



NKT

Interim Report Q3 2023

We connect a greener world

Interim Report of NKT A/S for the period 1 January – 30 September 2023

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“For the fourth consecutive quarter, we achieved double-digit growth in revenues and operational EBITDA, driven by capacity expansions, satisfactory project execution and continued growth in our Solutions and Applications business lines.

Our leading position in the high-voltage power cable market was once again confirmed by significant project awards, including the largest order in NKT’s history from German Transmission System Operator 50Hertz. We are honoured by the trust that our customers continue to have in our ability to deliver leading power cable solutions and are proud that NKT continue to have a central role in connecting a greener world.”

Claes Westerlind

President & CEO, NKT A/S

Key messages Q3 2023

NKT continued its positive financial performance, achieving double-digit growth in both revenues* and operational EBITDA for the fourth consecutive quarter, driven by Solutions and Applications.

Satisfactory execution was broad-based across the organization. Utilization of expanded capacity in Solutions increased earnings as execution of the company's record-level high-voltage order

backlog continued. In Applications, demand was steady in the power distribution grid segment. In Service & Accessories, revenues were lower than in the same period of last year, reflecting less service repair activity.

In Q3 2023, NKT's high-voltage order backlog increased to a new record-high level of EUR 11.0bn. This was driven by the award of five firm projects under a larger framework agreement with German Transmission System Operator 50Hertz. During the quarter, NKT was also awarded two capacity reservation agreements

with Scottish SSEN Transmission. With these agreements, NKT has again demonstrated its leading position within HVDC capabilities.

The positive free cash flow in Q3 2023 was driven by a positive earnings contribution, as well as a favourable development in working capital mainly due to the receipt of milestone payments in Solutions.

In Q3 2023, NKT progressed execution of the approx. EUR 1bn investment program, which was announced in May 2023 to deliver on the record-high order backlog and support future profitable growth. Significant capital expenditures related to the investment program are expected to commence in the coming quarters. In preparation for this, NKT strengthened its capital structure by the recently completed, fully-subscribed rights issue with net proceeds of EUR 357m.

The financial outlook for 2023, which was updated on 30 October 2023, is unchanged.



Agreement to divest NKT Photonics

In June 2022, NKT entered into an agreement to divest NKT Photonics to Photonics Management Europe S.R.L, a 100% owned subsidiary of Hamamatsu Photonics K.K., which is a Japanese company engaged in developing photoelectric devices and application products.

Required regulatory approvals had been obtained from authorities in Germany, the United Kingdom and the United States. However, on 2 May 2023, NKT received notification that the Purchaser has been denied the authorization under the Danish Investment Screening Act needed for the Purchaser to proceed to complete the transaction and acquire NKT Photonics.

The Purchaser has in July 2023 refiled the application with the Danish Business Authority. Currently, this is being assessed by the authorities.

In Q3 2023, NKT Photonics' revenues grew organically by 10%. EBITDA was EUR 1.3m. This led to a net result from discontinued operations of EUR 1.6m in Q3 2023.

For accounting and reporting purposes, NKT Photonics is presented as discontinued operations and assets held for sale in this report.

See more detailed information in Note 5 on page 24.

Amounts in EURm	NKT			
	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022
Revenue	661.0	492.0	1,881.9	1,559.5
Revenue in std. metal prices**	501.4	357.7	1,391.3	1,058.0
Organic growth**	44%	8%	35%	9%
Operational EBITDA**	76.5	35.2	191.4	114.8
Operational EBITDA margin*, **	15.3%	9.8%	13.8%	10.9%
EBIT	53.8	15.8	124.8	55.7
Net result - continuing operations	23.4	18.4	88.3	44.4
Working capital** - continuing operations			-601.2	-202.4
Working capital % of revenue, LTM - continuing operations**			-15.1%	-4.7%
RoCE*** - continuing operations			15.4%	3.8%

* Std. metal prices

** Alternative performance measures

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

Key highlights Q3 2023

Revenue (std. metal prices), EUR

501m

Up from EUR 358m in Q3 2022, driven by positive contributions from Solutions and Applications

Operational EBITDA, EUR

76.5m

Up from EUR 35.2m in Q3 2022. The record-high level was driven by additional capacity and margin improvements in Solutions and Applications

Organic growth

44%

Reflecting organic growth of 69% in Solutions, 18% in Applications and -21% in Service & Accessories

High-voltage order backlog, EUR

11.0bn

Up from EUR 7.6bn at end-Q2 2023. The increase was due to the award of five German projects with German Transmission System Operator, 50Hertz. The capacity reservation agreements from SSEN Transmission and the three projects from TenneT's framework agreement are not included in the order backlog. They have an estimated value of more than EUR 2.5bn

Financial outlook 2023

The financial outlook was updated with Company Announcement No. 29 of 30 October 2023.

Revenues (std. metal prices) are expected to be approx. EUR 1.85-1.9bn (previously approx. EUR 1.8-1.9bn) and operational EBITDA is expected to be approx. EUR 240-260m (previously approx. EUR 215-245m).

The financial outlook is based on several assumptions, including:

- Satisfactory execution of high-voltage projects
- Limited financial impact from the uncertain global macroeconomic and geopolitical environment, supply-chain challenges, and the high inflationary pressure

Financial highlights and ratios

Amounts in EURm	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022	Year 2022
Income statement					
Revenue	661.0	492.0	1,881.9	1,559.5	2,079.0
Revenue in std. metal prices** 3	501.4	357.7	1,391.3	1,058.0	1,446.8
Operational EBITDA** 6	76.5	35.2	191.4	114.8	154.5
One-off items** 5	0.0	0.0	0.0	0.1	0.1
EBITDA	76.5	35.2	191.4	114.9	154.6
Amortization, depreciation and impairment	-22.7	-19.4	-66.6	-59.2	-85.4
Operational EBIT** 7	53.8	15.8	124.8	55.6	69.1
EBIT	53.8	15.8	124.8	55.7	69.2
Financial items, net	-23.5	5.1	-7.2	-4.7	9.1
Earnings before tax (EBT)	30.3	20.9	117.6	51.0	78.3
Net result - continuing operations	23.4	18.4	88.3	44.4	55.1
Net result - discontinued operations	1.6	1.5	2.5	-4.5	7.3
Net result	25.0	19.9	90.8	39.9	62.4
Cash flow					
Cash flow from operating activities	150.6	-0.4	404.5	95.7	298.2
Cash flow from investing activities	-59.9	-41.0	-130.5	-143.9	-204.8
<i>hereof investments in PPE</i>	-52.3	-34.0	-97.8	-107.9	-156.1
Free cash flow**	90.7	-41.4	274.0	-48.2	93.4
Balance sheet					
Share capital	144.3	115.4	144.3	115.4	115.4
Group equity	1,521.0	1,082.2	1,521.0	1,082.2	1,143.8
Total assets	3,562.1	2,597.3	3,562.1	2,597.3	2,767.4
Net interest-bearing debt** 9	-674.0	79.8	-674.0	79.8	-54.8
Capital employed** 10	847.0	1,162.0	847.0	1,162.0	1,089.0
Working capital** 11	-601.2	-202.4	-601.2	-202.4	-303.0

Amounts in EURm	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022	Year 2022
Financial ratios and employees					
Operational EBITDA margin (std. metal prices)**	15.3%	9.8%	13.8%	10.9%	10.7%
Gearing (NIBD as % of Group equity)** 8	-44.3%	7.4%	-44.3%	7.4%	-4.8%
NIBD relative to operational EBITDA** 12	-2.9x	0.6x	-2.9x	0.2x	-0.4x
Solvency ratio (equity as % of total assets)** 13	43%	42%	43%	42%	41%
Return on capital employed (RoCE), continuing operations** 14	15.4%	3.8%	15.4%	3.8%	6.6%
Number of DKK 20 shares ('000)**	53,720	42,976	53,720	42,976	42,976
EPS, continuing operations, EUR 1	0.4	0.4	1.7	0.9	1.1
Diluted EPS, continuing operations, EUR 2	0.4	0.4	1.7	0.9	1.1
EPS	0.4	0.4	1.8	0.8	1.3
Diluted EPS	0.4	0.4	1.8	0.8	1.2
Equity value, EUR, per outstanding share** 15	25	22	25	22	23
Market price, DKK, per share**	369	361	369	361	391
Average number of employees, continuing operations	4,508	4,069	4,396	4,029	4,062

¹⁻¹⁵ Definitions appear in Note 7.

