



We connect a greener world

A photograph of two construction workers in a field. One worker is wearing an orange high-visibility suit and a white hard hat, while the other is wearing a yellow high-visibility suit and a white hard hat. They are both looking towards the camera. In the background, there is a yellow excavator and a large spool of black cable. The field is covered in tall grass and some brush. The sky is a mix of blue and orange, suggesting a sunset or sunrise. The overall scene is a construction site in a rural or agricultural area.

Interim Report Q1 2022

Interim Report of NKT A/S for the period 1 January – 31 March 2022

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

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“We have had a satisfactory start to 2022. In NKT, our financial performance in Q1 2022 showed improvements compared to the same period last year. I am particularly satisfied with our performance in Applications, where positive financial development in 2021 has carried on into 2022. With execution of several offshore wind projects, we continued our contribution to the green transition. In NKT Photonics, we grew revenue further and increased focus on our core business with the divestment of the LIOS sensing business.”

Alexander Kara

President & CEO, NKT A/S

Key messages Q1 2022

NKT Group increased operational EBITDA in Q1 2022 compared to the same period of 2021. The increased level was achieved by higher contribution from NKT.

NKT

In the power cable business, NKT, revenue and operational EBITDA improved compared to Q1 2021. The improved financial performance was driven by higher contribution from both Applications and Solutions.

At end-Q1 2022, NKT's high-voltage order backlog was EUR 2.75bn (EUR 2.35bn in std. metal prices). Several variation orders to existing projects and onshore projects were added in Q1 2022.

The free cash flow was negative in Q1 2022. Continued investments and the expected increase in working capital outweighed the positive EBITDA development.

In January 2022, NKT acquired UK-based Vencroft Ltd to strengthen its position within fire-resistant power cable technology. NKT will focus on scaling up

production to expand its presence within fire-resistant building wires across the European market.

NKT Photonics

In Q1 2022, NKT Photonics increased revenues compared to Q1 2021 driven by Aerospace & Defence, Medical & Life Science and Industrial. Operational EBITDA was slightly down due to inventory write-downs.

In 2021, the Board of Directors decided to resume the review of strategic alternatives for NKT Photonics, with the objective of maximizing value creation. The review is still ongoing and proceeding as planned.

In March 2022, NKT Photonics divested its LIOS sensing business to the US company Luna Innovations Incorporated. With the divestment, NKT Photonics is fully focusing on its core business within lasers and fibre optic solutions. The divestment led to an accounting gain of EUR 8.0m, which is treated as a one-off item.

Amounts in EURm	NKT			NKT Photonics			NKT Group		
	Q1 2022	Q1 2021	FY 2021	Q1 2022	Q1 2021	FY 2021	Q1 2022	Q1 2021	FY 2021
Revenue	489.5	414.0	1,827.9	16.1	15.7	80.1	505.6	429.6	1,906.7
Revenue in std.metal prices**	319.2	296.0	1,263.1	16.1	15.7	80.1	335.3	311.6	1,341.9
Organic growth**	7%	21%	15%	7%	26%	15%			
Operational EBITDA**	38.3	30.2	131.1	-1.7	-1.2	7.5	36.6	29.0	138.6
Operational EBITDA margin*, **	12.0%	10.2%	10.4%	-10.6%	-7.7%	9.4%	10.9%	9.3%	10.3%
EBIT	19.2	10.8	23.9	2.8	-4.7	-7.1	22.0	6.1	16.8
Net result	11.8	5.9	11.9	3.1	-4.2	-7.8	14.9	1.7	4.1
Working capital**	34.6	-65.2	-93.2	31.2	26.3	33.6	65.8	-38.9	-59.6
Working capital % of revenue, LTM**	0.0%	-5.6%	-2.2%	37.0%	39.7%	36.3%	1.5%	-3.5%	-0.6%
RoCE***	4.1%	-0.9%	3.4%	-6.6%	-9.0%	-6.2%	3.1%	-1.7%	2.5%

* Std. metal prices

** Alternative performance measures

*** RoCE is calculated on Operational EBIT, LTM, as a percentage of average capital employed as defined in Note 5

Key highlights Q1 2022

NKT

319m

Revenues (std. metal prices), EUR

Up from EUR 296m in Q1 2021, with Applications contributing with higher revenue

7%

Organic growth

Reflecting growth of -4% in Solutions, 32% in Applications and -16% in Service & Accessories

38.3m

Operational EBITDA, EUR

Up from EUR 30.2m in Q1 2021, driven by Increased level of activity in Applications, and efficiency in execution in Solutions

2.75bn

High-voltage order backlog, EUR

Down from EUR 2.87bn at end-Q4 2021. In Q1 2022, NKT added a number of projects to the backlog

Financial outlook 2022

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

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

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.

NKT Photonics

16.1m

Revenues, EUR

Up from EUR 15.7m in Q1 2021. The higher revenue was achieved despite the divestment of the LIOS sensing business in March 2022

7%

Organic growth

The growth contributors were the Aero-space & Defence, Medical & Life Science, and Industrial segments

-1.7m

Operational EBITDA, EUR

Down from EUR -1.2m in Q1 2021. The decrease was mainly due to inventory write-downs of EUR 0.5m

16%

Order intake growth

The growth for the underlying laser business was driven by the Medical & Life Science and Quantum & Nano Technology segments and was the highest ever Q1 order intake

Financial outlook 2022

The financial outlook from Company Announcement No. 2 of 23 February 2022 has been updated to reflect the accounting gain realized in Q1 2022.

excludes the accounting gain of EUR 8.0m related to the divestment of the LIOS sensing business, which is treated as a one-off item.

Organic revenue growth is expected to be approx. 12-17%, and the operational EBITDA margin is expected to be approx. 11-14%. The operational EBITDA margin

An important assumption in order to fulfil the financial outlook is that the current global supply chain challenges will have limited impact on the financial results.

NKT Group – Financial highlights and ratios

Amounts in EURm	Q1 2022	Q1 2021	Year 2021		Q1 2022	Q1 2021	Year 2021
Income statement				Financial ratios and employees			
Revenue	505.6	429.6	1,906.7	Operational EBITDA margin (std. metal prices)**	10.9%	9.3%	10.3%
Revenue in std. metal prices** 3)	335.3	311.6	1,341.9	Gearing (NIBD as % of Group equity)**	9%	3%	1%
Operational EBITDA** 6)	36.6	29.0	138.6	NIBD relative to operational EBITDA** 11)	0.7x	0.4x	0.1x
One-off items** 5)	8.5	1.8	-12.7	Solvency ratio (equity as % of total assets)** 12)	45%	49%	45%
EBITDA	45.1	30.8	125.9	Return on capital employed (RoCE)** 13)	3.1%	-1.7%	2.5%
Amortization, depreciation and impairment	-23.1	-24.7	-109.1	Number of DKK 20 shares ('000)**	42,976	42,976	42,976
Operational EBIT** 7)	13.5	4.3	29.5	EPS, EUR 1)	0.3	-0.0	-0.1
EBIT	22.0	6.1	16.8	Diluted EPS, EUR 2)	0.3	-0.0	-0.1
Financial items, net	-6.7	-3.6	-12.4	Equity value, EUR per outstanding share** 14)	25	22	23
Earnings before tax (EBT)	15.3	2.5	4.4	Market price, DKK per share**	306	276	316
Net result	14.9	1.7	4.1	Average number of employees	4,420	3,972	4,176
Cash flow				1)-14) Definitions appear in Note 5.			
Cash flow from operating activities	-45.9	-22.3	207.8	** Alternative performance measures			
Cash flow from investing activities	-39.1	-29.6	-225.5				
hereof investments in PPE	-34.4	-22.9	-191.3				
Free cash flow**	-85.0	-51.9	-17.7				
Balance sheet							
Share capital	115.4	115.4	115.4				
Group equity	1,216.0	1,109.2	1,159.9				
Total assets	2,677.4	2,245.5	2,553.4				
Net interest-bearing debt** 8)	109.4	30.5	13.2				
Capital employed** 9)	1,325.4	1,139.7	1,173.1				
Working capital** 10)	65.8	-38.9	-59.6				

