



Annual General Meeting

Thursday, 25th March 2021

Preamble

Speaker: Dear shareholders, I would like to welcome you to the Annual General Meeting of NKT. This year because of the COVID-19 restrictions, we are having a fully electronic meeting.

I am sorry that I have not put on my jacket, but there is quite a high temperature in this room, so I am not wearing my jacket and the chairman of the meeting, Christian Lundgren too, has taken off his jacket. Just warning you.

The meeting will be held in Danish, but as in recent years, will be interpreted simultaneously into English. It is possible to put questions via the chat both in English and Danish, and any votes will also be shown on the screen, where you can cast your vote.

Once again, we have asked attorney at law Christian Lundgren from Kromann Reumert Lawyers to act as chairman of the meeting. He is an excellent chairman of a meeting, and he knows us very well. And he will steer us safely through the meeting. I hand over to you, Christian.

Introduction

Christian Lundgren

AGM Meeting Chairman, NKT

Thank you for the kind words. I think people should appreciate that we have kept on the shirts. Thank you for the appointment. I hope then together we can make sure that the meeting will be conducted in a good and orderly atmosphere, but that is mostly up to people out there where they are now.

The board has decided, because of the COVID-19 pandemic, and on the basis of a ministerial order issued in December last year, that the General Meeting will be held as an entirely virtual event. No physical appearance. Participation is through Lumi AGM, and there is also a presentation of how to deal with this. I hope that everyone has been given a user manual and a password, and a code. It should appear on the screen. It explains how to put questions, where you click an icon, and we have moderators here who will receive your question and make sure that questions are handed to me as chairman of the meeting, and we will then hear the replies from either the CEO, the CFO or the chairman of the meeting. They are all present here.

If we need an electronic vote, there is a special module for that. I will come back to this in case it becomes necessary. If there are any technical problems, I would point out to you that there is a hotline phone number for you: 4-5-4-6-0-9-9-7.

What we will be doing here in Valby is to deal with the items on the agenda so as to enable you to contribute questions or comments. There is a certain delay contained in the system we are operating, and that is why we will be having breaks throughout the meeting to ensure that what you send us arrives more or less timely.

If there are situations where a question comes after we have left that item on the agenda, we will do our best to make sure that we respond to your question in any case, and I will get back to also vote later.

If you have questions, please send us as soon as possible. You are welcome to send questions already now. As I said, we have a couple of moderators available that will make sure that your questions reach me, and please indicate the item on the agenda that your question pertains to. We also would like to identify the person asking the question, and that is also because we read out who the sender is, as we do when we have an ordinary general meeting with physical attendance. There is a maximum length to what you can send us. When we receive your question, I will read it out.

Right, let's go to the things I need to do as chairman. I need to find out if the meeting is duly and lawfully convened and whether we are a quorum. There are requirements in the articles of association. We are in the Copenhagen region in the suburb of Valby, and this is in accordance with Article 5-2 of the articles of association.

The AGM must be held before the expiry of the month of April, and that is okay then. And the meeting was announced on the 26th October 2020. And I have had confirmed that the convening notice, the agenda, the complete proposals, the annual report 2020 and the remuneration report, which is a new feature for 2020, all the things that need to be made available to shareholders have been made available to shareholders as of the 3rd March on the company's website.

The 3rd March, that also complies with a requirement concerning the convening notice that we find in the articles of association, not earlier than three weeks; not later than five weeks before the meeting. And the agenda that we need to deal with today also meets the requirements set out in the articles of association. And I also see that a stock exchange release has been sent out on the 3rd March with the convening notice included.

We have no requirements based on the agenda with regard to a specific proportion of the share capital being represented today for votes to be legal, and apart from item 10-1 and 10-2, all things on the agenda, all votes, can be decided by a simple majority. I will get back to telling you the number of votes represented at the AGM.

But I find that as the chairman of the meeting, that the meeting has been duly and lawfully convened and that we are a quorum in relation to all the items on the agenda. This is something I am under an obligation to find, but let's just have a very short break to find out if anyone has objections to what I have just said.

[BREAK IN AUDIO].

Speaker: [Danish, 0.07.06-0.07.09].

Christian Lundgren: Silence. Are we getting to 30 seconds?

Speaker: [Danish, 0.07.20-0.07.38].

Christian Lundgren: Right, we are back after the break. Let's have another slide because I would like to introduce you briefly to the agenda.

Agenda Items

First, we have the Board of Directors Report and the company's activities 2020. Then we have a presentation of the audited annual report with financial statements, and we have also adoption of the auditor annual report proposal for the distribution of profit or cover of loss.

For the first time, we will be dealing with the remuneration report with an advisory vote. Then we have item 6, resolution regarding discharge of obligations of management and board of directors. Seven, remuneration of the board of directors for this year. Eight, election of board members. Nine, election of auditors. And then as the penultimate item, proposals from the board of directors or shareholders.

Before the expiry of the deadline, we did not receive any proposals from shareholders, but we have four proposals from the board of directors. The first has to do with authorisations to the board of directors; then we have amendment of article five of the article association. This has to do with having AGMs as virtual meetings.

Then we have authorisation concerning the acquisition of shares, 10-4 amendment to the remuneration policy. I will get back to these proposals once we get to that item on the agenda. And then lastly, as the last item, an any-other-business item.