** Alternative performance measures

Financial review

Driven by Solutions and Applications, NKT grew revenues* organically by 44% in Q3 2023. Operational EBITDA more than doubled compared to Q3 2022, driven by additional capacity in Solutions and margin improvements in Applications. NKT generated positive free cash flow in Q3 2023, mainly due to the receipt of milestone payments in Solutions.

Revenue growth driven by Solutions and Applications

Revenues* increased by EUR 143m in Q3 2023 compared to Q3 2022, corresponding to 44% organic growth. The improvement was driven by increased revenues in Solutions and Applications, where satisfactory execution and previous capacity and capability investments drove the majority of growth. In Service & Accessories revenues decreased, reflecting lower service repair activity compared to Q3 2022.

Expressed in market prices, revenues in Q3 2023 were EUR 661m, compared to EUR 492m in Q3 2022.

Revenues* through the first three quarters of 2023 amounted to EUR 1,391m, an increase from EUR 1,058m compared to the same period in 2022, corresponding to organic growth of 35%.

Further improvement in operational EBITDA

Operational EBITDA amounted to EUR 76.5m in Q3 2023, an increase of EUR 41.3m compared to Q3 2022. Improved company profitability was driven by higher revenues, as well as margin improvement, within Solutions and Applications.

Q3 2022 financial results were adversely affected due to high cost inflation, which has since been largely mitigated.

The corresponding operational EBITDA margin* was 15.3% in Q3 2023, an increase of 5.5 percentage points from the same period of 2022.

Operational EBITDA for the first three quarters of 2023 was EUR 191m, an increase from EUR 115m in the same period in 2022. This favourable development was primarily driven by improved profitability in Solutions and Applications, as well as greater capacity in Solutions compared to the previous period.

EBIT in Q3 2023 was EUR 53.8m, up from EUR 15.8m in Q3 2022. The higher EBIT was mainly driven by the same parameters as operational EBITDA, which more than offset an increase in depreciation and amortization compared to Q3 2022.

Financial items and net result

Net financial items in Q3 2023 amounted to EUR -23.5m, compared to EUR 5.1m in Q3 2022. Interests had a positive impact in Q3 2023, while the negative impact was due to exchange-rate

Operational EBITDA

Amounts in EURm



Revenue development and organic growth

Amounts in EURm

Q3 2022 revenue*	357.7
Currency effect	-14.8
Organic growth	158.5
Q3 2023 revenue*	501.4
Organic growth, %	44%

* Std. metal prices

fluctuations. Earnings before tax amounted to EUR 30.3m in Q3 2023, compared to EUR 20.9m in Q3 2022. Tax amounted to EUR -6.9m for Q3 2023, resulting in an effective tax rate of 23%. The net result from continuing operations was 23.4m in Q3 2023, against EUR 18.4m in Q3 2022.

Positive free cash flow generation driven by Solutions

Cash flow from operating activities** was EUR 150.6m in Q3 2023, compared to EUR -0.4m in Q3 2022. The positive development was due to a larger earnings contribution and a positive development in working capital.

At end-Q3 2023, working capital amounted to EUR -601m, down from EUR -537m at end-Q2 2023. This development was primarily due to milestone payments received in Solutions. Unrealized value adjustments of hedging instruments increased NKT's working capital by EUR 49m, mainly due to the development in commodity prices. This did not have a cash impact for NKT.

Cash flow from investing activities** amounted to EUR -59.9m in Q3 2023, compared to EUR -41.0m in the same period of last year. During the quarter, NKT progressed on its investment program within Solutions, which was launched to increase high-voltage capacity and capabilities. Significant capital expenditures are expected to take place in the coming years.

Free cash flow** in Q3 2023 was 90.7m, up from EUR -41.4m in Q3 2022.

Positive development in RoCE due to higher earnings contribution

RoCE** was 15.4% at end-Q3 2023, up from 3.8% at end-Q3 2022. This was driven by positive developments in earnings and cash flow generation. RoCE has continued to gradually improve, reflecting progressively higher earnings contributions. RoCE will fluctuate from quarter-to-quarter depending on the project mix in production and the timing of milestone payments from customers.

Liquidity, debt leverage and equity

Positive free cash flow generation, and proceeds from NKT's recently completed rights issue lead to a decrease in net interest-bearing debt from EUR -222m at end-Q2 2023 to EUR -674m at end-Q3 2023. Net interest-bearing debt relative to operational EBITDA amounted to -2.9x at end-Q3 2023, down from -1.2x at end-Q2 2023.

At end-Q3 2023, NKT had total available liquidity reserves of EUR 1,065m, comprising cash of EUR 865m (of which EUR 2.1m were related to assets held for sale) and undrawn credit facilities of EUR 200m. The cash position will partly be deployed in the coming years to expand capacity and capabilities, primarily within solutions, in order to deliver on a record-high order backlog and drive future, profitable growth.

Group equity, including the green hybrid security issued in September 2022, amounted to EUR 1,521m. The company's solvency ratio was 43%, compared to 36% at the end of the previous quarter.

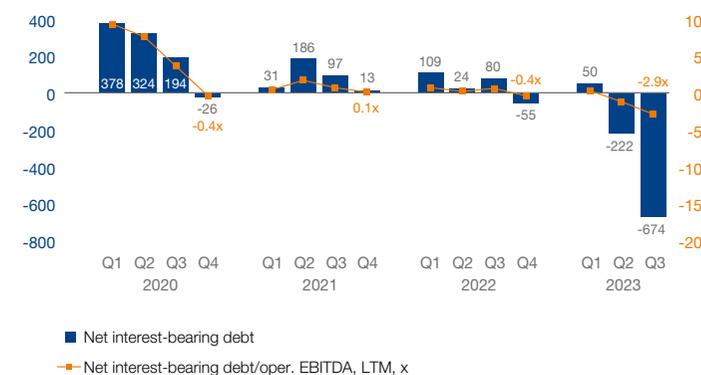
Working capital

Amounts in EURm



Net interest-bearing debt

Amounts in EURm



Sustainability

In Q3 2023, NKT continued to execute on its sustainability strategy and had its near-term decarbonization targets approved by the Science Based Targets initiative.

Environment

In September 2023, NKT continued to progress on its journey towards net-zero emissions. The Science Based Targets initiative approved NKT's near-term decarbonization targets.

With the approval NKT Cables Group commits to:

- Reducing its absolute scope 1 and 2 greenhouse gas (GHG) emissions 90% by 2030 from the base year* in 2019
- Increasing the active annual sourcing of renewable electricity from 18% in 2019 to 100% by 2023 and to continue active annual sourcing of 100% renewable electricity through to 2030
- Reducing absolute scope 3 GHG emissions from purchased goods and services and use of sold products 27.5% by 2030 from 2019

With the approval, SBTi determines that the scope 1 and 2 target and roadmap are in line with the 1.5°C trajectory. The approved targets are confirming NKT's strategic focus and ongoing initiatives dedicated to reducing the company's carbon emissions.

The approval concludes the planning and approval process of the company's near-term targets since NKT joined the Science Based Target initiative (SBTi) as the first major power cable company in 2020.