NKT – Financial review

In Q1 2022, revenues and operational EBITDA increased compared to Q1 2021. The main contributors were Applications driven by a higher level of activity and project execution in Solutions. Cash flow generation was negative, as improved earnings were more than offset by an expected increase in working capital and continued investments in existing factories to prepare for future growth.

Improved revenue driven by Applications

NKT's revenues* in Q1 2022 increased by EUR 23.2m compared to Q1 2021, equal to organic growth of 7%. The improvement was driven by a strong level of activity in Applications, which more than outweighed the lower revenue levels in Solutions and Service & Accessories.

Increased operational EBITDA

In Applications, operational EBITDA almost doubled due to the increased activity, and Solutions also contributed

with improved profitability from efficient execution. Service & Accessories had lower operational EBITDA than in Q1 2021 due to temporary cost increases relating to the centralization of high-voltage accessories production.

Generally, NKT has been able to protect profits despite the continuing global supply chain challenges, which were further impacted by the ongoing war in Ukraine. NKT has experienced some delays in deliveries but this has so far had limited impact on the financial performance.

The operational EBITDA margin* increased by 1.8%-points in Q1 2022 against Q1 2021.

In Q1 2022, NKT posted one-off items of EUR 0.5m. These related to an accounting gain on bargain purchase of EUR 1.6m arising from the acquisition of Ventcroft Ltd. due to the purchase price of Ventcroft Ltd. being lower than the net asset value (further information in Note 4). Additionally, costs related to the ongoing strategic review of NKT Photonics amounted to EUR 1.1m.

EBIT in Q1 2022 increased by EUR 8.4m against Q1 2021 due to the same factors driving operational EBITDA.

Key financials

Amounts in EURm	Q1 2022	Q1 2021	FY 2021
Income statement			
Revenue	489.5	414.0	1,827.9
Revenue in std.metal prices**	319.2	296.0	1,263.1
Operational EBITDA**	38.3	30.2	131.1
One-off items**	0.5	1.8	-12.7
EBITDA	38.8	32.0	118.4
Depreciations and amortizations	-19.6	-21.2	-94.5
Operational EBIT**	18.7	9.0	36.6
EBIT	19.2	10.8	23.9
Financial items, net	-5.4	-2.9	-8.2
EBT	13.8	7.9	15.7
Tax	-2.0	-2.0	-3.8
Net result	11.8	5.9	11.9
Cash flow			
Cash flow from operating activities	-40.9	-22.7	208.8
Cash flow from investing activities excl. acq. & div.**	-38.3	-28.3	-213.3
Free cash flow excl. acq. & div.**	-79.2	-51.0	-4.5
Balance sheet			
Capital employed**	1,211.7	1,029.7	1,052.6
Working capital**	34.6	-65.2	-93.2
Financial ratios and employees			
Organic growth**	7%	21%	15%
Operational EBITDA margin*, **	12.0%	10.2%	10.4%
RoCE, LTM**	4.1%	-0.9%	3.4%
Average number of employees	4,008	3,571	3,775

** Alternative performance measures

* Std. metal prices,

The net result of EUR 11.8m for Q1 2022 doubled compared to the same period of 2021. The financial items in Q1 2022 were EUR -5.4m, compared to EUR -2.9m in Q1 2021. The higher cost level was due to foreign exchange effects.

Higher level of working capital

Working capital increased from EUR -93.2m at end-Q4 2021 to EUR 34.6m at end-Q1 2022, mainly related to Solutions and Applications.

In Solutions, the increase was driven by the phasing of milestone payments relating to projects in the order backlog. In Applications, the increase was due to build-up of inventories ahead of transfer of production equipment and higher Trade receivables were from higher sales. Unrealized value adjustments of hedging instruments increased working capital by EUR 60.1m due to rising commodity prices in Q1 2022.

The working capital ratio, LTM, was 0.0% at end-Q1 2022, against -2.2% at end-Q4 2021.

Free cash flow impacted by working capital and investments

In Q1 2022, cash flow from operating activities amounted to EUR -40.9m. The positive earnings contribution was more than offset by the expected increase in working capital.

In Solutions the investment programme to upgrade NKT's high-voltage production sites continued during the quarter. As a result, cash flow from investing activities (excluding acquisitions and divestments) amounted to EUR -38.3m in Q1 2022, against EUR -28.3m in Q1 2021.

Continued positive RoCE trend

As earnings continued to improve, RoCE increased to 4.1% at end-Q1 2022 from 3.4% at end-Q4 2021.

Revenue development and organic growth

Amounts in EURm

Q1 2021 revenue*	296.0
Currency effect	-2.2
Acquisition	3.6
Organic growth	21.8
Q1 2022 revenue*	319.2
Organic growth, %	7%

* Std. metal prices

Operational EBITDA

Amounts in EURm



Working capital

Amounts in EURm



Sustainability

NKT continued its ongoing work related to ESG. NKT's supplier decarbonization programme is one of the focus areas to become a net-zero emissions company no later than 2050. Another focus is the ongoing target of 30% female representation in senior leadership positions.

Environmental

Having reduced Scope 1 and 2 corporate emissions by more than 70% since 2019, by using 100% green electricity, NKT will this year focus on the second largest source of CO₂e emissions, natural gas. In Q1 2022, NKT performed an energy study which will form the setting for the company's roadmap on how to eliminate the use of natural gas.

As over 90% of NKT's total carbon footprint is attributable to the supply chain, NKT started collaboration with key suppliers in 2021 to reduce emissions. The collaboration is formalized in the NKT Supplier Decarbonization Programme. Around 20 of NKT's main suppliers are participating in this programme, and their products and services represent over 60% of NKT's Scope 3 emissions. In Q1 2022, NKT continued the programme

with the aim of increasing the transparency of the emission and supplier decarbonization roadmap going forward. NKT's goal is to reduce scope 1 and 2 emissions in 2022 by 5%.

Social

NKT continues the ongoing work to be a company where talent from diverse backgrounds thrive and are inspired to perform at their best. NKT sees an inclusive culture as a key enabler of sustainable performance and has launched several initiatives to promote diversity and inclusion across the organization. The initiatives includes review of the recruitment processes in order to achieve a more balanced talent intake, and to launch flexible work options to enable talent in different life stages to view NKT as an employer of choice. NKT also continues to push towards its 2024 target of achieving 30% female representation in senior leadership positions.

