amortization and impairment	-14.9	-4.2	-1.1	-1.2	0.0	-21.4	-3.5	0.0	-24.9
Operational EBIT	8.1	3.4	13.4	-3.9	0.0	21.0	-3.5	0.0	17.5
Working capital	5.4	108.9	15.0	-16.5	0.0	112.8	25.8	0.0	138.6
Q2 2020									
Income statement									
Revenue (market prices)	151.5	179.5	36.2	0.0	-8.0	359.2	14.6	-1.4	372.4
Adjustment of market prices to std. metal prices	-16.8	-66.0	0.0	0.0	1.4	-81.4	0.0	0.0	-81.4
Revenue (std. metal prices)	134.7	113.5	36.2	0.0	-6.6	277.8	14.6	-1.4	291.0
Costs and other income, net (excl. one-off items)	-142.4	-174.0	-32.1	-2.7	8.0	-343.2	-15.4	1.4	-357.2
Operational EBITDA	9.1	5.5	4.1	-2.7	0.0	16.0	-0.8	0.0	15.2
Depreciation, amortization and impairment	-14.8	-3.4	-1.1	-0.3	0.0	-19.6	-3.0	0.0	-22.6
Operational EBIT	-5.7	2.1	3.0	-3.0	0.0	-3.6	-3.8	0.0	-7.4
Working capital	-62.5	67.7	9.9	-12.2	0.0	2.9	30.8	0.0	33.7

Amounts in EURm	NKT	NKT Photonics	NKT Group
Q2 2021			
Reconciliation to net result			
Operational EBITDA	42.4	0.0	42.4
One-off items	0.0	0.0	0.0
EBITDA	42.4	0.0	42.4
Depreciation, amortization and impairment	-21.4	-3.5	-24.9
EBIT	21.0	-3.5	17.5
Financial items, net	-2.1	-1.4	-3.5
EBT	18.9	-4.9	14.0
Tax	-4.0	1.1	-2.9
Net result	14.9	-3.8	11.1
Q2 2020			
Reconciliation to net result			
Operational EBITDA	16.0	-0.8	15.2
One-off items	-8.7	0.0	-8.7
EBITDA	7.3	-0.8	6.5
Depreciation, amortization and impairment	-19.6	-3.0	-22.6
EBIT	-12.3	-3.8	-16.1
Financial items, net	1.1	-0.9	0.2
EBT	-11.2	-4.7	-15.9
Tax	1.5	1.0	2.5
Net result	-9.7	-3.7	-13.4

Notes

Note 2 Segment reporting – continued

Amounts in EURm	Solutions	Appli- cations	Service & Acces- sories	Non allocated	Inter- segment transact.	NKT	NKT Photonics	Inter- segment transact.	NKT Group
1st half 2021									
Income statement									
Revenue (market prices)	381.4	433.4	111.4	0.0	-14.2	912.0	34.0	-0.8	945.2
Adjustment of market prices to std. metal prices	-58.2	-214.0	-0.1	0.0	0.5	-271.8	0.0	0.0	-271.8
Revenue (std. metal prices)	323.2	219.4	111.3	0.0	-13.7	640.2	34.0	-0.8	673.4
Costs and other income, net (excl. one-off items)	-338.9	-420.3	-89.0	-5.4	14.2	-839.4	-35.2	0.8	-873.8
Operational EBITDA	42.5	13.1	22.4	-5.4	0.0	72.6	-1.2	0.0	71.4
Depreciation, amortization and impairment	-29.8	-8.4	-2.1	-2.3	0.0	-42.6	-7.0	0.0	-49.6
Operational EBIT	12.7	4.7	20.3	-7.7	0.0	30.0	-8.2	0.0	21.8
Working capital	5.4	108.9	15.0	-16.5	0.0	112.8	25.8	0.0	138.6
1st half 2020									
Income statement									
Revenue (market prices)	295.2	336.3	64.6	0.0	-18.5	677.6	27.3	-1.4	703.5
Adjustment of market prices to std. metal prices	-36.9	-128.7	0.0	0.0	6.1	-159.5	0.0	0.0	-159.5
Revenue (std. metal prices)	258.3	207.6	64.6	0.0	-12.4	518.1	27.3	-1.4	544.0
Costs and other income, net (excl. one-off items)	-280.5	-327.3	-57.6	-4.5	18.5	-651.4	-29.9	1.4	-679.9
Operational EBITDA	14.7	9.0	7.0	-4.5	0.0	26.2	-2.6	0.0	23.6
Depreciation, amortization and impairment	-30.9	-7.7	-2.3	0.6	0.0	-40.3	-5.5	0.0	-45.8
Operational EBIT	-16.2	1.3	4.7	-3.9	0.0	-14.1	-8.1	0.0	-22.2
Working capital	-62.5	67.7	9.9	-12.2	0.0	2.9	30.8	0.0	33.7