During Q3 2023, NKT also announced that its cable-laying vessel NKT Victoria has been certified to operate on biofuels such as hydrotreated vegetable oil (HVO). The certification allows NKT to reduce the carbon footprint from the vessel's fuel consumption with more than 98%** as a significant contribution to the company's decarbonization journey. The certification furthermore allows NKT to continue to meet the increasing market demand for low-carbon power cable operations.

Social

During Q3 2023, NKT has continued to invest in the attraction and retention of talent and has welcomed a new class of NKT Trainees. NKT has also expanded the internal learning and development offering, with the announcement of a partnership with a major learning content provider, offering high quality learning content on demand to colleagues across the company. These initiatives are important to strengthen and retain competencies.

NKT has continued the work on maintaining and developing a strong safety culture across the organization. As part of the ongoing focus on health and safety, the initiative Safestart was kicked-off at the Polish factories dedicated to further improve the safety culture and behaviour for all employees at the sites. The ambition is to start the initiative company-wide as part of the execution of the corporate safety strategy.

Sustainability strategy

Sustainability is an integrated part of the corporate strategy ReNew Boost and is one of the three main pillars of the strategy.

The sustainability strategy is anchored in four main pillars founded on responsible business processes.

Climate action: Be a leader in driving the green transformation of the power cable industry by reducing corporate emissions. NKT has also committed to the Science Based Targets initiative to become a net-zero company by 2050.

Sustainable value proposition and circularity: Offer a sustainable value proposition through the lifecycle of products and solutions, and actively pursue zero waste through circularity.

Social: Be a fair, inclusive, attractive and safe workplace empowering trust, personal growth and engagement.

Responsible business: Conduct business operations as a trusted partner and employer. Sustainability impact, risks and opportunities are integrated into business processes and the overall business.



[Sustainability Report 2022](#)

* The target boundary includes land-related emissions and removals from bioenergy feedstocks.

** Based on DEFRA database. The database information used for the comparison is based on scope 1 emission for the respective fuels for the assets under direct control and does not include scope 3 and outside scope emission for this calculation.

Business line**Solutions****Continued high revenue growth**

Revenues* for Solutions increased by EUR 115m from Q3 2022 to Q3 2023, equalling 69% organic growth. This was driven by satisfactory execution of orders awarded in recent years covering several power cable solutions, as well as previous investments made to increase capacity and organizational capabilities.

Revenues measured in market prices amounted to EUR 343m in Q3 2023, against EUR 214m in Q3 2022.

NKT continued to progress and execute on several projects through varying stages of execution in Q3 2023. These projects included Borwin 5, Champlain Hudson Power Express, Dogger Bank A, B and C, Shetland, SuedLink, and SuedOstLink.

Revenues* through the first three quarters of 2023 amounted to EUR 801m, up from EUR 533m the same period of 2022.

Doubling of operational EBITDA

Operational EBITDA in Q3 2023 amounted to EUR 50.4m, up from EUR 24.0m in Q3 2022. This corresponded to an operational EBITDA margin* of 16.7% in Q3 2023, against 12.9% in Q3 2022.

The margin expansion was driven by operational efficiencies gained from previous capacity investments, and satisfactory execution. Quarterly profitability margins will fluctuate depending on the phasing of projects in execution.

In Q3 2023, NKT Victoria, the company's cable-laying vessel, was well-utilized. This covered installation assignments in connection with ongoing projects in the UK and Norway from the order backlog.

In the first three quarters of 2023, operational EBITDA amounted to EUR 128m, compared to EUR 78.7m in the same period of 2022. This development was driven by the same parameters as in Q3 2023.

Continued order intake

After a strong start to 2023, which saw NKT win approx. EUR 3.5bn in new high-voltage contracts and the award of TenneT's framework agreement in 1st half, Q3 2023 represented another milestone for NKT.

In August 2023, NKT entered into capacity reservation agreements for the two Scottish transmission link projects Western Isles and Spittal-Peterhead. The agreements with SSEN Transmission, the Scottish Transmission System Operator, ensure production and offshore installation capacity for the 525kV XLPE HVDC power cable systems. Both projects are scheduled for completion in 2030. While not yet firmly fixed, and therefore not recognized in the order backlog, NKT estimates the combined value of the two projects to be above EUR 1bn. In addition, the parties intend to enter into a framework agreement for future projects.

Building on this strong contracting momentum, NKT announced in September 2023 that

Highlights

- Continued growth in revenues and operational EBITDA
- New record-high order backlog driven by major DC project awards
- Continued progress of investment program to support further profitable growth

301m

Revenue*, EUR
(Q3 2022: EUR 186m)

69%

Organic growth
(Q3 2022: 10%)

50.4m

Operational EBITDA, EUR
(Q3 2022: EUR 24.0m)

Business line – Solutions

Recent notable high-voltage project awards for NKT

Project name	Customer Type	Announced	Size (EURm)	Type
50Hertz HVDC projects (GER)	TSO	Sep 2023	~3,500	Interconnector/ offshore wind
Baltic Power (POL)	Developer	Jun 2023	>120	Offshore wind
East Anglia Three (UK)	Developer	Jun 2023	>250	Offshore wind
Biscay Gulf Interconnector (FR/SPA)	TSO	May 2023	>600	Interconnector
Hornsea 3 (UK)	Developer	Mar 2023	~500	Offshore wind
IJmuiden Ver Beta, Gamma and Nederwiek 2 (NL)	TSO	Mar 2023	~2,000	Offshore wind

Note: Project sizes are shown in market prices and have been awarded up until end-Q3 2023.

it had been awarded a framework agreement and record order for five power cable projects with German Transmission System Operator, 50Hertz. NKT is to provide 525kV XLPE HVDC on- and offshore power cable systems for the ongoing development of the German power grid. The expected commissioning is from 2029 to 2035. The five projects have a combined value of approx. EUR 3.5bn which set a new company record for NKT.

High-voltage order backlog at new record level

Driven by the recent order awards, the high-voltage order backlog at end-Q3 2023 was at a record-high level of EUR 11.0bn (EUR 9.6bn in std. metal prices), up from EUR 7.6bn (EUR 7.0bn in std. metal prices) at end-Q2 2023. The backlog does not include the three projects awarded under the framework agreement from TenneT and the two capacity reservation agreements from SSEN Transmission.

Approximately 25-28% of the high-voltage order backlog is expected to be executed in 2024 and 2025, and the remaining balance in 2026 and beyond. A smaller portion will be executed in Q4 2023.

The composition of the order backlog divided by customer type was more than 75% with large European Transmission System Operators. Divided by application, the backlog consisted of around 50% interconnectors, around 45% offshore wind projects, and around 5% power-from-shore projects.

Progress on major investment program initiated to support continued profitable growth

To deliver on the significant order backlog, and to continue to be well-positioned in a rapidly growing high-voltage market, NKT has launched an approx. EUR 1bn investment program to expand additional high-voltage production and installa-

tion capabilities and capacity. The investments are scheduled between 2023 and 2026, and the new assets operational from 2027.

The majority of the investment program is earmarked for a significant expansion of NKT's existing production site in Karlskrona, Sweden. Preparations have begun on-site and contracts have been finalized with several suppliers. Significant investments will ramp-up in the coming years.

Separately, in August 2022, NKT announced an approx. EUR 90m investment to increase its high-voltage production capacity further by adding additional production equipment in Karlskrona. This investment is on track and expected to be fully ready for production by end-2023 as planned.

Continued high market activity

NKT estimates that the value of projects awarded in its addressable high-voltage power cable market in the first three quarters of 2023 was more than EUR 14bn. NKT was awarded around half of these. Projects awarded were mainly based on DC technology. In addition to the projects awarded above, several long-term booking commitments were allocated to high-voltage power cable suppliers, mainly in the form of framework agreements. These reservations were estimated to have a value of more than EUR 13bn.