Since the start of 2022, NKT has focused on strengthening its health and safety culture further and is implementing Life Saving Principles to ensure a safe working environment. NKT continues to drive the reporting of risk observations in order to reduce the risks in the workplace. The rolling twelve-month TRIR (Total Recordable Injury Rate) is currently 1.38, which is above the target of 1.2 for 2022. NKT has transferred from LTIR (Lost Time

injury Rate) to TRIR as the main indicator, which will lead to a more comprehensive understanding of the risks related to the company's operations.

Governance

NKT has ceased all activities with Russia including sourcing of certain raw materials and sales activities. With no offices or production sites in either Ukraine or Russia, NKT can ensure the safety and wellbeing of employees which remains a key priority.

NKT, together with its employees, has raised more than EUR 70,000 for the Danish Red Cross, which through its presence in Ukraine will use the donations to provide vital first aid, water, food, blankets and shelter.

The Annual General Meeting in March 2022 approved a proposal by the Board of Directors for the establishment of an Environmental, Social and Governance Committee.



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



“The ongoing work related to ESG reflects strong dedication to drive sustainability and connect a greener world with our power cable solutions.”

Alexander Kara

President & CEO, NKT A/S



Business review – Solutions

Highlights

- Improved operational EBITDA in Q1 2022
- Upgrades of Cologne and Karlskrona factories continued according to plan
- High market activity continues

Revenue slightly down

Revenues* for Solutions in Q1 2022 was EUR 9.6m lower than in Q1 2021, corresponding to organic growth of -4%. The lower revenue was a result of a less favourable product mix. Execution of orders awarded over recent years continued to contribute to the revenue development.

Revenues measured in market prices amounted to EUR 174m in Q1 2022, against EUR 191m in Q1 2021.

Positive development in operational EBITDA margin

Despite lower revenues, Solutions increased operational EBITDA by EUR 5.2m compared to Q1 2021. Accordingly, the operational EBITDA margin* increased from 12.1% to 16.4%. The improvements

in operational EBITDA were mainly driven by continued efficiency initiatives in execution. Overall, the project execution during the quarter was satisfactory.

NKT progressed on a number of projects through varying stages of execution in Q1 2022. These projects included a number of the XLPE DC contracts awarded in recent years, such as Borwin 5, Dogger Bank A, Dogger Bank B, and Shetland. In addition several XLPE AC projects, including Ostwind 2, also progressed.

NKT Victoria, the company's cable-laying vessel, had satisfactory deployment during the quarter following completion of a dry-dock check in the beginning of the year, and a variety of assignments relating to project installations were accomplished in Q1 2022.

Upgrade of production sites continued to plan

The upgrade and expansion of NKT's production capabilities in Karlskrona which was initiated in 2020 progressed further and will be completed in 2022 as planned.

As announced in 2021, NKT will intensify focus on extra high-voltage AC and DC power cables at its Cologne production site in Germany. In addition, production

of the lower range of high-voltage power cables will be relocated from Cologne to NKT's factory at Velké Meziříčí in the Czech Republic. The investments will be completed in 2022.

High-voltage order backlog of EUR 2.75bn

During Q1 2022, NKT supplemented its high-voltage order backlog with a number of relatively smaller orders. These included variation orders to existing projects and onshore projects. At end-Q1 2022, the high-voltage backlog stood at EUR 2.75bn (EUR 2.35m in std. metal prices), compared to EUR 2.87bn (EUR 2.43m in std. metal prices) at end-2021.

Around 20% of the high-voltage order backlog is expected to be executed in remaining three quarters of 2022 and around 80% in 2023 and beyond.

High activity in high-voltage market

NKT estimates that project awards in the addressable high-voltage power cable market in Q1 2022 amounted to around EUR 2bn. These mainly covered projects in Europe. As stated in the Annual Report 2021, the average addressable market in 2022, 2023 and 2024 is estimated by NKT to be around EUR 7-8bn per year.

During the first part of 2022 progress continued on several project tenders across market segments and geographies, and 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.

The European Commission has outlined a plan to make Europe independent of Russian gas, including to speed up the introduction of renewable energy. This is expected to have a positive impact on the European power cable market.

The majority of projects awarded in the market in recent years have primarily been based on DC rather than AC technology.

151m

Revenue*, EUR
(Q1 2021: EUR 161m)

* Std. metal prices

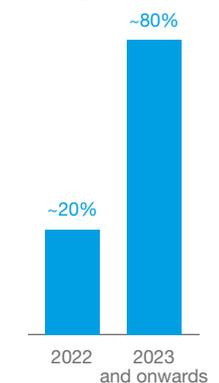
-4%

Organic growth
(Q1 2021: 27%)

24.7m

Operational EBITDA, EUR
(Q1 2021: EUR 19.5m)

Expected revenue distribution of high-voltage order backlog (EUR 2.75bn) at end-Q1 2022



* Std. metal prices

Business review – Applications

Highlights

- Revenue growth in Q1 2022 fuelled by strong demand across markets
- Continued improvement in profitability driven by higher revenue
- Acquisition of Ventcroft Ltd to strengthen position within fire-resistant power cables

Organic revenue growth of 32%

In Q1 2022, revenues* for Applications increased by EUR 35.3m compared to Q1 2021. This was due to broad-based growth across product segments and also reflected favourable market conditions in Europe.

The exceptionally strong organic growth was achieved against a relatively weak comparison period in Q1 2021 that was negatively impacted by the COVID-19 pandemic.

Continued improvement in profitability

Driven by the growth in revenues, operational EBITDA for Applications increased by EUR 4.9m from Q1 2021 to Q1 2022. The operational EBITDA margin* was 7.9% in Q1 2022, against 5.7% in the same period of 2021.

During the past years, NKT has launched several efficiency initiatives aimed at improving profitability for Applications, and these measures are gradually translating into sustained improved performance. The ambition is to deliver a sustainable long-term cost structure combined with commercial initiatives in order to grow revenue and profitability.

Operations in Q1 2022 continued in an environment of rising input costs. The situation has been managed satisfactorily and NKT has been able to protect profit margins in cooperation with customers. The supply of raw materials represents an industry-wide challenge and NKT has taken necessary actions to ensure that the impact so far has been limited.

Growth across markets

Overall, trading conditions in NKT's operating markets were favourable in Q1 2022 for both low- and medium-voltage power cables.

With construction sentiment remaining at a high level in Europe, partly driven by the EU's refurbishment programme under the European Green Deal, the strong demand for building wires continued. This has led to a high utilization level for NKT's factory in Warszowice, Poland, which is the centre of the company's building wire production. The addition of fire-resistant power cables to the product mix through the acquisition of Ventcroft Ltd will add value for NKT in a market with strong focus on safety.

NKT's medium voltage sales are being positively influenced by the electrification of societies, the upgrade of power grids and the growth in number of electric vehicles.

The progressive roll-out of the 5G network is benefitting NKT's power cable telecom business and also contributed positively to growth in Q1 2022.

Acquisition of UK-based supplier of fire-resistant power cables

In January 2022, NKT acquired Ventcroft Ltd to strengthen its position in fire-resistant power cable technology. With this acquisition, NKT has extended its portfolio of low-voltage power cables and building wires, an important step in its growth strategy. NKT will now focus on scaling up production to expand its presence with fire-resistant building wires across the European market.