Amounts in EURm	NKT	NKT Photonics	NKT Group
1st half 2021			
Reconciliation to net result			
Operational EBITDA	72.6	-1.2	71.4
One-off items	1.8	0.0	1.8
EBITDA	74.4	-1.2	73.2
Depreciation, amortization and impairment	-42.6	-7.0	-49.6
EBIT	31.8	-8.2	23.6
Financial items, net	-5.0	-2.1	-7.1
EBT	26.8	-10.3	16.5
Tax	-6.0	2.3	-3.7
Net result	20.8	-8.0	12.8
1st half 2020			
Reconciliation to net result			
Operational EBITDA	26.2	-2.6	23.6
One-off items	-9.1	0.0	-9.1
EBITDA	17.1	-2.6	14.5
Depreciation, amortization and impairment	-40.3	-5.5	-45.8
EBIT	-23.2	-8.1	-31.3
Financial items, net	-6.3	-0.6	-6.9
EBT	-29.5	-8.7	-38.2
Tax	2.3	1.9	4.2
Net result	-27.2	-6.8	-34.0

Notes

Note 2 Segment reporting – continued

Balance sheet, amounts in EURm	30 June 2021				30 June 2020				Year 2020			
	NKT	NKT Photonics	Inter-segment transact.	NKT Group	NKT	NKT Photonics	Inter-segment transact.	NKT Group	NKT	NKT Photonics	Inter-segment transact.	NKT Group
Assets												
Non-current assets												
Intangible assets	558.5	68.1	0.0	626.6	535.3	66.1	0.0	601.4	559.0	67.9	0.0	626.9
Property, plant and equipment	678.3	19.7	0.0	698.0	603.3	18.8	0.0	622.1	638.0	19.6	0.0	657.6
Other investments and receivables	0.8	0.2	0.0	1.0	0.8	0.7	0.0	1.5	0.9	0.1	0.0	1.0
Deferred tax	35.5	0.6	0.0	36.1	54.5	0.5	0.0	55.0	22.5	0.6	0.0	23.1
Current assets												
Inventories	274.7	19.3	0.0	294.0	234.9	20.3	0.0	255.2	225.1	18.5	0.0	243.6
Receivables, contract assets and income tax	702.1	23.0	-1.2	723.9	340.3	22.5	-1.4	361.4	333.6	26.3	-0.8	359.1
Interest-bearing receivables	109.4	1.3	-110.5	0.2	105.2	3.1	-107.9	0.4	108.7	3.7	-112.3	0.1
Cash at bank and in hand	23.7	1.5	0.0	25.2	3.9	0.9	0.0	4.8	237.8	1.4	0.0	239.2
Total assets	2,383.0	133.7	-111.7	2,405.0	1,878.2	132.9	-109.3	1,901.8	2,125.6	138.1	-113.1	2,150.6
Equity and liabilities												
Equity	1,173.4	-11.4	0.0	1,162.0	862.5	-0.3	0.0	862.2	1,080.1	-3.7	0.0	1,076.4
Non-current liabilities												
Deferred tax	63.9	3.0	0.0	66.9	29.5	4.8	0.0	34.3	37.8	3.1	0.0	40.9
Provisions and pension liabilities	72.5	0.2	0.0	72.7	64.7	1.8	0.0	66.5	66.2	0.9	0.0	67.1
Interest-bearing loans and borrowings	186.2	111.6	-99.3	198.5	301.8	105.7	-100.0	307.5	191.6	112.1	-103.1	200.6
Current liabilities												
Interest-bearing loans and borrowings	11.9	12.3	-11.2	13.0	20.7	8.7	-7.9	21.5	14.6	7.4	-9.2	12.8
Contract liabilities	348.8	1.6	0.0	350.4	145.1	0.1	0.0	145.2	294.5	2.0	0.0	296.5
Trade payables, tax and other liabilities	515.2	14.9	-1.2	528.9	427.2	11.9	-1.4	437.7	428.7	15.4	-0.8	443.3
Provisions	11.1	1.5	0.0	12.6	26.7	0.2	0.0	26.9	12.1	0.9	0.0	13.0
Total equity and liabilities	2,383.0	133.7	-111.7	2,405.0	1,878.2	132.9	-109.3	1,901.8	2,125.6	138.1	-113.1	2,150.6