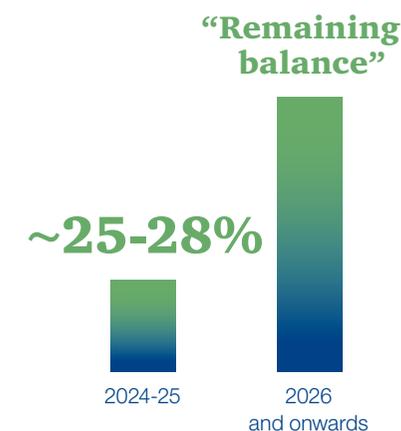
This favourable market development comes on the back of a record-high level of project awards of EUR 8bn in 2022, reflecting strong demand

for high-voltage production and installation capacity.

NKT continues to see high market activity driven by the continued power grid expansion and strengthening.

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.

Expected execution of high-voltage order backlog as of end-Q3 2023 (EUR 11.0bn (EUR 9.6bn in std. metal prices))



Business line

Applications

Another quarter of double-digit organic growth

Applications increased revenues* by EUR 25.5m from Q3 2022 to Q3 2023, equalling 18% organic growth. This was driven by higher volumes, as well as price adjustments that were implemented to compensate for the inflationary pressure. Q3 2022 was a less challenging comparison period, as a weakened construction sentiment impacted sales negatively in that period.

Revenues expressed in market prices amounted to EUR 272m in Q3 2023, up from EUR 236m in Q3 2022.

Revenues* in the first three quarters of 2023 amounted to EUR 488m, against EUR 408m in the same period of 2022.

Satisfactory operational EBITDA margin in Q3 2023

Combined with the positive impact of efficiency initiatives, revenue growth led to an improvement in operational EBITDA of EUR 10.7m from Q3 2022 to Q3 2023. This led to an operational EBITDA margin* of 8.5% in Q3 2023, up from the unsatisfactory level of 1.9% in the same period of 2022.

NKT has implemented various efficiency initiatives in recent years to improve profitability and production output in Applications. This has included the transfer of production from Denmark to the Czech Republic and Poland. These initiatives have gradually been implemented and contributed to improved profitability.

NKT has experienced input price increases since 2022, and NKT has been diligent with regards to adjusting and updating prices to offset this effect. This has led to improved profitability in 2023 after an unsatisfactorily low level in 2nd half 2022. NKT has worked intensively with both customers and suppliers to ensure acceptable margins are maintained.

In the first three quarters of 2023, operational EBITDA amounted to EUR 48.2m, compared to EUR 20.0m in the same period of 2022. This was driven by the same parameters as in Q3 2023.

Continued positive developments in power distribution grid market

In Q3 2023, market developments continued to differ between segments within Applications. The power distribution grid segment continued to see

solid demand due to ongoing efforts to electrify society, as well as the transition to renewable energy. In contrast, slowing economic activity in Europe continued to keep activity in the construction-exposed segment subdued.

Positive developments in the power grid market continue to benefit NKT due to the company's strong presence within medium-voltage and other power cable solutions exposed to this segment. NKT grew Applications revenue in Q3 2023 as a result of broad-based contributions across various geographies; and efficiency initiatives have seen increases in output from production sites running at high capacity utilization.

Due to the deterioration of construction activity and sentiment, which is primarily visible in the residential market, NKT's revenues within building wires and other construction-exposed products were at a continued low level in Q3 2023. NKT is focused on mitigating the impact of market headwinds.

Highlights

- Continued double-digit organic growth
- Positive operational EBITDA development driven by efficiency initiatives
- Continued positive developments in power distribution grid segment

155m

Revenue*, EUR
(Q3 2022: EUR 129m)

18%

Organic growth
(Q3 2022: 7%)

13.1m

Operational EBITDA, EUR
(Q3 2022: EUR 2.4m)

Business line

Service & Accessories

Lower revenue level

Revenues* for Service & Accessories decreased by EUR 8.9m from Q3 2022 to Q3 2023, as the activity level in the service repair business was lower than last year. The accessories business contributed with increased revenues.

Revenues* in the first three quarters of 2023 amounted to EUR 147m, on par with the level in the same period of 2022.

Improvement in operational EBITDA

Driven by the lower revenues, Service & Accessories saw a decrease in operational EBITDA of EUR 3.2m from Q3 2022 to Q3 2023. The operational EBITDA margin* was 11.6% in Q3 2023, against 15.5% in Q3 2022. Despite the lower margin, the business line is becoming more robust and less dependent on service repairs.

In the first three quarters of 2023, operational EBITDA amounted to EUR 15.1m, up from EUR 14.2m in the same period of 2022. This was due to improved performance in the accessories business.

No offshore repair work activity

In Q3 2023, revenues and operational EBITDA in the service business were lower than in Q3 2022. This was due to lower activity within the offshore repair segment. However, other segments have continued to perform positively, driven by various strategic initiatives taken to create a more robust business model and a higher degree of recurring revenues from service agreements.

Across the majority of its markets, NKT performed well within its onshore business. The service business has built capabilities to execute larger projects leading to further opportunities across markets within the business line.

In the company's efforts to create sustainable future growth, NKT is focusing on gradually expanding its portfolio of service agreements. This work continued during the quarter and further agreements were added.

NKT is continuously expanding its service offering to ensure relevant solutions for power grid owners. This includes a new submarine joint concept. NKT's Adaptive Rigid Sea Joint is suitable for all common three-phase HVAC offshore

power cables up to 300kV. Through this, power cable owners can reduce the amount of spares in stock or even pool spares across multiple operators.

Improved performance in the accessories business

As in 1st half 2023, NKT continued to grow revenues and operational EBITDA in the accessories business in Q3 2023. The improved performance was broad-based driven by a continued ramp-up of HVDC accessories and growth in the sales of medium-voltage accessories.

Structural growth trends within the high-voltage and medium-voltage power cable markets are positively impacting NKT's accessories business. NKT has successfully introduced several accessories for the offshore wind segment, which has had a positive impact on growth that is expected to continue going forward.

The HVDC power cable market is growing fast and NKT is playing an important role as part of this growth. To meet the demand for these accessories, NKT will expand its current accessories production site in Alingsås, Sweden. The

Highlights

- Lower revenues and earnings due to less service repair activity
- Satisfactory activity in recurring onshore service business
- Higher sales levels in the accessories business

expansions will include a new test hall designed for testing power cable accessories up to 525kV, an office building to house the increasing number of employees as well as additional capacity within the existing production. This will strengthen NKT's position as a turnkey provider of high-voltage power cable systems.

47.4m

Revenue*, EUR
(Q3 2022: EUR 56.3m)

-21%

Organic growth
(Q3 2022: 18%)

5.5m

Operational EBITDA, EUR
(Q3 2022: EUR 8.7m)

* Std. metal prices

Shareholder information

NKT shares

The average daily turnover in NKT shares on all trading markets was EUR 17m in Q3 2023, up from EUR 13m in Q3 2022. The average daily trading volume was around 340,000 shares in Q3 2023, compared to around 260,000 in Q3 2022. Nasdaq Copenhagen continued to be the main trading market for the company's shares with 34% of the total traded volume in Q3 2023.

At end-Q3 2023, the NKT A/S share price was DKK 369, compared to DKK 359 at end-2022. The historical share price has been adjusted by the effect from the rights issue completed in July 2023. The share price return including this adjustment was 3% for the period. The corresponding dividend-adjusted share price returns in the same period for the company's largest European competitors, Prysmian and Nexans, were 12% and -6%, respectively. The Danish OMXC25 index, adjusted for dividends, increased by 2% in the first three quarters of 2023.