131m

Revenue*, EUR
(Q1 2021: EUR 96m)

* Std. metal prices

32%

Organic growth
(Q1 2021: 2%)

10.4m

Operational EBITDA, EUR
(Q1 2021: EUR 5.5m)



Business review – Service & Accessories

Highlights

- Lower revenue and operational EBITDA levels in Q1 2022 against a high comparison point
- Establishment of Service hub in Gdynia, Poland finalized
- Continued positive development in medium-voltage accessories business

Lower revenue level

Revenues for Service & Accessories in Q1 2022 decreased by EUR 2.5m against Q1 2021 where the volume of service repair work was higher. Consequently, organic growth in Q1 2022 was -16%.

Operational EBITDA decreased due to temporarily higher costs

Operational EBITDA in Q1 2022 was down by EUR 4.2m against Q1 2021. The operational EBITDA margin for Q1 2022 was 8.5% against 17.1% in Q1 2021. This

was due to reduced activity in the service business and temporary cost increases in the accessories business relating to the centralization of high-voltage power cable production.

Satisfactory start to 2022 for the service business

Despite a reduction in the level of offshore repair work compared to Q1 2021, the service business delivered a satisfactory start to 2022. The recurring onshore maintenance business in Q1 2022 was at a higher level than in the same period of 2021.

In Q1 2022, NKT finalized a repair of Kontiskan 2, the HVDC power cable system connecting the power grids of Sweden and Denmark. The work was completed in only 12 days thanks to close collaboration between all parties involved and NKT's extensive experience in offshore repairs.

NKT is continuously striving to increase its portfolio of service agreements with power cable owners, and further agreements were added in Q1 2022.

In Q1 2022, the establishment of the service hub in Gdynia, Poland, was completed. The ambition is to position NKT for future growth across European markets and to prepare for offshore wind expansion in Poland. This step is in line with the adopted growth strategy and will cater for the increasing market demand.

A local service business organization has also been established in the UK to cater for the high demand in the UK market and prepare for future growth.

Mixed performance for the accessories business

In Q1 2022, the medium-voltage accessories business continued to be driven by high demand in the Middle East, which has been a solid growth contributor for NKT in recent years. Increasing demand was also seen from India.

Performance in the high-voltage accessories business was impacted by the centralization of production to Alingsås, Sweden, from Cologne, Germany. The transition has led to temporary delays and cost increases and has extended execution time on parts of the orders.

NKT has experienced certain supply chain difficulties in the accessories business due to the challenges in the global transportation market and shortages of raw materials. Various initiatives have been implemented to mitigate risks and NKT has managed to protect profits.

43.6m

Revenue*, EUR
(Q1 2021: EUR 46.1m)

* Std. metal prices

-16%

Organic growth
(Q1 2021: 82%)

3.7m

Operational EBITDA, EUR
(Q1 2021: EUR 7.9m)

NKT Photonics – Financial & Business Review

Driven by growth in three out of four market segments, revenues in Q1 2022 increased 7% organically, while operational EBITDA was slightly down compared to Q1 2021. The order intake was the highest ever recorded for Q1

Organic growth of 7% and 10% for the underlying laser business

NKT Photonics increased its revenues by EUR 0.4m from Q1 2021 to Q1 2022. The positive development was delivered on top of the strong organic growth of 26% in Q1 2021. In March 2022, NKT Photonics divested its LIOS sensing business. The divested business contributed with EUR 1.9m revenue in Q1 2021, while the contribution was EUR 0.6m in Q1 2022 as it was included only for two months. Thus, the underlying performance of the continuing laser business (excluding the LIOS sensing business) was an organic growth of 10% in Q1 2022.

The revenue growth in Q1 2022 was broad-based with contribution from the Aerospace & Defence, Medical & Life Science, and Industrial segments. The Quantum & Nano Technology segment reported lower revenues in Q1 2022 as a result of phasing of orders.

Revenue development and organic growth

Amounts in EURm

Q1 2021 revenue	15.7
Currency effect	0.3
Divestment	-1.0
Organic growth	1.1
Q1 2022 revenue	16.1
Organic growth, %	7%

EBITDA improvement due to accounting gain

NKT Photonics' EBITDA increased significantly to EUR 6.3m in Q1 2022 from EUR -1.2m in Q1 2021. The increase was due to an accounting gain of EUR 8.0m related to the divestment of the LIOS business, which is treated as a one-off item.

Excluding the accounting gain, the operational EBITDA was slightly down compared to the previous year. This development was mainly caused by write-downs related to obsolete and slow-moving raw material inventory.

NKT Photonics has so far experienced limited delays in supply of components for production, but the situation is increasingly challenging for the industry with raw material lead times and prices moving up. This continues to be a focus area for NKT Photonics and actions have been taken

Key financials

Amounts in EURm

	Q1 2022	Q1 2021	FY 2021
Income statement			
Revenue	16.1	15.7	80.1
Operational EBITDA**	-1.7	-1.2	7.5
One-off items**	8.0	0.0	0.0
EBITDA	6.3	-1.2	7.5
Depreciations and amortizations	-3.5	-3.5	-14.6
Operational EBIT**	-5.2	-4.7	-7.1
EBIT	2.8	-4.7	-7.1
Financial items, net	-1.3	-0.7	-4.2
EBT	1.5	-5.4	-11.3
Tax	1.6	1.2	3.5
Net result	3.1	-4.2	-7.8
Cash flow			
Cash flow from operating activities	-5.0	0.4	-1.0
Cash flow from investing activities excl. acq. & div.**	-5.2	-3.4	-14.3
Free cash flow excl. acq. & div.**	-10.2	-3.0	-15.3
Balance sheet			
Capital employed**	113.7	110.0	120.5
Working capital**	31.2	26.3	33.6
Financial ratios and employees			
Organic growth**	7%	26%	15%
Operational EBITDA margin**	-10.6%	-7.7%	9.4%
RoCE**	-6.6%	-9.0%	-6.2%
Average number of employees	412	401	401

** Alternative performance measures

to mitigate risks and ensure unimpacted production flow.

EBIT increased by EUR 7.5m and Net result increased by EUR 7.3m, from Q1 2021 to Q1 2022, reflecting the accounting gain that drove growth in EBITDA.

Free cash flow negative

The cash flow from operating activities was EUR -5.0m in Q1 2022, down from EUR 0.4m in Q1 2021. The cash flow was negatively impacted by the development in working capital due to an increase in inventories and lower payables.

In Q1 2022, the cash flow from investing activities (excl. acquisitions and divestments) was EUR -5.2m, against EUR -3.4m in Q1 2021. In Q1 2022 investments in new fiber production facilities impacted the cash flow.

Increase in order intake

The positive development in order intake in 2021 continued into 2022. The order intake for the underlying laser business (excluding the divested LIOS sensing business) increased by 16% from Q1 2021 to Q1 2022. The growth was driven by the Medical & Life Science and Quantum & Nano Technology segments and represented the highest ever Q1 order intake.

Divestment of LIOS sensing business

In March 2022, NKT Photonics divested its LIOS sensing business to the US company Luna Innovations Incorporated for an amount of EUR 20m. With the divestment, NKT Photonics fully focuses on its core business within lasers and fibre optic solutions to the medical & life science, quantum and nano technology, industrial, and aerospace & defence markets.