As per usual, I propose that we deal with items 1-4 in one go. So we hear Jens Due Olsen as chairman of the board first, and Jens will also, as usual, briefly motivate the recommendations from the board of directors that will appear in the ensuing items on the agenda. After that, we will have a debate concerning items 1-4 and the votes in relation to three and four. We will not have any vote in connection with one and two. If there are no objections to this, then I will hand over to the chairman of the board for his presentation of the report on the activities and the company in 2020.

Activities and Company Report 2020

Jens Due Olsen

Chairman of the Board, NKT

Hello again. I would now like to take you through the development throughout 2020 in both of our business areas. I will report on the work of the board of directors and glance into the future.

A satisfactory year for the power cable business

It has been an eventful year for NKT. We won the largest amount of orders ever for the great German cable corridor project with a total value of more than €1.5 billion. With these orders, we gain a crucial role in the green transition in Germany. We have also carried out two capital increases with the support of our shareholders, and these are now funding a large investment programme in our high-voltage business. This is to ensure that we can deliver on these German projects and other large orders and at the same time strengthen our position in the cable market of the future. With these capital increases, we were also able to reduce our debt significantly, and by the end of 2020, we had no net debt. However, we are going to need this liquidity to carry out the mentioned investments in our high-voltage business.

2020 has also been a year in which we, as everyone else, have had to adapt to a new reality and the extraordinary circumstances brought about by COVID-19. In spite of COVID-19, the result in our cable business in 2020 was satisfactory and in line with our guidance from the beginning of the year. NKT Photonics, however, was to a higher degree negatively affected by COVID-19. That made us suspend our guidance to begin with and then in October, to adjust our financial expectations.

We did achieve our adjusted guidance after a positive development in the second half of the year. In 2021 we expect the positive development to continue for our cable business. And we also expect that NKT Photonics will maintain the progress we saw towards the end of 2020.

130-year anniversary

2021 is a milestone for NKT. Isn't this a lovely image? We can celebrate our 130th anniversary as one of the world's leading supplier of cable systems. Inspired by Thomas Edison, our founder, HP Prior started NKT's cable production in Denmark after a journey to the US. With a sense of quality and innovation, he laid the foundation that we continue to build on as a pioneer within the cable industry. We have a long and proud history and a strong technological foundation that we continue to develop to create growth and expand our position in the market.

Global megatrends

NKT as well as NKT Photonics, are well-positioned to take part in the opportunities that we expect will arise on the background of the global megatrends, like the transition to renewable energy, the electrification of society, an ageing population demanding new and efficient treatments, and an electronics industry that continuously demands faster, better and more precise solutions and in which sensors will increase the opportunities of technology.

The green transition is really a market driver in our cable business. Here, we are a key player developing new and better solutions. And with the right political decisions, we can make sure that the electrical grid is proportionate to cope with the increasing demand for green energy.

We have the products and the skills to transport green energy from offshore wind farms to electrical vehicles, as well as the outlets in our living rooms efficiently and safely. The increasing focus on renewable energy also increases the demand for DC cables. These cables are particularly suited for the transmission of energy over large distances. Here we have a strong market-leading position building on the technological foundation that we gained with the strategic acquisition of ABB HV cables back in 2017.

In NKT Photonics, we continue to expand our market position due to a strong technological foundation. We develop advanced technologies to revolutionise the way we diagnose illnesses, for instance. We also deliver laser technology for research projects at space stations where they are, this is a bit nerdy, I know, but we can contribute to optimising the navigation in our cell phones by mapping the Earth's magnetic poles from space.

We also develop solutions for the future production of portable electronics. NKT Photonics is a market leader within several high-tech areas in which we expect increasing demand in the coming years.

NKT share price development

The figure here shows the development and our share price in 2020 adjusted to take into account the two share emissions. The share price increased by 91% in 2020, and that is, of course, good news to our shareholders and to us as a company.

Our large volume of orders for high volume, high-voltage projects shows that we are well-positioned to make use of the positive development that we expect that the green transition will create in the market for offshore wind farms and interconnectors. We are also seeing that sustainability is becoming increasingly relevant to our shareholders and therefore, we have strengthened our focus in this area.

And that also meant that as the first large cable company, we joined the initiative science-based targets in 2020. That gives us a scientific verification of our long-term climate strategy. We have also launched collaborations with our supply chain to reduce our climate footprint. This is very important for our total climate footprint.

COVID-19 status on business impact

In 2020, we have all been affected by COVID-19, and I will just briefly take you through the impact of the pandemic on our business. In our cable business, we have only seen a limited effect of COVID-19 so far. We have had all of our cable factories up and running, and we have been delivering and executing without great delays, so we have not seen any big effect in this respect.

However, in NKT Photonics, we have seen a more negative effect of COVID-19 on the demand side, and we have in particular been able to see that in the results of the first half of 2020. However, we saw an upward spiral in the second half of the year where the market started to stabilise. We expect that the market will continue to stabilise and thereby make up for the impact of COVID-19 during the course of 2021. Our factories have been producing all through the year, and we expect them to continue to do so.

Changes in management

Before I get to the financial results, I would also like to mention that in August of 2020, we welcomed Line Andrea Fandrup as our new CFO. Together with CEO Alexander Kara, she makes up a strong management team in NKT A/S. This is a foundation to ensure positive results in the long-term. So welcome.

Financial results for 2020 were satisfactory

Now, let me take a look at the financial results for NKT in 2020. We saw progress compared to 2019. In our cable business, we saw progress within revenue as well as earnings and results ended in the higher part of the intervals that we had published to begin with.