At end-Q3 2023, two NKT investors had reported shareholdings of 5.00-9.99%:

- ATP (Denmark)
- Greenvale Capital (UK)

The total share capital consists of 53,720,045 shares, each with a nominal value of DKK 20, corresponding to a total nominal share capital of DKK 1,074,400,900 (approx. EUR 144m).

Successful completion of rights issue

As per company announcement no. 20 of 8 June 2023, NKT initiated a rights issue comprising an offering of 10.7m new shares at a subscription price of DKK 255 per new share. The proceeds from the rights issue serve as an important part of NKT's ambition to grow further in the years ahead.

The rights issue was successfully completed in July 2023. All new shares offered under the rights issue were subscribed for and this led to gross proceeds of EUR 368m, which NKT received in early Q3 2023.



[More shareholder information is available at investors.nkt.com](https://investors.nkt.com)

NKT A/S share price development



NKT A/S shares – basic data

ID code: DK0010287663
 Listing: Nasdaq Copenhagen, part of the Large Cap index
 Share capital: EUR 144m (DKK 1,074m)
 Number of shares: 53.7 millions
 Nominal value: DKK 20
 Share classes: 1



Financial calendar 2024

21 Feb : Annual Report 2023
 20 Mar : Annual General Meeting
 8 May : Interim Report, Q1 2024
 16 Aug : Interim Report, Q2 2024
 14 Nov : Interim Report, Q3 2024

Consolidated financial statements

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Condensed income statement

Amounts in EURm	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022	Year 2022
Revenue	661.0	492.0	1,881.9	1,559.5	2,079.0
Other operating income	2.5	4.7	5.0	12.5	14.2
Costs of raw materials, consumables and goods for resale	-451.6	-355.7	-1,271.3	-1,115.1	-1,442.6
Staff costs	-78.9	-71.9	-249.1	-225.6	-302.5
Other costs etc.	-56.5	-33.9	-175.1	-116.4	-193.5
Earnings before interest, tax, depreciation and amortization (EBITDA)	76.5	35.2	191.4	114.9	154.6
Depreciation of property, plant and equipment	-18.4	-15.2	-52.5	-46.4	-62.7
Amortization of intangible assets	-4.3	-4.2	-14.1	-12.8	-22.7
Earnings before interest and tax (EBIT)	53.8	15.8	124.8	55.7	69.2
Financial items, net	-23.5	5.1	-7.2	-4.7	9.1
Earnings before tax (EBT)	30.3	20.9	117.6	51.0	78.3
Tax	-6.9	-2.5	-29.3	-6.6	-23.2
Net result - continuing operations	23.4	18.4	88.3	44.4	55.1
Net result - discontinued operations	1.6	1.5	2.5	-4.5	7.3
Net result	25.0	19.9	90.8	39.9	62.4
To be distributed as follows:					
Equity holders of NKT A/S	22.3	17.4	82.7	33.4	53.8
Hybrid capital holders of NKT A/S	2.7	2.5	8.1	6.5	8.6
	25.0	19.9	90.8	39.9	62.4
Basic earnings - continuing operations, EUR, per share (EPS)	0.4	0.4	1.7	0.9	1.1
Diluted earnings - continuing operations, EUR, per share (EPS-D)	0.4	0.4	1.7	0.9	1.1
Basic earnings, EUR, per share (EPS)	0.4	0.4	1.8	0.8	1.3
Diluted earnings, EUR, per share (EPS-D)	0.4	0.4	1.8	0.8	1.2

Condensed statement of comprehensive income

Amounts in EURm	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022	Year 2022
Comprehensive income					
Net profit	25.0	19.9	90.8	39.9	62.4
Other comprehensive income: <i>Items that may not be reclassified to income statement:</i>					
Actuarial gains/(losses) on defined benefit pension plans	0.0	0.0	0.0	0.0	8.0
<i>Items that may be reclassified to income statement:</i>					
Currency adjustment of foreign subsidiaries	15.0	-11.1	-22.8	-30.6	-44.8
Value adjustment of hedging instruments	61.4	-19.0	15.7	-76.7	-32.9
Total other comprehensive income for the period	76.4	-30.1	-7.1	-107.3	-69.7
Total comprehensive income for the period	101.4	-10.2	83.7	-67.4	-7.3
To be distributed as follows:					
Equity holders of NKT A/S	98.7	-12.7	75.6	-73.9	-15.9
Hybrid capital holders of NKT A/S	2.7	2.5	8.1	6.5	8.6
	101.4	-10.2	83.7	-67.4	-7.3

Condensed balance sheet

Amounts in EURm	30 Sep. 2023	30 Sep. 2022	31 Dec. 2022
Assets			
Intangible assets	522.3	534.7	528.4
Property, plant and equipment	877.5	819.6	844.8
Other investments and receivables	0.1	0.8	0.8
Investment in associated companies	9.7	0.0	0.0
Deferred tax	5.1	15.8	11.7
Total non-current assets	1,414.7	1,370.9	1,385.7
Inventories	314.3	347.9	334.9
Receivables	668.3	518.8	522.5
Contract assets	126.3	90.5	98.2
Income tax receivable	4.5	4.6	3.3
Interest-bearing receivables	0.2	0.2	0.2
Cash at bank and in hand	863.2	117.1	258.5
Assets held for sale	170.6	147.3	164.1
Total current assets	2,147.4	1,226.4	1,381.7
Total assets	3,562.1	2,597.3	2,767.4

Amounts in EURm	30 Sep. 2023	30 Sep. 2022	31 Dec. 2022
Equity and liabilities			
Equity attributable to equity holders of NKT A/S	1,368.4	931.3	990.2
Hybrid capital	152.6	150.9	153.6
Total equity	1,521.0	1,082.2	1,143.8
Deferred tax	32.2	38.1	54.9
Provisions and pension liabilities	55.2	62.6	52.7
Interest-bearing loans and borrowings	169.9	179.3	180.9
Total non-current liabilities	257.3	280.0	288.5
Interest-bearing loans and borrowings	9.8	13.5	14.9
Trade payables	376.7	348.2	351.0
Other liabilities	314.1	245.0	223.7
Contract liabilities	995.1	561.8	677.6
Income tax payable	28.7	9.2	9.6
Provisions	21.6	34.3	22.7
Liabilities associated with assets held for sale	37.8	23.1	35.6
Total current liabilities	1,783.8	1,235.1	1,335.1
Total liabilities	2,041.1	1,515.1	1,623.6
Total equity and liabilities	3,562.1	2,597.3	2,767.4

Condensed cash flow statement

Amounts in EURm	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022	Year 2022
Earnings before interest, tax, depreciation and amortization (EBITDA)	76.5	35.2	191.4	114.9	154.6
Non-cash operating items:					
Change in provisions, gain and loss on sale of assets, etc.	3.9	-9.4	3.4	-25.2	-34.7
Changes in working capital	88.9	-30.5	217.6	16.9	185.1
Cash flow from operations before financial items, etc.	169.3	-4.7	412.4	106.6	305.0
Net financial items paid	-13.2	5.2	2.1	-4.9	8.5
Income tax paid	-5.5	-0.9	-10.0	-6.0	-15.3
Cash flow from operating activities	150.6	-0.4	404.5	95.7	298.2
Acquisition of subsidiaries	0.0	0.0	0.0	-15.7	-15.7
Acquisition of associated companies	0.0	0.0	-9.1	0.0	0.0
Investments in property, plant and equipment	-52.3	-34.0	-97.8	-107.9	-156.1
Disposal of property, plant and equipment	0.0	0.9	0.2	1.6	2.0
Intangible assets and other investments, net	-7.6	-7.9	-23.8	-21.9	-35.0
Cash flow from investing activities	-59.9	-41.0	-130.5	-143.9	-204.8
Free cash flow	90.7	-41.4	274.0	-48.2	93.4
Changes in loans	10.2	-26.9	-7.8	-16.4	-19.2
Repayment of lease liabilities	-1.4	-1.4	-4.2	-4.0	-5.3
Purchase of treasury shares	0.0	0.0	-4.6	-2.5	-2.5
Coupon payments on hybrid capital	-9.1	-8.1	-9.1	-8.1	-7.4
Capital increase	357.4	0.0	357.4	0.0	0.0
Repurchase of hybrid capital	0.0	-63.3	0.0	-63.3	-63.3
Proceeds from issuance of hybrid capital	0.0	61.7	0.0	61.7	61.7
Cash flow from financing activities	357.1	-38.0	331.7	-32.6	-36.0