Medical & Life Science

The segment delivered strong revenue growth in Q1 2022 driven particularly by the Imaging & Microscopy segment. Ophthalmology also developed favourably and is expected to contribute significantly to growth in 2022.

Industrial

In Industrial, the growth delivered in 2021 continued in Q1 2022 with the Semiconductor industry as the main contributing area. That trend is expected to continue through 2022.

Aerospace & Defence

The exceptionally high growth in the Aerospace & Defence segment for Q1 2022 was partly due to a relatively low Q1 2021 as well as favourable project timing. The market continues to grow, and new projects are expected throughout 2022.

Quantum & Nano Technology

Quantum & Nano Technology saw a slight decrease in revenue in Q1 2022 due to project timing and phasing of orders. The outlook for the segment remains strong with robust growth in especially quantum computing. Several new products within this segment were introduced to the market at the beginning of Q2 2022 and are also expected to contribute positively to growth.

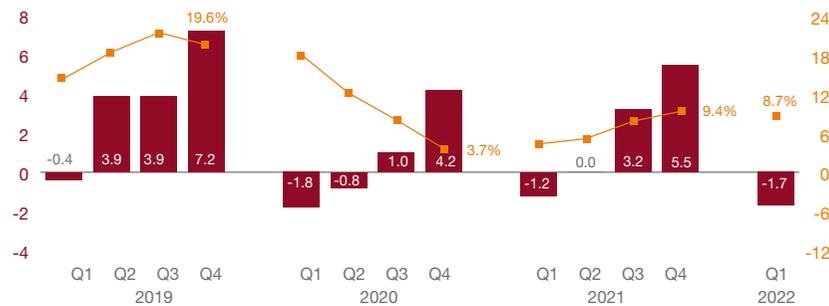
Revenue distribution (Q1 2022, LTM)



- Medical & Life Science 29%
- Quantum & Nano Technology 20%
- Industrial 38%
- Aerospace & Defence 13%

Operational EBITDA

Amounts in EURm



- Operational EBITDA
- Operational EBITDA margin %, LTM

NKT Group – Financial review

Operational EBITDA and EBIT

Driven by the higher activity level, the operational EBITDA for the NKT Group amounted to EUR 36.6m in Q1 2022, an increase of 7.6m from Q1 2021. The increase with driven by the positive development in NKT.

The operational EBITDA, LTM, was EUR 146.2m at end-Q1 2022

EBIT increased by 15.9m in Q1 2022 compared to Q1 2021, reflecting the same factors driving operational EBITDA as well as the accounting gain of EUR 8.0m related to the divestment of the LIOS sensing business.

Financial items and net result

Net financial items in Q1 2022 amounted to EUR -6.7m compared to EUR -3.6m in Q1 2021. The higher cost level was due to foreign exchange effects.

Earnings before tax (EBT) totalled EUR 15.3m in Q1 2022 compared to EUR 2.5m in Q1 2021. The Group's net result increased from EUR 1.7m in Q1 2021 to EUR 14.9m in Q1 2022.

Cash flow

Cash flow from operating activities was EUR -45.9m in Q1 2022 compared to EUR -22.3m in Q1 2021. The negative cash generation in Q1 2022 was due to an expected increase in working capital in the power cable business that more than outweighed the earnings contribution.

The cash flow from investing activities amounted to EUR -39.1m in Q1 2022 against EUR -29.6m in Q1 2021. The increased investment level was due to ongoing investments in the high-voltage production facilities for the power cable business. Additionally, the cash flow included the acquisition of Ventcroft Ltd

and the divestment of the LIOS sensing business during the quarter.

Liquidity, debt leverage and equity

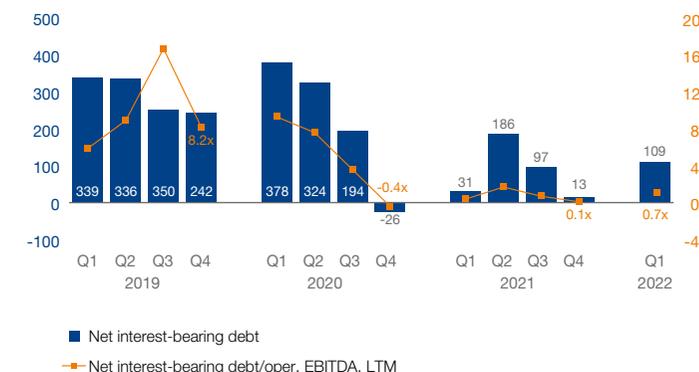
As the free cash flow was negative in Q1 2022, the Group's net interest-bearing debt increased to EUR 109m at end-Q1 2022 from EUR 13.2m at end-Q4 2021.

The net interest-bearing debt relative to operational EBITDA amounted to 0.7x at end-Q1 2022, up from 0.1x at end-Q4 2021.

At end-Q1 2022 the NKT Group had total available liquidity reserves of EUR 296m comprising cash of EUR 119m and undrawn credit facilities of EUR 177m. Group equity at end-Q1 2022, including the hybrid security issued in 2018, amounted to EUR 1,216m. The solvency ratio was 45% which was on par with the end of the previous quarter.

Net interest-bearing debt

Amounts in EURm



The EUR 150m hybrid security issued in 2018 has the first call date on 12 September 2022. NKT currently intends to call the security no later than this date.

Q1 2022 financial development for NKT Group

Amounts in EURm	Revenue*			Operational EBITDA			Operational EBITDA margin	
	Q1 2022	Q1 2021	Change	Q1 2022	Q1 2021	Change	Q1 2022	Q1 2021
NKT	319.2	296.0	23.2	38.3	30.2	8.1	12.0%	10.2%
NKT Photonics	16.1	15.7	0.4	-1.7	-1.2	-0.5	-10.6%	-7.7%
Elimination	0.0	-0.1	0.1	0.0	0.0	0.0	-	-
NKT Group	335.3	311.6	23.7	36.6	29.0	7.6	10.9%	9.3%

* Std. metal prices

Shareholder information

NKT A/S shares

The average daily turnover in NKT A/S shares on all trading markets was EUR 12m in Q1 2022, on par with Q1 2021. The average daily trading volume was around 320,000 shares in Q1 2022, down from around 350,000 in Q1 2021. Nasdaq Copenhagen continued to be the main trading market for the company's shares with 44% of the total traded volume in Q1 2022.

At end-Q1 2022 the NKT A/S share price stood at DKK 305.60 compared to DKK 315.60 at end-2021, equal to a share price return of -3%. The corresponding dividend-adjusted share price returns for the Group's largest European competitors, Prysmian and Nexans, were -6% and -1%, respectively. The Danish OMX C25 index, adjusted for dividends, decreased by 8% in Q1 2022.

At end-Q1 2022, two NKT A/S investors had reported shareholdings between 5.00-9.99%: ATP (Denmark), and Greenvale Capital (UK).

The total share capital at end-Q1 2022 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).

In February 2022, NKT bought back 75,000 own shares to meet obligations relating to the company's share-based incentive programmes for employees. At end-Q1 2022, NKT still held 38,013 own shares.

Annual General Meeting

The Annual General Meeting of NKT A/S was held on 24 March 2022. All proposals on the agenda were approved.

