

23 November 2017

## ATTACHMENT TO FORM 8937 REPORT OF ORGANIZATIONAL ACTIONS AFFECTING BASIS OF SECURITIES

The information contained herein is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended (the "**Code**"), and includes a general summary regarding the application of certain U.S. federal income tax laws and regulations relating to the effects of the Distribution (as defined below) on the tax basis of shares of NKT A/S ("**NKT**") stock ("**NKT Shares**") and the allocation of tax basis between the NKT Shares and shares of Nilfisk Holding A/S ("**Nilfisk**") stock ("**Nilfisk Shares**") following the Distribution, in each case, for U.S. federal income tax purposes. The information contained herein does not constitute tax advice and does not purport to cover all aspects of U.S. federal income tax that may be relevant to particular categories of shareholders. All holders of NKT Shares should consult their own tax advisors regarding the particular consequences of the Distribution to them, including the applicability and effect of all U.S. federal, state and local tax laws and foreign tax laws.

Please read the Demerger Statement, dated September 18, 2017, noting especially the discussion therein under the heading "*Certain United States federal income tax considerations relating to the Demerger.*" You may access the Demerger Statement at <https://investors.nkt.com/news>.

### Part II – Organizational Action

*Line 14. Describe the organizational action and, if applicable, the date of the action or the date against which the stockholders' ownership is measured from the action.*

Pursuant to the demerger of the Nilfisk group from NKT, the registered holders of NKT Shares as of the October 13, 2017 at 5:59 p.m. CET received a distribution of one Nilfisk Share for each NKT Share held as of such time (the "**Distribution**"). However, any trading in NKT Shares after 11 October 11, 2017 at 5:00 p.m. CET was exclusive of the Nilfisk Group and did not entail any right for the acquirer to receive Nilfisk Shares in the Distribution.

*Line 15. Describe the quantitative effect of the organization action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis.*

The characterisation of the Distribution for U.S. federal income tax purposes uncertain. It is possible that the Distribution could be treated as a tax-free distribution of Nilfisk Shares with respect to NKT Shares described in Section 355 of the Code. Alternatively, the Distribution could be treated as a taxable distribution of Nilfisk Shares to NKT's shareholders, treated as a dividend to the extent of NKT's current and accumulated earnings and profits (as determined for U.S. federal income tax purposes). The remainder of the discussion in this attachment assumes that the Distribution will be treated as a tax-free distribution described in Section 355 of the Code for U.S. federal income tax purposes.

As a result of the Distribution, holders of NKT shares will be required to allocate the aggregate tax basis in their NKT Shares held immediately prior to the Distribution among the Nilfisk Shares received in the Distribution and their NKT Shares held immediately after the

Distribution. This allocation should be made in proportion to the relative fair market values of the Nilfisk Shares and NKT Shares.

Stockholders that acquired NKT Shares at different times or different prices will need to calculate their tax basis in each block of NKT Shares and then allocate a portion of that tax basis to the shares of Nilfisk Shares received with respect thereto.

*Line 16. Describe the calculation of the change in basis and the data that supports the calculation, such as the market value of securities and the valuation date.*

U.S. federal income tax law does not specifically prescribe how you should determine the fair market values of the Nilfisk Shares and NKT Shares for purposes of allocating your tax basis, and there may be multiple approaches for making such determination. One possible approach is to use the volume weighted average price for each stock for October 12, 2017 (the first trading day of Nilfisk Shares) as the fair market value of each stock at the time of the Distribution for these purposes. As reported via Bloomberg, the volume weighted average price was \$45.3291 for Nilfisk Shares and \$43.4361 for NKT Shares, in each case, for October 12, 2017. Based on that approach and the assumptions and calculations set forth in Item 16 below, 51.0663% of a holder's aggregate tax basis in his or her NKT Shares immediately prior to the Distribution would be allocated to such holder's Nilfisk Shares received in the Distribution and 48.9337% would be allocated to such holder's NKT Shares. You are not bound by the approach described herein and should consult with your own tax advisor as to the appropriate approach for determining the fair market value of the stock for U.S. federal income tax purposes.

The following is an illustrative example of how the above-described approach to basis allocation would be applied:

Assumptions:

- NKT Shares as of October 13, 2017 at 5:59 p.m: 1,000
- All NKT Shares were acquired at the same time and at the same price.
- Holder's aggregate tax basis in NKT Shares prior to Distribution: \$30,000
- Nilfisk Shares received in the Distribution (1,000 NKT shares multiplied by 1 Nilfisk Share distributed per 1 NKT Share held): 1,000

Tax basis allocation:

	Shares Owned	Assumed Beginning Basis (A)	Percentage of FMV (B)	Allocated Tax Basis = (A)*(B)	Allocated Tax Basis Per Share
NKT	1,000	\$30,000.00	48.9337%	\$14,680.11	\$14.68011
Nilfisk	1,000		51.0663%	\$15,319.89	\$15.31989
<i>Total</i>			100%	\$30,000.00	

*Line 17. List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based.*

Sections 354(a), 355, 358, and 368(a)(1)(D).



*Line 18. Can any resulting loss be recognized?*

No loss may be recognized by a holder of NKT Shares upon the receipt of Nilfisk Shares in the Distribution.

Line 19. Provide any other information necessary to implement the adjustment, such as the reportable tax year.

For a holder of NKT Shares whose tax year is the calendar year, the reportable tax year is the year ending December 31, 2017.