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

Amounts in EURm	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022	Year 2022
Net cash flow from continuing operations	447.8	-79.4	605.7	-80.8	57.4
Net cash flow from discontinued operations	-1.1	-0.2	-1.6	0.3	8.0
Net cash flow	446.7	-79.6	604.1	-80.5	65.4
Cash at bank and in hand at the beginning of the period	416.2	198.6	262.2	200.5	200.5
Currency adjustments	2.4	0.4	-1.0	-0.6	-3.7
Net cash flow	446.7	-79.6	604.1	-80.5	65.4
Cash at bank and in hand at the end of the period	865.3	119.4	865.3	119.4	262.2
Of which classified as assets held for sale	2.1	2.3	2.1	2.3	3.7
Cash at bank and in hand at the end of the period from continuing operations	863.2	117.1	863.2	117.1	258.5

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

Condensed 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 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			-30.6					-30.6		-30.6
Value adjustment of hedging instruments:										
Value adjustment for the period				-56.8				-56.8		-56.8
Value adjustment transferred to the Income statement				-45.7				-45.7		-45.7
Tax on other comprehensive income				25.8				25.8		25.8
Total other comprehensive income	0.0	0.0	-30.6	-76.7	0.0	0.0	0.0	-107.3	0.0	-107.3
Net result						33.4		33.4	5.9	39.3
Comprehensive income for the period	0.0	0.0	-30.6	-76.7	0.0	33.4	0.0	-73.9	5.9	-68.0
<i>Transactions with owners:</i>										
Purchase of treasury shares		-2.5						-2.5		-2.5
Exercise of performance shares		1.6				-1.6		0.0		0.0
Share based payment						1.8		1.8		1.8
Issue of hybrid capital						-1.6		-1.6	150.0	148.4
Disposal of hybrid capital								0.0	-157.4	-157.4
Total transactions with owners in Q1-Q3 2022	0.0	-0.9	0.0	0.0	0.0	-1.4	0.0	-2.3	-7.4	-9.7
Equity, 30 September 2022	115.4	-0.9	-49.2	89.1	0.3	776.6	0.0	931.3	150.9	1,082.2

Condensed 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 2023	115.4	-0.9	-63.4	132.9	0.3	805.9	0.0	990.2	153.6	1,143.8
<i>Other comprehensive income:</i>										
Foreign exchange translation adjustments			-22.8		-0.3	0.3		-22.8		-22.8
Value adjustment of hedging instruments:										
Value adjustment for the period				-23.3				-23.3		-23.3
Transferred to revenue				39.1				39.1		39.1
Transferred to financial expenses				0.4				0.4		0.4
Tax on other comprehensive income				-0.5		0.0		-0.5		-0.5
Total other comprehensive income	0.0	0.0	-22.8	15.7	-0.3	0.3	0.0	-7.1	0.0	-7.1
Net result						82.7		82.7	8.1	90.8
Comprehensive income for the period	0.0	0.0	-22.8	15.7	-0.3	83.0	0.0	75.6	8.1	83.7
Deferred hedge gains and losses transferred to inventory				-71.1				-71.1		-71.1
Tax on deferred hedge gains and losses transferred to inventory				18.9				18.9		18.9
<i>Transactions with owners:</i>										
Capital increase	28.9					328.6		357.5		357.5
Purchase of treasury shares		-4.6						-4.6		-4.6
Share based payment						1.9		1.9		1.9
Coupon payments, hybrid capital								0.0	-9.1	-9.1
Total transactions with owners in Q3 2023	28.9	-4.6	0.0	0.0	0.0	330.5	0.0	354.8	-9.1	345.7
Equity, 30 September 2023	144.3	-5.5	-86.2	96.4	0.0	1,219.4	0.0	1,368.4	152.6	1,521.0

Notes

1 Basis of reporting

Accounting policies and new standards and interpretations

This condensed consolidated interim financial report for the period 1 January – 30 September 2023 is prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the EU, and Danish disclosure requirements for interim reports for listed companies.

As of January 1, 2023, NKT adopted all relevant new or revised International Financial Reporting Standards and IFRIC Interpretations with effective date January 1 2023 or earlier. The new or revised Standards and Interpretations did not affect recognition and measurement or result in any material changes to disclosures. Apart from this, the accounting policies applied are unchanged from those applied in the Annual Report 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 the NKT Group, they may not be comparable to the measures applied by other companies. These financial measures should therefore not be considered a replacement for performance measures as defined under IFRS, but rather as supplementary information. Alternative performance measures are defined in Note 7.

Significant estimates and judgements

Significant accounting estimates and judgements are described in Note 1.3 of the 2022 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.

NKT is a party to various disputes and inquiries from authorities. The outcome of these disputes and inquiries are uncertain by nature, but as per 30 September 2023 the outcome of these are not expected to materially affect profit for the year or the financial position.

NKT provides usual third party guarantees issued by financial institutions in support of contractual performance, mainly in high-voltage projects, to cover the risks relating to NKT's performance inherent in these projects, quality and delays. At 30 September 2023, NKT had issued guarantees with a value of EUR 1,825m (EUR 1,231m at 31 December 2022), none of which are currently expected to materialize.

Agreement to divest NKT Photonics

In June 2022, NKT entered into an agreement to divest NKT Photonics to Photonics Management Europe S.R.L, a 100% owned subsidiary of Hamamatsu Photonics K.K. On 2 May 2023, NKT received notification that the Purchaser had been denied the authorization under the Danish Investment Screening Act needed for the Purchaser to proceed to complete the transaction and acquire NKT Photonics.

The Purchaser has been taking further actions in response to the decision including a refiling of its application to the Danish authorities and, separately, NKT continues to evaluate its options considering the decision. As a consequence NKT remains committed to its plan to sell NKT Photonics and NKT Photonics is presented as discontinued operations and assets held for sale in this report.

Risks and risk management

In the Annual Report for 2022, risks are described in Note 5.6 in the consolidated financial statement as well as on page 24. No events or risk management activities carried out in the period 1 January – 30 September 2023 have altered the risk assessment applied in the Annual Report.