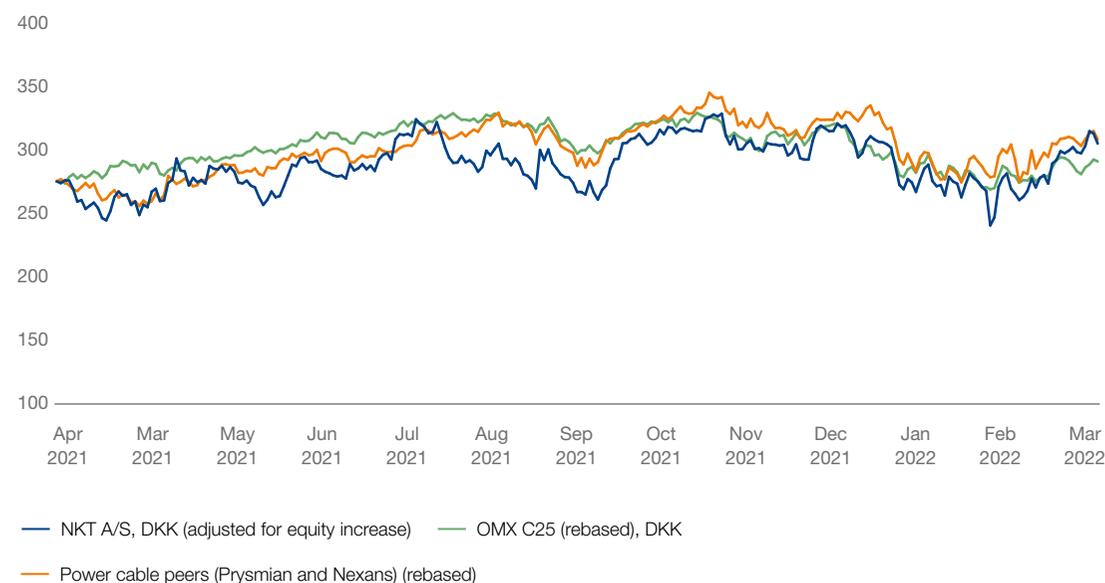
Jens Due Olsen, René Svendsen-Tune, Karla Marianne Lindahl, Jens Maaløe and Andreas Nauen were re-elected as members of the Board of Directors, while Nebahat Albayrak was elected to the Board for the first time. Pernille Blume, Stig Nissen Knudsen (re-elected) and Christian Dyhr were elected to the Board as employee representatives for a four-year period.

At the meeting after the Annual General Meeting, Jens Due Olsen was elected Chairman of the Board of Directors and René Svendsen-Tune was elected Deputy Chairman.



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 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

17 Aug: Interim Report, Q2 2022

22 Sep: Capital Markets Day

16 Nov: Interim Report, Q3 2022

A man in a light blue button-down shirt is smiling and looking down at a computer monitor in a server room. In the background, there are rows of server racks with glowing blue lights. Other people are partially visible at their workstations in the background.

Consolidated financial statements

Income statement

Amounts in EURm	Q1 2022	Q1 2021	Year 2021
Revenue	505.6	429.6	1,906.7
Other operating income	13.9	4.6	32.7
Costs of raw materials, consumables and goods for resale	-346.3	-279.6	-1,269.3
Staff costs	-85.7	-81.9	-355.0
Other costs etc.	-42.4	-41.9	-189.2
Earnings before interest, tax, depreciation and amortization (EBITDA)	45.1	30.8	125.9
Depreciation of property, plant and equipment	-16.8	-17.2	-74.9
Amortization of intangible assets	-6.3	-7.5	-34.2
Earnings before interest and tax (EBIT)	22.0	6.1	16.8
Financial items, net	-6.7	-3.6	-12.4
Earnings before tax (EBT)	15.3	2.5	4.4
Tax	-0.4	-0.8	-0.3
Net result	14.9	1.7	4.1
To be distributed as follows:			
Equity holders of NKT A/S	12.9	-0.3	-4.0
Hybrid capital holders of NKT A/S	2.0	2.0	8.1
	14.9	1.7	4.1
Basic earnings, EUR, per share (EPS)	0.3	-0.0	-0.1
Diluted earnings, EUR, per share (EPS-D)	0.3	-0.0	-0.1

Statement of comprehensive income

Amounts in EURm	Q1 2022	Q1 2021	Year 2021
Comprehensive income			
Net result	14.9	1.7	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	1.6
<i>Items that may be reclassified to income statement:</i>			
Currency adjustment of foreign subsidiaries and value adjustment of hedging instruments, etc.	43.2	31.0	84.4
Total comprehensive income for the period	58.1	32.7	90.1

Balance sheet

Amounts in EURm	31 March 2022	31 March 2021	31 Dec. 2021
Assets			
Intangible assets	616.0	620.2	621.7
Property, plant and equipment	818.0	662.6	782.9
Other investments and receivables	0.8	1.0	0.8
Deferred tax	22.0	32.1	24.9
Total non-current assets	1,456.8	1,315.9	1,430.3
Inventories	321.9	243.7	287.4
Receivables	631.8	429.2	528.9
Contract assets	136.3	71.4	97.3
Income tax receivable	11.9	6.2	8.8
Interest-bearing receivables	0.2	0.2	0.2
Cash at bank and in hand	118.5	178.9	200.5
Total current assets	1,220.6	929.6	1,123.1
Total assets	2,677.4	2,245.5	2,553.4

Amounts in EURm	31 March 2022	31 March 2021	31 Dec. 2021
Equity and liabilities			
Equity attributable to equity holders of NKT A/S	1,061.6	954.8	1,007.5
Hybrid capital	154.4	154.4	152.4
Total equity	1,216.0	1,109.2	1,159.9
Deferred tax	86.2	53.5	71.8
Provisions and pension liabilities	62.5	66.1	62.5
Borrowings	213.3	196.8	196.4
Total non-current liabilities	362.0	316.4	330.7
Borrowings	14.8	12.8	17.5
Trade payables	379.6	284.6	341.8
Other liabilities	191.6	181.0	170.4
Contract liabilities	452.4	309.3	459.3
Income tax payable	12.5	14.5	10.5
Provisions	48.5	17.7	63.3
Total current liabilities	1,099.4	819.9	1,062.8
Total liabilities	1,461.4	1,136.3	1,393.5
Total equity and liabilities	2,677.4	2,245.5	2,553.4

Cash flow statement

Amounts in EURm	Q1 2022	Q1 2021	Year 2021
Earnings before interest, tax, depreciation and amortization (EBITDA)	45.1	30.8	125.9
Change in provisions, gain and loss on sale of assets, etc.	-23.2	1.9	47.9
Changes in working capital	-60.0	-50.9	46.6
Cash flow from operations before financial items, etc.	-38.1	-18.2	220.4
Net financial items paid	-6.5	-3.5	-12.2
Income tax paid	-1.3	-0.6	-0.4
Cash flow from operating activities	-45.9	-22.3	207.8
Acquisition of businesses	-15.3	0.0	0.0
Divestment of business	19.7	2.1	2.1
Investments in property, plant and equipment	-34.4	-22.9	-191.3
Disposal of property, plant and equipment	0.6	0.0	0.2
Intangible assets and other investments, net	-9.7	-8.8	-36.5
Cash flow from investing activities	-39.1	-29.6	-225.5
Free cash flow	-85.0	-51.9	-17.7
Changes in borrowings	7.4	-6.4	-5.6
Repayment of lease liabilities	-1.8	-1.9	-7.3
Coupon payments on hybrid capital	0.0	0.0	-8.1
Purchase of treasury shares	-2.5	0.0	0.0
Cash flow from financing activities	3.1	-8.3	-21.0
Net cash flow	-81.9	-60.2	-38.7
Cash at bank and in hand at the beginning of the period	200.5	239.2	239.2
Currency adjustments	-0.1	-0.1	0.0
Net cash flow	-81.9	-60.2	-38.7
Cash at bank and in hand at the end of the period	118.5	178.9	200.5