This development was primarily driven by our high-voltage business. In NKT Photonics, we delivered results in line with the guidance that we adjusted in October due to COVID-19. Results were below the original expectation for 2020 that we communicated in February last year. The revenue increased to €1.47 billion from €1.34 billion in 2019. In standard metal prices, that corresponds to an increase to €1.16 billion in 2020 from €1.02 billion in 2019.

Operational EBITDA increased in 2020 to €59.3 million from €29.7 million in 2019. This development was a result of the fact that our cable business' contribution was higher than in 2019.

However, we are not quite there yet when it comes to our target of a positive bottom line, as our net result was -€74.5 million. Cash flows from operations increased to €136.3 million in 2020 from €125 million in 2019, while free cash flows fell to €28.9 million in 2020 from €58.2 million in 2019. This development was due to the fact that activities with the expansion of our production to the large corridor project have begun.

By the end of 2020, NKT had a net interest-bearing debt of -€25.9 million. That was a decrease of €268 million since the end of 2019. This extraordinary decrease was due to the two capital increases with net proceeds of a total of €259 million. We also saw a contribution from positive free cash flows and the development in working capital from advance payments on these projects. Our net interest-bearing debt was at -0.4 times the operational EBITDA in 2020. This is the lowest level for years. In 2021, however, we will need this liquidity as we continue our investment programme in our high-voltage business.

Capital structure – end 2020

In our quarterly report for the third quarter of 2020, we communicated a new target for our leverage, measured as the net interest-bearing debt compared to the operational EBITDA. From having operated with the leverage of about 1.5 times, it is now our target to operate with a leverage of up to one.

In the light of larger and more complex projects and with the expectations of greater opportunities for NKT, we find it suitable to operate with a lower leverage. Our financial capacity has to allow for potential financial fluctuations in connection with larger projects. And we have to allow for the fact that large high-voltage projects over longer terms require a higher consumption of financial capacity for, for instance, guarantees.

Development in our cable business

Let me now look at the development in our cable business. Here we operate with three business areas: solutions covering high-voltage cables for on as well as offshore projects, applications which services the market for low and medium-voltage cables, including installation cables for the construction industry, and finally, service and accessories; that delivers service for cable solutions and sells accessories for cable projects within primarily medium and high-voltage.

Satisfactory results for the cable business

The results of our cable business were satisfactory compared to the guidance for the year and showed progress relative to 2019. The revenue in standard metal prices increased to €1.1 billion from €945 million in 2019 and operational EBITDA increased to €56.7 million from €15.1 million in 2019. This development was primarily driven by activities in our high-voltage business and positive contributions from the ongoing improvements in applications.

Solutions – satisfactory result

In Solutions, we saw a satisfactory execution of projects in 2020, and we won several large orders. This creates good transparency for the capacity utilisation at our factories in the years to come.

German corridor projects

In 2020, as I mentioned, we won a number of large orders in the high-voltage market. Here, it is worth mentioning the orders for the German corridor projects, which you can see on these pictures with a combined value of more than €1.5 billion.

These corridor projects are crucial to the green transition in Germany, which will require large amounts of renewable energy as the demand increases and nuclear power stations are shut down. Here our cables will be the crucial connection between the offshore wind farms in the North Sea and the heavily populated industrial areas in central and southern Germany.

High-voltage order intake

We have also won great orders during the year, like the connection to the German offshore wind farm BorWin5, the British Shetland Interconnector and Attica-Crete, which is our first great high-voltage order in the Mediterranean. These orders reflect our strong position, and they were the result of several years of diligent work and good teamwork across the organisation. And they ensure that we ended the year with a record order book of more than €3 billion. This great intake of orders underlines our confidence that with our know-how and technology, we are well-positioned to win our part of the cable projects that we expect will be developed in the coming years.

Our cables play a crucial role when it comes to ensuring that capacity in the power grid and the production of renewable energy are ready to make the green transition a success. Here we have a strong position with our competencies and skills and our modern high-voltage factories that are strategically well placed to deliver cables to offshore wind farms and to the ongoing expansion of the European power grids.

Applications – a positive development

Now let me take a look at applications. The earnings and applications which cover our low and medium-voltage business also developed positively relative to 2019. The primary causes for this development were that we are seeing the effect of our focus on increasing productivity at our factories, optimising our product portfolio and reducing general cost. However, there is still room for improvement, and we will therefore continue to work in a focused manner to maintain the current momentum and continue the positive development.

Service and Accessories – a satisfactory result

In our service business, the good result for 2020 was driven by the fact that the number of orders on service and maintenance of cable systems increased relative to 2019. We also concluded several long-term service agreements ensuring a continuous and stable income. After a focused effort, we are now amongst the fastest at mobilising resources for sudden cable repairs, which is an important competitive parameter in our market.

In Accessories, the positive development continued, primarily driven by increased sales of accessories for medium-voltage cables for markets in the Middle East and Europe.

Development in NKT Photonics

I think our team has done really well here, too. I would like to turn now to the performance of the year in NKT Photonics. Here we operate with the following business segments. We have Medical & Life Science, primarily lasers that enable the creation of images of very small structures such as skin cells. Industrial, that covers, amongst other things, high-performance

lasers for production purposes in the electronics industry and industrial production, and advanced measuring and grading equipment for the food industry. And then Aerospace & Defence covering lasers in equipment for aerospace and defence industries.

In these areas, NKT Photonics has a leading position building upon several years of innovation and product development and actually also on the same fundamental core competencies across the three areas. We expect these segments to continue developing positively in the future. NKT Photonics has special expertise in developing lasers that are both very accurate and effective and can underpin developments in the market where the requirements and demands for new technology grow all the time.