Notes

2 Segment reporting

Amounts in EURm	Solutions	Applications	Service & Accessories	Non allocated	Inter-segment transact.	NKT
Q3 2023						
Income statement						
Revenue:						
Goods ¹⁾	9.3	272.3	37.9	0.0	-8.4	311.1
Service, etc. ¹⁾	7.7	0.0	1.8	0.0	-1.1	8.4
Construction contracts ²⁾	325.8	0.0	7.7	0.0	8.0	341.5
Revenue (market prices)	342.8	272.3	47.4	0.0	-1.5	661.0
Adjustment of market prices to std. metal prices	-41.8	-117.8	0.0	0.0	0.0	-159.6
Revenue (std. metal prices)	301.0	154.5	47.4	0.0	-1.5	501.4
Costs and other income, net (excl. one-off items)	-292.4	-259.2	-41.9	7.5	1.5	-584.5
Operational EBITDA	50.4	13.1	5.5	7.5	0.0	76.5
Depreciation, amortization and impairment	-17.4	-3.6	-1.2	-0.5	0.0	-22.7
Operational EBIT	33.0	9.5	4.3	7.0	0.0	53.8
Working capital	-778.5	68.0	33.4	75.9	0.0	-601.2
Q3 2022						
Income statement						
Revenue:						
Goods ¹⁾	10.4	235.6	35.2	0.0	-9.5	271.7
Service, etc. ¹⁾	4.2	0.0	1.8	0.0	-0.4	5.6
Construction contracts ²⁾	199.4	0.0	19.1	0.0	-3.8	214.7
Revenue (market prices)	214.0	235.6	56.1	0.0	-13.7	492.0
Adjustment of market prices to std. metal prices	-28.1	-106.6	0.2	0.0	0.2	-134.3
Revenue (std. metal prices)	185.9	129.0	56.3	0.0	-13.5	357.7
Costs and other income, net (excl. one-off items)	-190.0	-233.2	-47.4	0.1	13.7	-456.8
Operational EBITDA	24.0	2.4	8.7	0.1	0.0	35.2
Depreciation, amortization and impairment	-14.0	-3.7	-1.1	-0.6	0.0	-19.4
Operational EBIT	10.0	-1.3	7.6	-0.5	0.0	15.8
Working capital	-345.8	102.7	29.5	11.2	0.0	-202.4

¹⁾ Revenue from the sale of goods and services is recognized at a point in time.

²⁾ Revenue from construction contracts is recognized over time.

Amounts in EURm	NKT
Q3 2023	
Reconciliation to net result	
Operational EBITDA	76.5
One-off items	0.0
EBITDA	76.5
Depreciation, amortization and impairment	-22.7
EBIT	53.8
Financial items, net	-23.5
EBT	30.3
Tax	-6.9
Net result - continuing operations	23.4
Net result - discontinued operations	1.6
Net result	25.0

Q3 2022	
Reconciliation to net result	
Operational EBITDA	35.2
One-off items	0.0
EBITDA	35.2
Depreciation, amortization and impairment	-19.4
EBIT	15.8
Financial items, net	5.1
EBT	20.9
Tax	-2.5
Net result - continuing operations	18.4
Net result - discontinued operations	1.5
Net result	19.9

Notes

2 Segment reporting, continued

Amounts in EURm	Solutions	Applications	Service & Accessories	Non allocated	Inter-segment transact.	NKT
Q1-Q3 2023						
Income statement						
Revenue:						
Goods ¹⁾	34.9	858.0	120.1	0.0	-26.7	986.3
Service, etc. ¹⁾	16.2	0.0	5.6	0.0	-2.2	19.6
Construction contracts ²⁾	871.6	0.0	21.0	0.0	-16.6	876.0
Revenue (market prices)	922.7	858.0	146.7	0.0	-45.5	1,881.9
Adjustment of market prices to std. metal prices	-121.5	-369.2	-0.1	0.0	0.2	-490.6
Revenue (std. metal prices)	801.2	488.8	146.6	0.0	-45.3	1,391.3
Costs and other income, net (excl. one-off items)	-795.1	-809.8	-131.6	0.5	45.5	-1,690.5
Operational EBITDA	127.6	48.2	15.1	0.5	0.0	191.4
Depreciation, amortization and impairment	-51.0	-11.1	-3.3	-1.2	0.0	-66.6
Operational EBIT	76.6	37.1	11.8	-0.7	0.0	124.8
Working capital	-778.5	68.0	33.4	75.9	0.0	-601.2
Q1-Q3 2022						
Income statement						
Revenue:						
Goods ¹⁾	26.3	822.4	99.7	0.0	-19.5	928.9
Service, etc. ¹⁾	10.6	0.0	3.9	0.0	-1.9	12.6
Construction contracts ²⁾	581.5	0.0	43.5	0.0	-7.0	618.0
Revenue (market prices)	618.4	822.4	147.1	0.0	-28.4	1,559.5
Adjustment of market prices to std. metal prices	-85.7	-414.4	0.0	0.0	-1.4	-501.5
Revenue (std. metal prices)	532.7	408.0	147.1	0.0	-29.8	1,058.0
Costs and other income, net (excl. one-off items)	-539.7	-802.4	-132.9	1.9	28.4	-1,444.7
Operational EBITDA	78.7	20.0	14.2	1.9	0.0	114.8
Depreciation, amortization and impairment	-43.6	-11.2	-3.2	-1.2	0.0	-59.2
Operational EBIT	35.1	8.8	11.0	0.7	0.0	55.6
Working capital	-345.8	102.7	29.5	11.2	0.0	-202.4

¹⁾ Revenue from the sale of goods and services is recognized at a point in time.

²⁾ Revenue from construction contracts is recognized over time.

Amounts in EURm	NKT
Q1-Q3 2023	
Reconciliation to net result	
Operational EBITDA	191.4
One-off items	0.0
EBITDA	191.4
Depreciation, amortization and impairment	-66.6
EBIT	124.8
Financial items, net	-7.2
EBT	117.6
Tax	-29.3
Net result - continuing operations	88.3
Net result - discontinued operations	2.5
Net result	90.8

Q1-Q3 2022	
Reconciliation to net result	
Operational EBITDA	114.8
One-off items	0.1
EBITDA	114.9
Depreciation, amortization and impairment	-59.2
EBIT	55.7
Financial items, net	-4.7
EBT	51.0
Tax	-6.6
Net result - continuing operations	44.4
Net result - discontinued operations	-4.5
Net result	39.9

Notes

3 Net interest-bearing debt and working capital

Amounts in EURm	30 Sep. 2023	30 Sep. 2022	Year 2022
Net interest-bearing debt			
Borrowings, non-current - continuing operations	169.9	179.3	180.9
Borrowings, non-current - classified as held for sale	9.4	4.3	9.6
Borrowings, current - continuing operations	9.8	13.5	14.9
Borrowings, current - classified as held for sale	2.4	2.3	2.2
Interest-bearing receivables - continuing operations	-0.2	-0.2	-0.2
Interest-bearing receivables - classified as held for sale	0.0	0.0	0.0
Cash at bank and in hand - continuing operations	-863.2	-117.1	-258.5
Cash at bank and in hand - classified as held for sale	-2.1	-2.3	-3.7
Net interest-bearing debt	-674.0	79.8	-54.8
Working capital			
Inventories	314.3	347.9	334.9
Receivables	668.3	518.8	522.5
Contract assets	126.3	90.5	98.2
Income tax receivable	4.5	4.6	3.3
Trade payables	-376.7	-348.2	-351.0
Other liabilities	-314.1	-245.0	-223.7
Contract liabilities	-995.1	-561.8	-677.6
Income tax payable	-28.7	-9.2	-9.6
Working capital	-601.2	-202.4	-303.0
Reconciliation to change in working capital in cash flow			
Working capital 1 January	-303.0	-59.6	-59.6
Reclassification of discontinued operations 1 January	0.0	-33.6	-33.6
Working capital end of period	-601.2	-202.4	-303.0
Change in working capital based on balance sheet	-298.2	-109.2	-209.8
Effect of unrealized hedges reported on Equity	54.9	102.5	18.7
Effect of discontinued operations	0.0	0.0	0.0
Effect of changes in current tax	18.0	-2.5	4.6
Effect of changes in exchange rates, etc.	7.7	-7.7	1.4
Change in working capital based on cash flow statement	-217.6	-16.9	-185.1

4 Acquisition and divestment of companies

Acquisitions and Divestments in the first three quarters of 2023

On 22 May 2023, NKT acquired 10% of interest in Walsin Energy Cable System Co., Ltd., a Taiwan based company, for EUR 9.1m with the option to acquire additional interest, why NKT are assessed to have significant influence of the investment. The considerations were transferred in full and there are no contingent considerations. Walsin Energy Cable System Co., Ltd. is a plant under construction that will manufacture high-voltage cables. The acquisition is for a green-field investment and consequently, the net assets predominantly related to cash and cash equivalents, which will be used to construct the plant. The impact on revenue and profit from the acquisition date to 30 September 2023 is immaterial. No other acquisitions or divestments occurred in the first three quarters of 2023.