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

Statement of changes in equity

Amounts in EURm	Share capital	Treasury shares	Foreign exchange reserve	Hedging reserve*	Fair value reserve	Retained compreh. income	Proposed dividends	Total	Hybrid capital	Total equity
Equity, 1 January 2021	115.4	0.0	-9.1	71.9	0.3	745.5	0.0	924.0	152.4	1,076.4
<i>Other comprehensive income:</i>										
Foreign exchange translation adjustments			-10.1					-10.1		-10.1
Value adjustment of hedging instruments:										
Value adjustment for the period				57.5				57.5		57.5
Value adjustment transferred to the Income statement				-0.1				-0.1		-0.1
Tax on other comprehensive income				-16.3				-16.3		-16.3
Total other comprehensive income	0.0	0.0	-10.1	41.1	0.0	0.0	0.0	31.0	0.0	31.0
Net result						-0.3		-0.3	2.0	1.7
Comprehensive income for the period	0.0	0.0	-10.1	41.1	0.0	-0.3	0.0	30.7	2.0	32.7
<i>Transactions with owners:</i>										
Share based payment						0.1		0.1		0.1
Total transactions with owners in Q1 2021	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1	0.0	0.1
Equity, 31 March 2021	115.4	0.0	-19.2	113.0	0.3	745.3	0.0	954.8	154.4	1,109.2
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			-3.7					-3.7		-3.7
Value adjustment of hedging instruments:										
Value adjustment for the period				66.3				66.3		66.3
Value adjustment transferred to the Income statement				-3.3				-3.3		-3.3
Tax on other comprehensive income				-16.1				-16.1		-16.1
Total other comprehensive income	0.0	0.0	-3.7	46.9	0.0	0.0	0.0	43.2	0.0	43.2
Net result						12.9		12.9	2.0	14.9
Comprehensive income for the period	0.0	0.0	-3.7	46.9	0.0	12.9	0.0	56.1	2.0	58.1
<i>Transactions with owners:</i>										
Purchase of Treasury shares		-2.5						-2.5		-2.5
Exercise of performance shares		1.2				-1.2		0.5		0.5
Share based payment						0.5		0.5		0.5
Total transactions with owners Q1 2022	0.0	-1.3	0.0	0.0	0.0	-0.7	0.0	-2.0	0.0	-2.0
Equity, 31 March 2022	115.4	-1.3	-3.7	212.7	0.3	756.8	0.0	1,061.6	154.4	1,216.0

* 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 31 March, the Cash flow hedge reserve was EUR 228.4 million and Cost of hedging was EUR -15.7 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 condensed consolidated interim financial report for the period 1 January – 31 March 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.

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 5.

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 quarter of 2022 that have impacted the financial position as of 31 March 2022.

Considering the tragic circumstances in Ukraine and the further pressure on supply chains already under strain following the COVID-19 pandemic, Management has carefully considered the impact from these events. Currently the impact from these events has not materially altered the expectations related to the growth in both the power cable and the photonics markets. While management closely follows the development of these events, Management has assessed that no trigger events for impairment have been identified in Q1 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 31 March 2022, NKT has issued guarantees with a value of EUR 972m (EUR 1,015m at 31 December 2021), none of which are currently expected to materialize.

For the presentation of this Q1 2022 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 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 and 66 for NKT and NKT Photonics respectively. No events or risk management activities carried out in the first three months 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 Photonics	Inter- segment transact.	NKT Group
Q1 2022								
Income statement								
Goods ¹⁾	3.4	277.3	29.9	0.0	-5.0	305.6	14.5	320.1
Service, etc. ¹⁾	2.2	0.0	0.4	0.0	-0.4	2.2	0.0	2.2
Construction contracts ²⁾	168.6	0.0	13.5	0.0	-0.4	181.7	1.6	183.3
Revenue (market prices)	174.2	277.3	43.8	0.0	-5.8	489.5	16.1	505.6
Adjustment of market prices to std. metal prices	-23.3	-146.2	-0.2	0.0	-0.6	-170.3	0.0	-170.3
Revenue (std. metal prices)	150.9	131.1	43.6	0.0	-6.4	319.2	16.1	335.3
Costs and other income, net (excl. one-off items)	-149.5	-266.9	-40.1	-0.5	5.8	-451.2	-17.8	-469.0
Operational EBITDA	24.7	10.4	3.7	-0.5	0.0	38.3	-1.7	36.6
Depreciation, amortization and impairment	-14.5	-3.9	-1.0	-0.2	0.0	-19.6	-3.5	-23.1
Operational EBIT	10.2	6.5	2.7	-0.7	0.0	18.7	-5.2	13.5
Working capital	-86.5	108.9	26.3	-14.1	0.0	34.6	31.2	65.8
Q1 2021								
Income statement								
Goods ¹⁾	10.7	184.2	29.2	0.0	-2.9	221.2	14.7	235.8
Service, etc. ¹⁾	1.9	0.0	0.4	0.0	-0.1	2.2	0.0	2.2
Construction contracts ²⁾	177.9	0.0	16.5	0.0	-3.8	190.6	1.0	191.6
Revenue (market prices)	190.5	184.2	46.1	0.0	-6.8	414.0	15.7	429.6
Adjustment of market prices to std. metal prices	-30.0	-88.4	0.0	0.0	0.4	-118.0	0.0	-118.0
Revenue (std. metal prices)	160.5	95.8	46.1	0.0	-6.4	296.0	15.7	311.6
Costs and other income, net (excl. one-off items)	-171.0	-178.7	-38.2	-2.7	6.8	-383.8	-16.9	-400.6
Operational EBITDA	19.5	5.5	7.9	-2.7	0.0	30.2	-1.2	29.0
Depreciation, amortization and impairment	-14.9	-4.2	-1.0	-1.1	0.0	-21.2	-3.5	-24.7
Operational EBIT	4.6	1.3	6.9	-3.8	0.0	9.0	-4.7	4.3
Working capital	-111.3	65.5	3.3	-22.7	0.0	-65.2	26.3	-38.9

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 Photonics	NKT Photonics	NKT Group
Q1 2022			
Reconciliation to net result			
Operational EBITDA	38.3	-1.7	36.6
One-off items	0.5	8.0	8.5
EBITDA	38.8	6.3	45.1
Depreciation, amortization and impairment	-19.6	-3.5	-23.1
EBIT	19.2	2.8	22.0
Financial items, net	-5.4	-1.3	-6.7
EBT	13.8	1.5	15.3
Tax	-2.0	1.6	-0.4
Net result	11.8	3.1	14.9
Q1 2021			
Reconciliation to net result			
Operational EBITDA	30.2	-1.2	29.0
One-off items	1.8	0.0	1.8
EBITDA	32.0	-1.2	30.8
Depreciation, amortization and impairment	-21.2	-3.5	-24.7
EBIT	10.8	-4.7	6.1
Financial items, net	-2.9	-0.7	-3.6
EBT	7.9	-5.4	2.5
Tax	-2.0	1.2	-0.8
Net result	5.9	-4.2	1.7