The ongoing development of technological solutions that take up less space and has a higher performance is also an important growth driver for NKT Photonics. A case in point is our ultrafast lasers that can cut very, very accurately in even very small structures. This is used, for instance, in the development and production of a number of electronic components.

Financial results for 2020

In 2020 NKT Photonics, as I said before, was affected adversely by COVID-19, in particular, the industrial segment where the majority of our revenue is generated. Organic growth came to -6% in 2020. That is very unusual for this type of technology business, and as a result, revenue declined to €69.9 million in 2020 from €74.6 million the year before.

The results were primarily adversely affected in the first half of the year, but the market stabilised in the course of the second half.

Financial outlook 2021

Photonics core competencies are unchanged, and NKT Photonics are in a good position to deliver growth in future. This is also reflected in our guidance for 2021.

As we announced in our quarterly report for the third quarter of 2020 and most recently in the announcement of the annual financial statements for 2020, we expect 2021 to see a positive development in financial results from 2020. The guidance is unchanged, but I will repeat it just for the sake of good order.

In the cable business, we expect continued improvement of the financial performance. We expect revenue expressed in standard metal prices will come to about €1.1-€1.2 billion and an operational EBITDA of between €80 and 110 million euro. Four overall priorities will make sure that we deliver on our expectations.

First of all, we need satisfactory and effective execution in relation to the record-high order book. Number two, we will continue increasing our order book by winning more HV projects. Three, we need to improve earnings in applications by continuing the ongoing turnaround and four, we need to ensure continued growth in our service business and in the sale of cable accessories. NKT Photonics still holds a good growth potential for the future, but as I said before, the markets were adversely affected by COVID-19 in 2020 and we expect to see this still in the beginning of 2021, while the markets are getting back to a more stable position.

We, therefore, expect the results for NKT Photonics to develop positively from the year before by achieving an organic growth of between 0-10% and an EBITDA margin of between 3-7%. In NKT Photonics, we continue the strategic focus on commercialising our business, and we will still execute on initiatives aimed at, first of all, finding a place higher up in the value chain

with a focus on delivering solutions rather than products for some of our industrial customers. We want to focus on organic growth. We will ensure an effective and lean production concentrated in centralised functions, and we will continue the speedy introduction of new products in step with the increasingly strong technological foundation that we have.

As part of our strategic focus and in order to optimise value creation in NKT Photonics, we launched a strategic review of the future opportunities for the company in 2019. This review was put on the back burner because of the implications of COVID-19, but as previously announced, we expect to restore the strategic review process once the business and financial result is no longer considerably affected by COVID-19.

Board of directors

Now, let's have a look at our board of directors and an update on the work we are doing. We have had a year in the board of directors with a very wide agenda and many meetings. We have also had many meetings with the executive management. Tender activities in our cable business, capital increases and other strategic considerations have been very important issues, in addition to the already planned activities.

The annual self-evaluation of the board was carried out by the nomination committee. The results were then discussed at a board meeting, and it was concluded, amongst other things, that we are a good team on the board. We have room for good discussions. We have a very high level of trust in one another. Our governance model works well, and that applies not only to the board but also the committees on the board and the interaction between the committees and the board.

We believe we have the right composition of the board, both when it comes to professional competencies and composition in general. I can also tell you that this year, we will meet our target of having more than 30% of members elected by the AGM that come from the underrepresented gender.

We believe in always looking for continued improvement, and the self-evaluation this year also talked about an improved saturation of our meeting documents and continued improvement of the balance between room for discussion and having the meetings in a good and orderly manner.

I am given good praise from the board members, and I also enjoy the support. As chairman of the board, I think we have a competent and committed board, and I appreciate cooperation on the board very much. So we work well, and if the board is re-elected, we intend to appoint me as chairman and René Svendsen-Tune as vice-chair.

The composition of the individual committees will basically be unchanged from last year. However, with the change that Jens Maaløe will leave the audit committee, and René Svendsen-Tune will join the Photonics committee.

Remuneration to the board of directors 2021

As in recent years, we recommend that the AGM adopts an unchanged remuneration level to the board of directors. We will still receive a base fee with top-ups for certain jobs as chairman and other things, and this is in keeping with our peer group's practises. I would also say that any participation by the chairman in committee work will not trigger a separate

fee, and the board, as recommended by the Committee for Good Corporate Governance, will still not participate in incentive programmes.

Remuneration report 2020

We have a separate tender board on the board that, together with management, approves our bids when it comes to large HV projects. We have had a very high level in this area in 2020, and it is worth noticing that the members of the tender board do not receive a separate fee. We will get back to board remuneration later.

To accommodate changes to the Danish Company Act and to follow the recommendations for good corporate governance, this is the first year that we have introduced a remuneration report. In NKT, we focus on giving our top management a salary that reflects the achieved results. At the same time, it is important to keep a pay level that is competitive seen in comparison with our peer group, and this is in order to attract and retain competent profiles. So we adjust on an ongoing basis the basic salary and the bonus programme.

In 2020, the salary level for top management will reflect the positive result that we have achieved over the year with a record-high order intake in HV projects and also progress in the cable business. We will come back to the remuneration report later in the agenda.

We also updated our remuneration policy to meet the amended Danish recommendations for good corporate governance and to accommodate the new requirements. The remuneration policy gives more transparency in relation to pay and incentive programmes in NKT to ensure a natural connection between the business strategy and the payments made to members of management teams in NKT and NKT Photonics.