Notes

Note 3 Net interest-bearing debt and working capital

Amounts in EURm	30 June 2021	30 June 2020	31 Dec. 2020
Net interest-bearing debt			
Interest-bearing loans and borrowings, non-current	198.5	307.5	200.6
Interest-bearing loans and borrowings, current	13.0	21.5	12.8
Interest-bearing receivables	-0.2	-0.4	-0.1
Cash at bank and in hand	-25.2	-4.8	-239.2
Net interest-bearing debt	186.1	323.8	-25.9

Working capital			
Inventories	294.0	255.2	243.6
Receivables, contract assets and income tax	723.9	361.4	359.1
Contract liabilities	-350.4	-145.2	-296.5
Trade payables, tax and other liabilities	-528.9	-437.7	-443.3
Working capital	138.6	33.7	-137.1

Amounts in EURm	Q2 2021	Q2 2020	Year 2020
Reconciliation to change in working capital in cash flow			
Working capital 1 January	-137.1	-118.1	-118.1
Working capital end of period	138.6	33.7	-137.1
Change in working capital based on balance sheet	275.7	151.8	-19.0
Effect of unrealized hedges reported on Equity	-100.1	-9.8	-97.2
Effect of changes in exchange rates, current tax, etc.	17.8	0.0	1.7
Change in working capital based on cash flow statement	193.4	142.0	-114.5

Notes

Note 4 Definitions

Items below refer to the Financial Highlights contained on page 5.

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

Performance measures defined by IFRS:

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

Further, the Group operates with 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) as a percentage of prior-year adjusted revenue (standard metal price). Organic growth is a measure of growth, excluding the impact of exchange rate adjustments and divestments.
5. **One-off items** – Consist of non-recurring income and cost related to acquisitions, divestments, integration, restructuring, severance and other one-time items.

6. **Operational earnings before interest, tax, depreciation and amortization (Oper. EBITDA)** – Earnings before interest, tax, depreciation and amortization (EBITDA) excluding one-off items.
7. **Operational earnings before interest and tax (Oper. EBIT)** – Earnings before interest and tax excluding one-off items.
8. **Gearing** – Net interest-bearing debt as percentage of Group equity
9. **Net interest-bearing debt** – Cash and interest-bearing receivables less interest-bearing debt. Hybrid capital is not included in net interest-bearing debt.
10. **Capital employed** – Group equity plus net interest-bearing debt.
11. **Working capital** – Current assets minus current liabilities (excluding interest-bearing items and provisions).
12. **Net interest-bearing debt relative to operational EBITDA** – Comparative figures are calculated as operational EBITDA.
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 as a percentage of the last five quarters of capital employed.
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 2021 was published on 17 August 2021 and released through Nasdaq Copenhagen. The report is also available at investors.nkt.com.

NKT A/S
Vibeholms Allé 20
DK-2605 Brøndby
Denmark
Company reg. no. 62 72 52 14

Photos: NKT copyrights. All rights reserved.

Investor Relations contact
Michael Nass Nielsen
Tel: +45 2494 1654
ir@nkt.com

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 2021.

The Interim Report for the period 1 January – 30 June 2021, 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 2021 and the results of the Group's activities and cash flow for the period 1 January – 30 June 2021.

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 2021

Executive Management

Alexander Kara
President & CEO

Line Andrea Fandrup
CFO

Board of Directors

Jens Due Olsen
Chairman

René Svendsen-Tune
Deputy Chairman

Pia Kaaber Bossen*

René Dogan*

Stig Nissen Knudsen*

Karla Lindahl

Jens Maaløe

Andreas Nauen

Jutta af Rosenberg

* Employee-elected member

NKT A/S

Vibeholms Allé 20
DK-2605 Brøndby
Denmark

Company Reg: 6272 5214
T: +45 43 48 20 00
info@nkt.com
nkt.com



NKT is signatory to the Europacable
Industry Charter: A commitment
towards superior quality.