Notes

Note 2 Segment reporting – continued

Balance sheet	31 March 2022				31 March 2021				Year 2021			
	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	552.5	63.5	-	616.0	552.0	68.2	-	620.2	554.0	67.7	-	621.7
Property, plant and equipment	796.0	22.0	-	818.0	643.1	19.5	-	662.6	760.8	22.1	-	782.9
Other investments and receivables	0.8	0.0	-	0.8	0.8	0.2	-	1.0	0.8	0.0	-	0.8
Deferred tax	21.4	0.6	-	22.0	31.5	0.6	-	32.1	23.8	1.1	-	24.9
Current assets												
Inventories	300.6	21.3	-	321.9	225.2	18.5	-	243.7	265.2	22.2	-	287.4
Receivables	619.8	13.2	-1.2	631.8	414.2	15.5	-0.5	429.2	506.5	22.9	-0.5	528.9
Contract assets	133.8	2.5	-	136.3	71.1	0.3	-	71.4	96.0	1.3	-	97.3
Income tax receivables	3.2	8.7	-	11.9	2.0	4.2	-	6.2	2.7	6.1	-	8.8
Interest-bearing receivables	129.9	13.6	-143.3	0.2	111.2	2.3	-113.3	0.2	129.3	6.2	-135.3	0.2
Cash at bank and in hand	116.3	2.2	-	118.5	177.5	1.4	-	178.9	198.7	1.8	-	200.5
Total assets	2,674.3	147.6	-144.5	2,677.4	2,228.6	130.7	-113.8	2,245.5	2,537.8	151.4	-135.8	2,553.4
Equity and liabilities												
Equity	1,224.1	-8.1	-	1,216.0	1,116.9	-7.7	-	1,109.2	1,171.0	-11.1	-	1,159.9
Non-current liabilities												
Deferred tax	83.8	2.4	-	86.2	50.6	2.9	-	53.5	69.1	2.7	-	71.8
Provisions and pension liabilities	62.2	0.3	-	62.5	65.7	0.4	-	66.1	62.3	0.2	-	62.5
Borrowings	209.5	134.6	-130.8	213.3	188.6	112.9	-104.7	196.8	192.5	128.1	-124.2	196.4
Current liabilities												
Borrowings	24.3	3.0	-12.5	14.8	12.9	8.5	-8.6	12.8	17.1	11.5	-11.1	17.5
Trade payables	373.3	7.5	-1.2	379.6	280.5	4.6	-0.5	284.6	334.7	7.1	-	341.8
Other liabilities	187.2	4.4	-	191.6	174.6	6.4	-	181.0	160.7	10.2	-0.5	170.4
Contract liabilities	451.8	0.6	-	452.4	308.5	0.8	-	309.3	458.4	0.9	-	459.3
Income tax payables	10.5	2.0	-	12.5	14.1	0.4	-	14.5	9.8	0.7	-	10.5
Provisions	47.6	0.9	-	48.5	16.2	1.5	-	17.7	62.2	1.1	-	63.3
Total equity and liabilities	2,674.3	147.6	-144.5	2,677.4	2,228.6	130.7	-113.8	2,245.5	2,537.8	151.4	-135.8	2,553.4

Notes

Note 3 Net interest-bearing debt and working capital

Amounts in EURm	31 March 2022	31 March 2021	31 Dec. 2021
Net interest-bearing debt			
Borrowings, non-current	213.3	196.8	196.4
Borrowings, current	14.8	12.8	17.5
Interest-bearing receivables	-0.2	-0.2	-0.2
Cash at bank and in hand	-118.5	-178.9	-200.5
Net interest-bearing debt	109.4	30.5	13.2
Working capital			
Inventories	321.9	243.7	287.4
Receivables	631.8	429.2	528.9
Contract assets	136.3	71.4	97.3
Income tax receivable	11.9	6.2	8.8
Trade payables	-379.6	-284.6	-341.8
Other liabilities	-191.6	-181.0	-170.4
Contract liabilities	-452.4	-309.3	-459.3
Income tax payables	-12.5	-14.5	-10.5
Working capital	65.8	-38.9	-59.6

Amounts in EURm	Q1 2022	Q1 2021	Year 2021
Reconciliation to change in working capital in cash flow			
Working capital 1 January	-59.6	-137.1	-137.1
Working capital end of period	65.8	-38.9	-59.6
Change in working capital based on balance sheet	125.4	98.2	77.5
Effect of unrealized hedges reported on Equity	-63.0	-57.5	-127.4
Effect of changes in current tax	-1.1	6.6	4.2
Effect of changes in exchange rates, etc.	-1.3	3.6	-0.9
Change in working capital based on cash flow statement	60.0	50.9	-46.6

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	-1.6
Purchase price	15.4
Acquired cash and cash equivalents	-0.1
Cash flow used for acquisition	15.3

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 1.6m 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 acquisition date to 31 March 2022, Ventcroft Ltd contributed positively to the results with a revenue of EUR 5.4m and a profit of EUR 0.4m. Had the acquisition occurred on 1 January 2022, the impact for period until 31 March 2022 on revenue and profit would in all material aspects have been similar.

Divestments

On 10 March 2022 NKT divested their 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 Definitions

The Group operates with the following performance measures which are recalculated 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 presents the following performance measures not defined according to IFRS (non-GAAP measures) in the Annual Report:

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, internal revenue, acquisitions 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. **Net interest-bearing debt** – Cash and interest-bearing receivables less interest-bearing debt. Specified in Section 5.4. 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. **Net interest-bearing debt relative to operational EBITDA** – Calculated as net interest-bearing debt as defined in point 8 relative to operational EBITDA as defined in point 6.
12. **Solvency ratio (equity as a percentage of total assets)** – Equity incl. hybrid capital as a percentage of total assets.
13. **Return on capital employed (RoCE)** – Operational EBIT as a percentage of average of the last five quarters of capital employed.
14. **Equity value, EUR per outstanding share** – Equity attributable to equity holders of NKT A/S per outstanding share at 31 December. Dilution effect of outstanding share programmes is excluded.

Financial ratios

Gearing	$\frac{\text{Net interest-bearing debt} \times 100}{\text{Group equity}}$
Solvency ratio	$\frac{\text{Equity} \times 100}{\text{Total assets}}$
Return on Capital Employed (RoCE)	$\frac{\text{Operational EBIT}}{\text{Average last five quarters of capital employed}}$
Earnings Per Share (EPS)	$\frac{\text{Earnings attr. to equity holders of NKT A/S}}{\text{Average number of shares outstanding}}$
Earnings Per Share Diluted (EPS-D)	$\frac{\text{Earnings attr. to equity holders of NKT A/S}}{\text{Diluted average number of shares}}$
Book Value Per Share (BVPS)	$\frac{\text{Equity}}{\text{Number of shares}}$

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 – 31 March 2022.

The Interim Report for the period 1 January – 31 March 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 31 March 2022 and the results of the Group's activities and cash flow for the period 1 January – 31 March 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, 18 May 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 the Europacable
Industry Charter: A commitment
towards superior quality.