Remuneration policy provides increased shareholder transparency

It is important to update our remuneration policy on an ongoing basis to comply with applicable requirements and to make sure that we are competitive in relation to our peer group. That is why we propose the following changes or updates this year.

We will increase the maximum bonus allocation from 70 to 100% of the base salary. The current practice of 50% of the allocation amount will be indicated. This is in connection with achievement of the bonus objectives, and it must be possible to agree a longer termination notice in case of a change of control. That is if the circle of owners change in the business.

The board of directors

I am pleased that all the board members that were elected by the general meeting still want to run as candidates and want to continue on the NKT journey. I would like to welcome René Dogan, who is a new employee elected representative, together with Stig Steen Knudsen and Thomas Torp Hansen. He now represents the employees on the board.

Jens Maaløe and myself have been on the board of NKT since 2004 and 2006, respectively. So, according to the recommendations for good corporate governance, we are not independent any longer. That was also the case last year. But the board still feels that it is in NKT's interest for us to continue, and if we are re-elected, we will once again have me as chairman and Jens as chairman of the Photonics committee. We will get back to re-election of board members later.

Strengthening of the capital base

In 2020, we decided to carry out two capital increases. Besides strengthening the financial preparedness, these capital increases will also serve as a direct financing source for the aforementioned investments in HV plants. When earnings grow, and the debt is reduced, and our capital objections are met, we will, in accordance with our capital policy, adjust our capital structure in the form of paying out dividends and also carry out possible share buybacks, but this is not relevant this year.

When we carried out the two capital increases, we used the authority given to the board by the AGM, and we are now asking for another authority from the AGM. We will come back to that later in the agenda, where we also talk about the proposal for a new authorisation to buyback own shares because of current authorisation has expired.

Digital AGM

It is the first time this year that we have a fully digital AGM. This is because of the extraordinary measures and restrictions in connection with COVID-19. In future, there should never be any doubt that we wish, whenever possible, to have an AGM with a physical attendance. It simply gives a better dialogue. But it must be possible for us also to have an electronic meeting without the special authority approval as made it possible this year. We will get back to that later in the agenda.

Thanks to employees and investors

I would like to thank, in particular, all members for their efforts in 2020; it has been an extraordinarily tough year and both privately, and on the job, people have been challenged by COVID-19, and it is taken an extra effort from everyone. Despite the challenges resulting from COVID-19, we have managed to keep our plants running, we have also won more orders, and we have also developed our business.

I would like to thank shareholders for their good cooperation and for showing us the trust of backing up the two capital increases carried out in 2020. Thank you very much.

Financial outlook 2021

As already mentioned, we expect the financial performance in 2021 to be positive compared to 2020. In the medium and long-term, we see an interesting future with good growth opportunities. Both the cable business and NKT Photonics are well-positioned to partake in the new opportunities that occur because of the green transition, the general technological development and other megatrends that already affect developments in several markets. Now, what we need to do is to continue the good work and the positive initiatives for 2020 to generate growth in NKT.

So thank you very much for listening. And over to the chairman of the meeting.

Q&A and Debate on Board Report

Christian Lundgren: Thank you very much, Jens. Again, I would like to remind you that should you have any questions; please send them as soon as possible. Now, I will open the floor for a debate about the report of the board.

We have already received a comment from Carsten Christiansen representing the Association of Danish Shareholders, and I will read it out loud. Thank you for the floor. First of all, thank you to the chairman of the board for a good report.

2020 has been a special year with the COVID-19 pandemic, but it has also been a year with increasing interest in investing in the green transition. And the first subject of the comment is revenue and profitability.

Looking at 2020, there has been a good intake of orders and a revenue growth in Solutions of 27% and an EBITDA €35.9 million or 6.2%. Within Service and Accessories, we have seen organic growth of 15% and an EBITDA of €15.2 million or 10.8%. In Applications, we have also seen progress with organic growth of 3% and an EBITDA margin of 3.7%, which is somewhat below the long-term goal of 7-9% in EBITDA. So the interesting question, therefore, is how far we have come in the process of reaching this target.

In the annual report for 2017, you talked about an overall EBITDA goal of €200-225 million in the medium-term. Could the chairman of the board elaborate on how far we have come towards reaching these targets?

In the annual report for 2019, it is described on page 28 that there is a telecom power cable for 5G with good sales opportunities in connection with the rollout of 5G. But we have seen that our competitor Nexans in 2020 came out with the news of a project developing a combined hydrogen and electricity cable, according to the news page Energy Watch. Unfortunately, I have not seen that NKT is developing any project of anything similar, like a combined hydrogen and electricity cable, and I would also like some more information on where we are with the sales of our telecom power cables for 5G.

Therefore, I would like to ask the chairman of the board to elaborate on where we are with the sales of our telecom power cables for 5G and whether NKT is developing a combined hydrogen and electricity cable like the one Nexans is working on. It would be a shame if Nexans were to overtake us in this area.

NKT Photonics has been affected by lower activity due to COVID-19. We have seen a revenue loss of 6% and a decrease in earnings. Previously, we have seen good revenue growth and a solid EBIT margin at a level of about 15%, and we hope, of course, that we will return to this level once the COVID pandemic is behind us.

As one of our focus areas is guidance after COVID-19, I would like to ask the chairman of the board to elaborate on his view as to how fast we will be able to return to good growth and earnings after the pandemic. And with these questions and comments, I thank you for the floor, and I give the floor to Jens for an answer.

Jens Due Olsen: Thank you very much to Carsten Christiansen. We know him well at our AGMs. Carsten Christiansen represents the Association of Danish Shareholders, as mentioned

before, and there were a number of questions here. I will not repeat them but just make it clear what I am answering.