Acquisitions in the first three quarters of 2022

Amounts in EURm	Q1-Q3 2022
Non-current assets	20.9
Current assets	6.7
Non-current liabilities	-7.3
Current liabilities	-3.3
Acquired net assets	17.0
Gain on business acquisition	-1.2
Purchase price	15.8
Acquired cash and cash equivalents	-0.1
Cash flow used for acquisition	15.7

On 10 January 2022, NKT acquired 100% of the shares in Ventcroft Ltd, a UK based company. The considerations were transferred in full and there are 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, and also 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 the acquisition date to 30 September 2022, Ventcroft Ltd contributed positively to the results with a revenue of EUR 16.3m and a profit of EUR 0.6m. Had the acquisition occurred on 1 January 2022, the impact for the period until 30 September 2022 on revenue and profit would in all material aspects have been similar.

Divestments in the first three quarters of 2022

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

5 Discontinued operations and assets held for sale

Discontinued operations and assets held for sale

NKT Photonics is classified as Discontinued operations and information on discontinued operations and assets held for sale below solely relates to NKT Photonics. No one-off items were recognized for discontinued operations in Q3 2023. One-off items for discontinued operations in Q1-Q3 2022 comprise costs associated with the divestment of EUR 6.1m recognized in Q2 2022 and the accounting gain of EUR 8.0m related to the divestment of the LIOS sensing business recognized in Q1 2022.

Amounts in EURm	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022	Year 2022
Profit for the year – discontinued operations					
Revenue	21.8	20.2	60.3	54.6	86.5
Costs and other income, net	-20.5	-17.6	-60.5	-53.4	-79.9
Gain from sale of business	0.0	0.0	0.0	1.9	8.0
EBITDA	1.3	2.6	-0.2	3.1	14.6
Depreciation, amortization and impairment	0.0	0.0	0.0	-6.7	-6.6
EBIT	1.3	2.6	-0.2	-3.6	8.0
Financial items, net	0.0	-0.6	-0.6	-2.8	0.1
Earnings before tax (EBT)	1.3	2.0	-0.8	-6.4	8.1
Tax	0.3	-0.5	3.3	1.9	-0.8
Net result - discontinued operations	1.6	1.5	2.5	-4.5	7.3
NKT's share hereof	1.6	1.5	2.5	-4.5	7.3
Basic earnings - discontinued operations, EUR, per share (EPS)	0.0	0.0	0.0	-0.1	0.2
Diluted earnings - discontinued operations, EUR, per share (EPS-D)	0.0	0.0	0.0	-0.1	0.2
EBITDA	1.3	2.6	-0.2	3.1	14.6
One-off items	0.0	0.0	0.0	1.9	5.8
Operational EBITDA	1.3	2.6	-0.2	1.2	8.8
Cash flows from discontinued operations					
Cash flow from operating activities	2.7	-6.7	3.4	-13.7	-16.0
Cash flow from investing activities	-3.1	-3.7	-11.6	6.4	2.5
Cash flow from financing activities	-0.7	10.4	6.6	7.7	21.5
Net cash flow from discontinued operations	-1.1	0.0	-1.6	0.4	8.0

Amounts in EURm	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022	Year 2022
Balance sheet items comprise					
Non-current assets	113.8	91.7	113.8	91.7	100.7
Current assets	56.8	55.6	56.8	55.6	63.4
Assets held for sale	170.6	147.3	170.6	147.3	164.1
Non-current liabilities	12.2	7.4	12.2	7.4	13.3
Current liabilities	25.6	15.7	25.6	15.7	22.3
Liabilities associated with assets held for sale	37.8	23.1	37.8	23.1	35.6

Notes

7 Definitions

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

Performance measures defined by IFRS:

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

Further the group presents the following performance measures not defined according to IFRS (non-GAAP measures):

3. **Revenue at standard metal prices** – Revenue at standard metal prices for copper and aluminium is set at EUR/tonne 1,550 and EUR/tonne 1,350 respectively.
4. **Organic growth** – Revenue growth (standard metal price) 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, 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 including cash and interest-bearing debt classified as assets held for sale. Hybrid capital is not included in net interest-bearing debt.
9. **Capital employed** – Group equity plus net interest-bearing debt.
10. **Working capital** – Current assets minus current liabilities (excluding interest-bearing items and provisions).
11. **Gearing** – Net interest-bearing debt as a percentage of Group Equity.
12. **Net interest-bearing debt relative to operational EBITDA** – Calculated as net interest-bearing debt as defined in point 8 relative to LTM (last twelve months) of operational EBITDA for continuing operations as defined in point 6.
13. **Solvency ratio (equity as a percentage of total assets)** – Equity incl. hybrid capital as a percentage of total assets.
14. **Return on capital employed (RoCE)** – Operational EBIT last twelve months from continuing operations as a percentage of average of the last five quarters of capital employed from continuing operations.
15. **Equity value, EUR per outstanding share** – Equity attributable to equity holders of NKT A/S per outstanding share at 31 December. Dilution effect of outstanding share programmes is excluded.
16. **Orders on hand** – Value of the uncompleted work of contracts within the Solutions business line. Contracts are included when they are signed and all significant conditions which may impact the value of the contracts have been agreed.

Statements made about the future in this report reflect the Group Management's current expectations with regard to future events and financial results. Statements about the future are by their nature subject to uncertainty, and the results achieved may therefore differ from the expectations, among other things due to economic and financial market developments, legislative and regulatory changes in NKT A/S markets, development in product demand, competitive conditions, and energy and raw material prices. See the latest Annual Report for a more detailed description of risk factors.

NKT A/S disclaims any liability to update or adjust statements about the future or the possible reasons for differences between actual and anticipated results except where required by legislation or other regulations.

The NKT A/S Interim Report Q3 2023 was published on 8 November 2023 and released through Nasdaq Copenhagen. The report is also available at investors.nkt.com.

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Group Management's statement

The Board of Directors and the Executive Management Board have today considered and adopted the Interim Report of NKT A/S for the period 1 January – 30 September 2023.

The Interim Report for the period 1 January – 30 September 2023, which has not been audited or reviewed by the company auditor, has been prepared in accordance with IAS 34 'Interim Financial Reporting', as approved by the EU, and Danish disclosure requirements for interim reporting by listed companies.

In our opinion the Interim Report gives a true and fair view of the Group's assets, liabilities and financial position at 30 September 2023 and the results of the Group's activities and cash flow for the period 1 January – 30 September 2023.

Furthermore, in our opinion, the Management's review includes a fair account of the development and performance of the Group, the results for the period and of the financial position of the Group. Other than set forth in the interim report, no changes have occurred to the significant risks and uncertainty factors compared with those disclosed in the annual report for 2022.

Brøndby, 8 November 2023

Executive Management

Claes Westerlind
President & CEO

Line Andrea Fandrup
CFO

Board of Directors

Jens Due Olsen
Chair

René Svendsen-Tune
Deputy Chair

Nebahat Albayrak

Christian Dyhr*

Stig Nissen Knudsen*

Karla Lindahl

Andreas Nauen

Pernille Blume Simonsen*

Anne Vedel

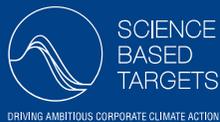
* Employee-elected member

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NKT is signatory to:



Science Based Targets initiative.
A commitment to become a net
zero emissions company.



United Nations Global Compact.
A pledge to implement universal
sustainability principles.



Europacable Industry Charter.
A commitment towards
superior quality.