The first one was how far we have come at reaching our target of 7-9% EBITDA in applications. To begin with, I would like to say that the target of 7-9% in EBITDA margin is not part of our medium-term financial ambition that we published in November 2020. It is an interval that was referred to at the Capital Markets Day in 2017. However, I can tell you that we have seen great development in applications in 2020, having seen an increase in EBITDA margin by almost four percentage points. And we do not expect the improvements to stop here. We expect to see a positive development again in 2021, driven by a number of initiatives that we have implemented in applications.

The second question was about the targets of NKT as a whole and how far we have come towards the target of between €200 and 225 million in EBITDA at the medium-term. Here I can say that we have updated our ambition in the medium-term in November 2020 so that we now expect an operational EBITDA margin in standard metal prices of 10-14%. Our definition of medium-term is that we need to reach this target in 2023 or soon thereafter. In 2020, we have taken the first steps towards this target, but we will take several more steps in the coming years, and it has to be driven by all of our business areas.

The third question was how we are doing with the sales of our telecom power cables for the 5G network. And it actually goes quite well with the sales of electricity cables for the telecom industry. However, it is a relatively small part of our overall revenue, and therefore it is not a big part of our overall financial development. However, we do expect continued growth in this area driven by the transition from 4G to 5G.

The fourth question was about our innovation and development work. We have not talked much about this today, but we are, of course, continuously developing new and better technologies. The question was whether we are developing a combined hydrogen and electricity cable like the ones that Nexans are working on. The complicated answer is that the development of new and better technology is important to ensure future growth in NKT. Of course, we cannot publish all of our R&D work out of competitive considerations, but we can simply inform you that we are working on several exciting projects for the future.

In 2020, we won a record amount of orders, and an important part of this achievement has been the fact that we are able to offer our customers cutting edge technology. During the course of the year, it has particularly been a strong position within DC cables that we have developed and strengthened throughout a number of years.

The final question had to do with Photonics, and how fast we expect to return to good growth and earnings after the COVID-19 pandemic in NKT Photonics, that is. Here, we expect that our revenue will grow organically with between 0-10% in 2021 in Photonics. This is below the level we delivered in 2018 and 2019, and of course, we would like to return to double-digit revenue growth. However, we have to acknowledge that we are in the middle of a worldwide pandemic that has brought about certain challenges in certain markets.

Partially, we are still challenged in certain markets, and therefore there is an uncertainty connected to these prospects. And as I said in my report, we expect that we will continue to be affected by COVID-19 in the first half of the year. And, of course, we expect a better result in the second half of this year.

However, we do believe that we have a strong technology. We are operating in growing markets supported by these megatrends that I mentioned before, and that means that growth will return strongly. However, we cannot give you more precise horizons at present. So if I can just step out of rank here and read out a question from Andreas Johnsen[?] and the question is whether there are any acquisitions of companies that would suit NKT and that could make us stronger.

And firstly, thank you for a very good question. And the answer is, well, yes, there are companies that could give us a stronger position on the technology side, but that could also give us market access, and that goes for our solutions business and our applications business, as well as our service and accessories business and NKT Photonics. That said, I would like to say that it is not something we have in the pipeline right now. As I mentioned, we have the largest order book ever, and that will require a lot of resources to execute and deliver on these orders.

At the same time, we have an ongoing improvement programme in Application that we are also busy delivering on in our organisation to improve growth and earnings. And we also have a number of initiatives to strengthen organic growth in Services and Accessories.

So, yes, there are opportunities here, but these are not opportunities that we are going to pursue in the short term. Of course, technology always opens up new opportunities, but right now, our focus is to commercialise NKT Photonics further. I talked about how we are going to go from solutions to products to applications in NKT Photonics, and that is an ongoing effort. We need to get back on track in NKT Photonics before we start considering other things, but as also part of the strategic review that we are going to look into after COVID-19.

Right, I can see that we have a follow-up question from Carsten Christiansen to the question about hydrogen. More specifically, is NKT working on hydrogen technology? And here I will take the Fifth Amendment and say that we cannot share information about our research innovation projects. But it is a relevant question and thank you for that. I do not see any further questions right now. So I will pass the floor to you, Christian. Thank you.

Christian Lundgren: Thank you and thank you for managing without my help for a while. We will just allow some time for additional questions and comments. While we wait for additional comments, I can deal with more formal matters.

Votes and Approvals to Proposals following the Annual Report

We have a management report on page 145 in the annual report dated the 24th February. The audit report is appearing on page 146 and signed by Deloitte Accountants. It is an unqualified audit report. I do not need to read it out in its entirety, but still, with the reservation that there may be new contributions coming in, I find that the AGM has taken note of the board's report with the additional comments made by shareholders and members of the company's management and board.

Now, we are likely to have some slack in our process because we need to find out how we deal with any incoming contributions. This is definitely the last call for anyone wishing to contribute. I have been given the final figures for representation at the AGM and the total number of votes, 14,068,446 votes, 32.74% of the total share capital. And the total number

of votes and, not surprisingly, the large majority of votes cast have been cast via proxies, postal votes, and this means that I have the figures for the individual decision points or items we will be dealing with.

It is item 3 and 4 that are the first items where we must have some sort of vote. We are talking about approval of the Auditors' annual report. And does anyone demand that a vote be held? Are there any specific objections to the approval by the AGM of the auditor annual report? If that is not the case, I will in a while, consider it as being approved, and as far as item 4 is concerned, the proposal from the board is that no dividend be paid for 2020.

According to Danish company law, the AGM cannot decide a higher level of dividend than what is proposed by the board. So it does not really make sense to have a vote about that item, but if there are any objections to my conclusion, then, of course, we will have to deal with that. So one, do you want a vote? Two, have you any objections to me as chairman of the board to find subsequently that items 3 and 4 have been approved with the requisite majority of votes?

[BREAK IN AUDIO]

We have received no requests for a vote or any objections, so on the basis of the votes received and the fact that we only need a simple majority for the adoption of these two items, I can tell you that we have two items that – well, we have a vote that means these items have been approved.

Item five, an advisory vote concerning the company's remuneration report. And I would like to say here that the report was introduced by the chairman in his report. The report itself is available on the company's website, and on page 13, you find the phrase saying that it complies with the provisions of Danish company law and that it also complies with the remuneration policy of NKT.

On page 14 of the report, we see the auditors' report, which confirms that the report meets the requirement of Danish company law. Again, I will open up for contributions. Are there any comments or questions from shareholders to the remuneration report? And I would also like to hear if anyone requests an actual advisory vote to be held concerning this, and it is only an advisory vote. If that is not the case, I will find that the report has been approved by the AGM in its current form and with the required majority.

[BREAK IN AUDIO]

We have not received any questions or objections, so again, on the basis of the report that I have, where I can see that the vast majority of the votes cast are in favour, I can say that this item has been adopted as well.

We move on to item 6, which is the resolution to grant discharge to the board of directors and the management. And this is about relieving the board of directors and management of liability as regards questions that are presented in the annual report 2020. Again, I open the floor to any questions or comments or any objections as to granting discharge. If that is not the case, this item will be adopted as well.

[BREAK IN AUDIO]

Right, again, we have not received any objections, questions or other comments, and I can therefore conclude that on the basis of the received votes, proxies and postal votes, we have the required majority. I remind you that there is a latency in the transmission signal of about one minute, and that is why we pause to await any contributions.

Item seven is the remuneration for the board of directors for 2021. The chairman of the board has already presented the proposal here. Let me briefly repeat it. The proposal is that the remuneration is unchanged. There is a basis fee of 300,000. The chairman will receive three times the fee, 900,000, but not any further remuneration for committee work.

For the audit committee, the chairman is remunerated with 200,000 Danish kroner and ordinary members, 100,000. For the remuneration committee, the chairman receives 100,000 and ordinary members 50,000. For the working committee for NKT Photonics, the chairman receives 150,000 and ordinary members 75,000.

The chairman also informed you in his report of the proposed set up of the board and committees. Again, I open the floor to any comments. I have to ask if anybody demands a vote or have any comments or objections to the AGM adopting the proposal of the board for the remuneration for 2021?

[BREAK IN AUDIO]

Right, we are back. Again, we have not received any comments. We just had to check that you are there, but the transmission is on, and I can therefore conclude that item 7 has been adopted with the required majority.

Moving on to item 8, the election of members of the board. Here we have a proposal for re-election of the following members Jens Due Olsen, René Svendsen-Tune, Karla Marianne Lindahl, Jens Maaløe, Andreas Nauen and Jutta af Rosenborg. According to the Danish Companies Act, article 120, subsection three, the candidates of the board have to be presented, and information about other executive functions have to be published for the shareholders. And this information has been available to the shareholders, and the candidates in question have also informed me, fortunately, that they are willing to be re-elected.

Then I have to ask whether there are any other candidates for the board or any other questions or comments, including whether any shareholders require a vote for this item on the agenda. And again, we pause to await any contributions.

[BREAK IN AUDIO]

We have not received any questions or comments, or objections, so I find once again that item 8 concerning the election of board members has been approved by the required majority of votes.

Item nine, election of auditor. The proposal is for the re-election of Deloitte. And we will once again allow a small break for questions and comments to be submitted from shareholders and others attending via the portal. So a break.

[BREAK IN AUDIO]

We have not received any contributions. So I find that item 9 concerning the appointment or election of auditor has led to the re-election of Deloitte.

The next item, then is proposals from board of directors and shareholders. We have not received anything from shareholders, but we have four proposals from the board of directors. First, we have 10-1. I know this is difficult to read, but it is a question of authorising the board of directors to issue shares with or without pre-emptive rights for existing shareholders and convertible instruments. The full wording is found on the slide and continues on the next slide. I will not read it out in its entirety. I will just give you the main points.

The board asks for shareholders to prolong and increase authorisation to issue new shares with and without pre-emptive rights for existing shareholders and issue convertible bonds. This is Article 3A, 1) where we have provision concerning the board's authority to increase the capital by a maximum amount of 171,904,144. And this will be valid until the 26th March 2026 or earlier if the AGM is held earlier than that. But 20% can only be used for the issuing of shares with pre-emptive rights.

And then there is authorisation for share capital up to 85,952,072 kroner, just under 4.3 million shares of 20 kroner each or 10% of the current share capital. Again, this will be valid until the 25th March. That is five years from now or such earlier date where the company's AGM in 2026 is held. And as opposed to the first authorisation, this does not involve a requirement concerning pre-emptive rights for existing shareholders.

Then we have these new shares, that is the next part that they have the same terms as the existing shares and the next page, where we are talking about convertible instruments. This is something that can be converted into shares, and again, there is a question of giving an authority that lasts until the 25th March 2026 or an earlier date, if that is the date the AGM is held by the issuance of bonds or other convertible instruments that can be converted and there is a maximum amount of 85, 952,072 kroner, corresponding to 4.3 million shares of a nominal value of 20 kroner each.

And this will be without pre-emptive rights for existing shareholders, but the convertible loans must be offered as a conversion price that corresponds to the listed price of the shares at the time the board makes the decision. There is then a section two, that there will be a question of shares that rank *pari passu* with the 16 shares with respect to rights, redeemability and negotiability.

In 3C, in the Articles of association, it says that there are some limitations, and the total number of authorisations to the boards may be used to increase the share capital by a total maximum nominal amount of 171,904,144. That is 20%.

Okay, any questions, contributions, comments from shareholders, including any requests for a vote in relation to these proposals? We will have a break.

[BREAK IN AUDIO]

We have not received any contributions via the chat function, nor any objections. So on the basis of my report from the company, I find that the proposal has been carried. It requires a majority of two-thirds of the votes, and 9,738,000 votes are required in order to achieve that. But we have received, as I said, proxies and postal votes in advance. And more than 12 million have, in fact, already voted in favour.

So this brings us to 10-2. This is also something that the chairman of the board touched upon in his report. It has to do with an amendment to Article 5 of the Articles of association, allowing the company to have the AGM as a fully electronic meeting if necessary.

It says here, 'The company's general meetings may be held by electronic means where no physical attendance is possible. Participation in such general meetings shall take place via the Internet on the company's website and/or by videoconference'.

I have noted from the chairman's report that the intention is not for NKT to have electronic AGMs in future. The company certainly wishes to have AGMs in future with physical attendance. So are there any requests for a vote concerning this? Are there comments, questions or objections? Let's have a break.

[BREAK IN AUDIO]

We have not received any contributions, and I, therefore, conclude that the proposal has been adopted by a two-thirds majority. And I can conclude that more than 12 million votes are cast in favour of the proposal. So we are way above the two-thirds majority.

Item 10-3 is an authorisation to the board of directors to acquire own shares. The existing authorisation expires on the 31st March, and it is relevant for the board to have this authorisation. Therefore it is proposed that until the 31st March 2026, the board is authorised to acquire own shares up to a nominal value of 10% of the share capital.

The purchase price may not deviate more than 10% from the price quoted on Nasdaq Copenhagen at the time of acquisition. Again, I would like to know if there are any shareholders who require a vote or have any objections, questions or comments.

[BREAK IN AUDIO]

We have not received any remarks, and I can therefore conclude that item 10-3, authorisation to acquire own shares, has been adopted on the basis of more than 12.5 million votes cast in favour of the proposal.

That leads me to item 10-4, a proposal for an amendment to the remuneration policy which was adopted at last year's AGM. The details of this proposal appear as an appendix on the company's website, which was published in its entirety with the convening notice.

So it is not readoption of the remuneration policy, only certain linguistic clarifications and adjustments and a few adjustments presented by the chairman of the board in his report. For instance, an increase of the maximum annual bonus award STI from 70% to 100% of the base salary. Specification that if the target performance under the long-term incentive scheme is reached, 50% of the award will nominally be payable. And that reflects current practice in NKT. Finally, the board asks for the possibility of agreeing on an extended notice period for the management in case of a change of control still subject to the maximum notice period of 24 months, however.

For the last time today, I ask whether any shareholders require a vote or have any comments, questions or objections to the adoption of the remuneration policy.

[BREAK IN AUDIO]

Just as before, we have not received any remarks, questions, comments or objections, and therefore on the basis of the received proxies and postal votes, I can conclude that the

proposal has been adopted with a majority of more than 13.6 million votes cast in favour of the proposal.

That leads me to item 11, any other business. So please send in your questions or comments or any other remarks; anything at all. We will take a final pause to await any final remarks from our shareholders before I give the floor to Jens for his final remarks.

[BREAK IN AUDIO]

We have not received any questions or comments, and therefore I can conclude that we have exhausted our agenda for today. I can resign as chairman of the meeting and pass the floor back to Jens for a final remark.

Final Comments

Jens Due Olsen

Chairman of the Board, NKT

Thank you, Christian. Dear shareholders, thank you very much for your time, for your questions, for your interest and your patience in helping us deal with this very strange setup. We have had an increase in the share price during the meeting, so in that respect, it has been a very good meeting.

Thank you for your support to us on the board and to the continued development of NKT. I would like to thank also all employees, and both sets of management teams for a huge and dedicated effort in 2020. And now I will go off-script. The report is delivered in Danish. Our group working language is actually English, and our CEO has been here following to the best of his ability, the interpreting. So I will shift to English just for a while.

Many in your team have done very well this year, and I do not really want to single anyone out. I just want to share an anecdote here with our shareholders. When we had the recruiting process, and I interviewed you, and several of us interviewed you, I remember one episode; I remember one of the meetings I asked you. 'So, Alex, why do you want this job?' You basically paused a second, and then you smiled, and then you said, 'I love cables'. And I remember it very, very clearly, so I just want to say that having worked for you now for a full calendar year, it really shows. This is what you do, and I just want to congratulate you for a job very, very, very well done and thank you for your dedication.

Now I will switch back into Danish. Thank you to our chairman of the meeting. Thank you to the technical staff. Thank you to the employees here that made sure that we had a good process. You cannot see this, but we are actually in a building where employees are going about their daily business. Now, they cannot do that when we take over, but it is only for a short period of time.

We hope to see you all next year. Thank you for a good meeting. The meeting is adjourned.

[END OF TRANSCRIPT]